Loss Management Solutions

Science, Service, Common Sense

Disaster Preparation 101

Prepared for: **Texas Apartment Association**

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Disaster 101

- **Objectives**
  - Planning Strategies for Small Businesses
    - Pre-Planning
      - Access,
      - Choosing a Good Contractor
  - Understanding your Insurance Requirements
    - How to Talk to An Adjuster
    - What are Your Responsibilities?
      - Life Safety
      - Mitigation

Disaster 101

- **Objectives continued**
  - Documentation
  - Taking Pictures
  - Preservation of Site (damage location), Subrogation
  - Controlling Your Contractor(s)
    - Invoice Review
      - Support Documentation

The Decision Is Yours

- **Disasters happen**
  - The Difference Between Success and Failure is;
  - How Well You:
    - Prepare
    - Respond
    - Follow Through

Pre Planning

- **Step One Insurance**
  - Read Your Insurance Policy
  - Know How to Report a Claim
  - Have the National Claim Number and your Policy Number Available
    - Not just in your cell phone….
      - Paper is a Beautiful Thing.
      - Manger/Maintenance
  - Broker or Agent as Well

Who Will Respond

- Flood waters

Who Will Respond

- High Smoke Low Heat Fire

Who Will Respond

Tornado with Structural Damage

Pre Planning

- **Step Two Work Plan**
  - How Will You Respond?
    - Small, medium, large, extra large, major
  - Who will do the work?
    - Handyman
    - You
    - Outside contractor

Pre Planning

- **Step Two Work Plan Continued**
  - It All Depends
    - How Big or Complex?
      - » Pre Contract With a Restoration Contractor
        - How they will respond
        - Where they can park or stage
        - Answer the access question
        - How will you deal with contents

Execution

- **Step Three Immediately After The Event**
  - Decide if you or your staff can handle this
  - Who has the authority to start the process?
    - Where are those Dog Gone numbers?
    - Safety, Safety, Safety
      - Site Assessment
    - Act Like The Cost for Repairs is Your Money

About Week One Post Event

- **Step Four During The Remediation**
  - The Importance of Daily Meetings
    - Hold a quick 15 to 30 min meeting every day
      - Issues
      - Goals
      - Delays
  - List of Subs
  - Estimates for Repairs

Follow Through

- **Step Five Presenting Your Claim, and Paying Contractors**
  - The Invoice(s)
    - Review Carefully
    - Get these to your adjuster ASAP
    - After you get paid and before you pay the contractor in full;
      - **Lien Release**

Insurance 101

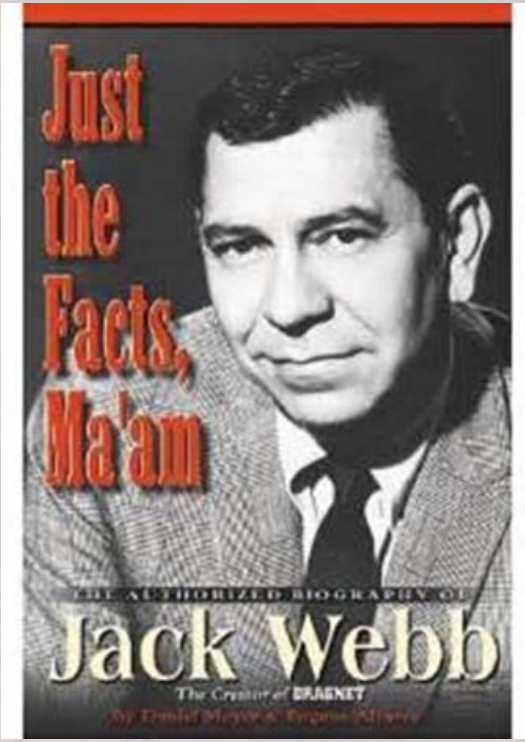
- **What you are required to do (Most Policies)**
  - Have to Mitigate the Loss
  - Don’t wait until the adjuster shows up
    - Can’t wait for cash from Insurer
  - Document the damages
    - Pictures, records, expenses, time
      - If you don’t capture it, its not going to be paid
    - If its not an “Act of God”
      - Save the broken part or equipment that started the loss.

