

# HURRICANE PREPAREDNESS

## AFTER THE STORM; MAXIMIZING YOUR CLAIM RECOVERY

You've sustained a major loss, perhaps as a result of a fire or hurricane. Now what?

1. The typical Commercial Building and Personal Property Coverage Form imposes a number of Duties in The Event Of Loss or Damage on the insured, including:

"Give us [the insurer] prompt notice of the loss or damage. Include a description of the property involved."

Simply stated, one of your first calls after the loss occurs should be a report of claim to the insurer, either direct to the insurer or via Marsh & McLennan Agency ("MARSH & McLENNAN AGENCY"). Don't wait for perfect information; the insurer will work with you to fill in any gaps. Instead, report what you know now.

2. Here's another Duty imposed by the policy:

"As soon as possible, give us a description of how, when and where the loss or damage occurred."

This information can be provided as part of the first report if available, or as it becomes available. Again, the key is to get the information to the insurer as soon as you can.

3. The policy also requires the insured to try to prevent further loss or damage:

"Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim."

In a nutshell, you must do what you reasonably can, as quickly as you can, to protect the property from further damage. This might include temporary repairs, e.g. boarding up broken windows, or beginning cleanup, e.g. drying out wet carpet and drywall, or moving undamaged property to a secure location out of harm's way. DO NOT make permanent repairs to your damaged property unless the adjuster has reviewed your claim and given you permission to proceed.

Recall this excerpt from the first document in this series, **MAXIMIZING YOUR CLAIM RECOVERY; PRE-LOSS STRATEGIES**:

Have you identified and made arrangements with local contractors, including restoration contractors, to begin cleanup, make temporary repairs, and salvage equipment and other property that can be saved? This could include "drying out" the premises, moving salvageable property to another location, and separating out property that is a total loss.

To reiterate: do what you can prior to the loss to be prepared to discharge your duties after the loss.

Remember too that Insurers tend to pay these post-loss, mitigation-related expenses as incurred as long as they aren't exorbitant in light of the circumstances. Keep good records of your expenditures and present them to the insurer early on. An "advance payment" in reimbursement of the expenses is likely.



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4. As an adjunct to the protection of covered property and minimization of the loss, the policy also requires the following:

“Also, if feasible, set the damaged property aside and in the best possible order for examination.”

In addition, take photographs of all damaged property, real and personal, right after the loss to the extent possible with safety foremost in mind. This will enhance the presentation of your claim and assist the adjuster in his or her investigation

5. Generally, an insured has the burden to establish coverage under the policy and the amount of the covered loss. MARSH & MCLENNAN AGENCY personnel will help you to establish coverage but providing sufficient documentation in support of the claim is something the insured should be prepared to do. This will likely be the most time consuming and difficult part of the process.

The insurer will work with you to establish the amount of the loss but the policy imposes several Duties in this context:

“At our request, give us complete inventories of the damaged and undamaged property, including quantities, costs, values and amount of loss claimed.”

“As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.”

“Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.”

Returning again to **MAXIMIZING YOUR CLAIM RECOVERY; PRE-LOSS STRATEGIES**, we posed these questions:

- Do you maintain a continuously updated inventory of all your business personal property, including documentation [receipts, photos] to prove the existence of the property?
- Do you back up data, including business and accounting records, regularly and maintain the back up data in a secure offsite location?
- It should now be clear that your business records will be invaluable in expediting the settlement of your claim. Spending some time before a loss occurs with your post-loss Duties in mind will facilitate the discharge of those duties.

6. Finally, keep this Duty in mind:

“Cooperate with us in the investigation or settlement of the claim.”

You must cooperate with the insurer, e.g. by providing the documentation and access they are entitled to. If you don't, the settlement process will grind to a halt. The vast majority of insurers want to work with their insureds to arrive at a fair settlement as quickly as possible. However, insurers are very willing to wait indefinitely to get information they are reasonably entitled to.

We encourage our clients to take the path of least resistance, i.e. work with, not against the insurer. However, disputes can and do arise. In that case, it's important to understand two things:

- What are the insurer's obligations to its insured in a claim context? And,
- What is MARSH & MCLENNAN AGENCY's role

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to be there for you in the

**MOMENTS  
THAT  
MATTER.**

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