
Questions that business owners may have about their property-loss claim following a catastrophic event

When a catastrophic event occurs, you no doubt will feel overwhelmed by the loss and the confusion that follows. Advance preparation is your first prescription for getting through the experience. But, now that you have suffered a loss, you will benefit from the kind of information that follows from questions asked by others who have endured similar events.

What is the most important thing to do first?

Your safety is always the most important concern. Do not return to your property until authorities have signaled that it is safe to do so. When you approach the property, look for unsafe conditions, such as downed power lines, the smell of natural gas and unstable structural conditions. If it is safe to proceed, proactively shut off the utilities (electricity, natural gas, water, etc.) before inspecting the damage. Do not drink tap water (without boiling it for five minutes first) until you know the water is safe to drink.

Should I take pictures of the damage?

Yes. Take a liberal amount of pictures from different angles before you make emergency repairs to protect the property from further damage. You may use a video/digital camera for this purpose, as well.

My building is too damaged to occupy and conduct my business operations. What do I do?

If you have the type of business that cannot shut down operations during the time it takes to restore your property, you will need to find another location from which to operate. Naturally, you will follow your contingency plan, if you have one. If not, you may want to contact friends, competitors, realtors or anyone else you think might have usable space.

Call our agency to determine whether you have “extra expense” coverage on your policy. This coverage will pay for the additional expense you incur to resume your business operations at another location. The typical commercial property policy covers events, such as fire, windstorm and tornado. Unfortunately, even if you have a flood insurance policy, your extra expenses may not be paid when the damages are caused by flooding. Keep this in mind when you make your temporary tenant arrangements.

I may not be able to continue some or all of my business operations. How do I claim my lost income and pay continuing expenses?

Call our agency to determine whether you have “business income” coverage on your policy. This coverage will pay your continuing expenses and enough income to place you in the same financial position had you not incurred the property damage. This is one of the more complex aspects of your loss, so you may want the assistance of your accountant when preparing your claim.

What can I expect the adjuster to do when he or she arrives?

The adjuster will “scope” the damage, an important part of the claim process. An attempt will be made to determine the cause of damage—for example, was the damage caused by wind, flood or both? Next, the adjuster will itemize the property that has been damaged. You will want to make sure that nothing is overlooked. The placement of values on the damaged property will not occur at this time. Appraisals, repair estimates and inventories will be obtained later to establish values.

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Often, the adjuster will offer an advance payment on a covered claim so that restoration may begin and temporary tenant arrangements can be made. Be sure to keep detailed records on how this money is spent.

Should I hire my own adjuster to assist me with my claim?

Public adjusters are paid a fee based upon a percentage of the claim settlement; typically, between 10 and 15 percent (state laws may apply). Consequently, you will need to decide whether the adjuster's services are worth the discounting of your claim settlement. Some of the services public adjusters provide are preparing the scope of damage; preparing inventories; ensuring that coverage decisions are reasonable; obtaining repair or reconstruction estimates; assisting with the presentation of the claim; acting as appraisers or accountants; and assisting with negotiations.

Our agency will help you with coverage issues and provide assistance in the claim process. If your property values are out of the ordinary or the sheer volume of inventory is burdensome to you, you may want the assistance of a public adjuster.

What if I do not agree with the property values upon which the insurance company bases the loss amount?

You may just need additional documentation. When you obtain the evidence that substantiates the property value, go back to the adjuster and negotiate a better settlement.

If the adjuster is obstinate and/or unfair, you can request to talk to the supervising adjuster. Our agency will advocate on your behalf to the extent possible.

If you are unable to negotiate further with the adjuster, there is an "Appraisal" provision in your policy that specifies a procedure for resolving differences in the valuation of property losses.

You and the insurance company each will get an appraiser at each party's own expense. Then those two appraisers will choose an umpire (whose fee is shared). An agreement by any two of the three appraisers will establish the amount payable.

Any time you feel your insurance company is not treating you fairly, you may file a complaint with the Insurance Department.