Insurance 101

- **Terms**
  - Like and Kind Quality
  - Deferred Maintenance
  - Covered Peril
  - Deductible
  - Pre-Loss Condition

Insurance 101

- **How to Talk To An Adjuster**
  - Adjusters respond to provable facts
    - Not opinions
    - Not emotions
    - Not areas of gray regarding loss damages
      - FACTS Just the Facts
  - It is the Insured Job to “prove the loss”
    - He who has the most paper always wins.



Insurance 101

- **BIG TIP, USE PAPER!!!!!**
  - Do Not Rely on Electronic Capture
    - Water, rain, smoke, electricity, heights, and human error WILL affect this capture device

Insurance 101

- **Documentation**
  - Get a wire bound note book
    - Write each major event, decision, problem, and anything you do in this journal
    - Just the Facts. Do not interpret or put emotions into the documents
    - This written document is only good AS IS.
      - Do not worry about making it pretty.
- A Picture is Worth a Thousand Words, but it cannot take the place of this journal.
  - Take More Pictures than You need.
    - For an average 2500 square foot home
    - 100 Pictures is not enough

This is Not a Good Note

Same Issue Good Note

- Wednesday 4/26/17
  - 10:35 PM excessive noise from various sources in unit 12
  - 11:04 PM asked residence in unit 12 to reduce noise level, they indicated using non-verbal communication skills that they would not comply
  - 11:10 PM called and left a VM with management…no response….
  - 3:30 AM. Noise finally stopped.
- Thursday 4/27/17
  - 9:30 AM Management called back. I asked them to control the residents in unit 12 based on the lease. Requested a number that would generate a response after hours. ER number 555-555-5555 ask for Ginny
  - 10:50 PM Noise begins again. Called Ginny…No response. Lft VM
  - 11:00PM Ginny called back and indicated she would take care of the problem
  - 11:15 pm Noise ended.
  - Friday 4/28/17..Ordered Ginny Flowers….

Contracting

- **Three Formats For Emergency Services**
  - Unit Cost (Xactimate)
  - Time and Material (T&M)
  - Blended Contract

Why are you using a time and materials contract?
Because we are bad at estimating.
CONTRACT
ACME
RESTORATION

Contract Formats

- Time and Material Contract
  - Disadvantages
    - Open Ended, Promotes inefficiency; Requires on site monitoring; Easily manipulated to overcharge; Audit Nightmare; No control of quantities or rates
  - Advantages
    - Modifies perceptions of reality without the use of drugs; Helps Get Emergency Work Started Fast

Contract Formats

- Cost Plus Contract
  - Disadvantages
    - Open Ended, Promotes inefficiency; Requires on site monitoring; Easily manipulated to overcharge; Audit Nightmare; No control of quantities or rates
  - Advantages
    - Leaves a good paper trail

Contract Formats

- Unit Cost Contract
  - Disadvantages
    - Time consuming bid process on large loss; Often has duplication in pricing; Often contains mixed format pricing; Easily manipulated to overcharge; Requires access to industry price index
  - Advantages
    - Burden of performance on contractor; No hidden or veiled cost except for mixed format entries; Easier to compare bids;

Contract Formats

- Lump Sum Contract
  - Disadvantages
    - Takes qualified estimator to provide bid; Sometimes difficult to evaluate; Requires extensive detail in Scope and Project Specifications; Requires On Site Monitoring
  - Advantages
    - No Audit required

Contract Formats

- Blended Contract
  - Disadvantages
    - All of the disadvantages above combined
  - Advantages
    - None of the above advantages.
  - Most Common
    - T&M with a Unit Cost
    - T&M with a Cost Plus
    - T&M with a Lump Sum

Open Forum

Q&A

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