DISASTER RECOVERY JOURNAL

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After Disaster Strikes

By WES BALDWIN

You are probably well aware that owning and operating a business can be quite an expensive endeavor. A successful business can have some pretty daunting price tags associated with it, especially when it comes to your building and equipment. And that is not to mention the less quantifiable emotional price tag that may be attached to some of your assignments.

So what happens if a disaster hits your business? It could be a fire, a flood or a high wind that destroys your property and your equipment.

The damage to the building that houses your business will take significant resources to repair. Then there is the cost of replacing your expensive equipment. And while your place of business is being repaired and your equipment is being replaced, you may be forced to cease operations, resulting in lost income.

If that isn't bad enough, the interruption of your business can launch a chain reaction by also disrupting the events, the businesses and the lives of the people who have contracted with you for your services.

It is in your best interest as a commercial property owner or small business owner to get the business up and running again on at least a limited basis, in order to generate some revenue flow. But how do you do that after a disaster? How do you recover quickly with minimal interruption to your livelihood?

First of all, don't rush into your claim without proper assistance. Once you file your sworn Proof of Loss with the insurance company, you are essentially stating that you have documented the value of everything you think you have lost. Unfortunately, some commercial property owners and small business owners discover later that they have overlooked or undervalued some things.

Will your interpretation of the loss and damage be the same as the insurance company adjuster's? The difference between a settlement at possibly a fraction of your loss and a more realistic recovery of your investment could be huge.

As soon as a claim is filed, insurance companies begin formulating their opinions of your claim. They also begin setting aside their approximation of how much money they are willing to pay for your claim – an amount not necessarily in line with your estimate of the true cost of recovery. Many times this is done without accounting thoroughly and accurately for exactly everything you've lost, and that initial claim may abbreviate or omit lost items or property that you later discover to be missing or destroyed. But that initial claim is what your insurance company will base its payout upon, and losses discovered after it is filed may never be recovered.

These obstacles may seem insurmountable when you view them this way, but take heart. You are not helpless unless you allow circumstances to accumulate and are unprepared to deal with them.

Be Prepared

Before you can claim a loss of property, you have to prove that you owned it in the first place.

Professional documentation ensures your greatest recovery. One way to lay the groundwork for a smoother claims process is to be prepared. Take a complete inventory and photograph your property, your building, your office and all of your equipment and contents. Record replacement values for all items. Write down serial and model numbers of computers, printers, appliances, heavy equipment and other items. Make copies of contracts and financial records that can be used to estimate business- interruption losses. Store this information, along with your insurance policy in a secure location away from your office or building where you can quickly access it in case of disaster.

After disaster strikes, take photographs of the damage. Take detailed notes of any conversations you have with fire and law enforcement officials, emergency medical personnel and insurance representatives. Take steps to cover and protect whatever remains of your business, to prevent further damage. And consider seeking professional assistance in filing your claim.

Get Professional Assistance

Many commercial property owners and small business owners are turning to public adjusters to help them maneuver the labyrinthine insurance negotiation process. Public adjusters represent the policyholder, not the insurance company. They usually work for a percentage of the final settlement offered by the insurer, and receive their payment only when you receive yours. But what does a public adjuster do? What are the advantages of hiring your own adjuster over using the insurance company's adjuster, or an "independent" adjuster, who is actually also retained by the insurance company?

A public adjuster serves the client, not the insurance adjuster. A public adjuster inspects the loss site immediately, analyzes the damages, assembles claim support data, reviews the insured's coverage, and determines current replacement costs. In addition to helping you reconstruct your inventory, put together a building-repair estimate, and project losses of income for your business, public adjusters will also negotiate, on your behalf, with the insurance company's representative. Because their fee depends on your settlement or claim payment, you are assured that public adjusters will do everything in their power to attain for you the maximum amount to which you are entitled.

Not all public adjusters are the same, so it is important to do your homework before you select a firm. Here are some things you can do to find the right firm for you:

1. Contact the National Association of Public Insurance Adjusters (www.napia.com). This trade organization represents over 100 firms and maintains a searchable database.
2. Once you get a few names that look promising, interview them. Ask about rates, references and credentials. Contact their references and quiz former clients on the public adjuster's performance.
3. Call your state insurance office and the Better Business Bureau to make sure the company has no unresolved complaints.

Be Cautious

Be cautious about who you hire to perform repairs to your property. Don't be rushed into signing a contract with a roofer, contractor or builder. Consult with more than one, and compare written estimates for the work to be done. Beware of contractors who encourage you to spend a lot on temporary repairs, since those payments will come out of your total insurance settlement and will take resources away from the permanent repairs you'll have to make. Check references and their records with the Better Business Bureau.

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