



With the the latest natural disasters including the hurricanes on the Gulf Coast and California wildfires, it is important to take steps to safeguard your most valuable assets, most notably your business.

Most commercial insurance policies include some form of Business Interruption (“BI”) or Time Element coverage. The terminology may differ, but the steps used to prepare a claim are universal. A few points to consider:

GlassRatner assists corporations in preparing business insurance claims by quantifying losses due to the interruption including:

- Lost Profits
- Extra Expenses
- Property Damages

We also assist in presenting the claim to the insurer and providing expert witness services if the claim involves litigation proceedings. Based on our experience, we have listed below are some helpful hints in the event your business sustains an interruption due to a catastrophic event such as a tropical storm.

To Do – In Advance

- **Gather important documents** - Have a hard copy of your insurance policy handy. I’ve included a list below of some other information to have on hand. Plan for the worst, hope for the best.
- **Know your policy and your responsibilities** - This starts with knowing your limits, sub limits, & exclusions. Do you have coinsurance? What is your deductible? Deductibles can take a variety of forms but many policies may include a waiting period, say 72-hours from the time of power outages before coverage may kick in. Know what it is. Also, do you have to notify your insurer in advance of damage for any reason?
- **Back-up documents securely off-site** - Make sure your backups are current. Off-site does not mean taking a flash drive home with you 15 minutes from the office. Back it up to the cloud or somewhere secure away from the geographic area of the storm. Most reputable ISP companies have redundant backups to multiple server locations geographically.
- **Make use of your Rolodex** - Who would you call in a worst-case scenario? After major catastrophes, bonded and licensed contractors are at a premium. Don’t be taken advantage of by the endless stream of vultures looking to take advantage of a catastrophe. Have your team in place early.



To Do – Upon Sustaining a Loss

- **Take pictures** - Digital storage is cheap and you can use practically anything to take photographs these days.
- **Know who you're dealing with** - You've reported your claim and are now receiving communications from different people. But who are they and what is their role?

Adjuster

- **Public Adjuster** - Represents policyholders/business owners, and typically are paid as a percentage of the final resolved claim.
- **Company Adjuster** - Represents insurers to adjust the claim, and are on the insurance company's payroll.
- **Independent Adjuster** - Hired by the insurer to adjust the claim and paid through a Third-Party Adjusting Company.

CPA

- **Claim Preparer** - GlassRatner's role. The BI often ends up quite murky and, dollar-wise, the largest part of an insurance claim. Many policies typically cover a certain amount of professional fees for preparing a claim. Seek professional help.
- **Claims Auditor** - Typically an outside CPA firm, but the trend has been for the insurers to adjust the BI claim themselves with in-house accountants. Know who you are working with. A CPA is not necessarily required to be independent from your insurer, but they are required to be objective.

Attorneys

- Know whether they represent policyholders or insurers. Also, know whether they have experience in Business Interruption procedures.

Contractor

- Hired by businesses (and typically reimbursed through the insurance claim) to repair any property damage to your business. The larger vendors will stage equipment (lots of it) in advance of a storm to assist in emergency repairs, often at a premium, which you may be happy to pay to repair the hole in your roof.

Salvor

- Typically hired to sell off damaged inventory, thereby reducing the financial damages.

- **Try to classify any loss-related expenses** - You will hear the term "Coverage buckets". Some expenses may end up being covered under the Physical Damage portion of the policy and some may be under Extra Expenses. But make it easy on yourself and set up a specific insurance-account to capture your expenses. Let the claim preparers sort it out.
- **Mitigate your loss** - This is an important point. Your BI policy typically covers your Net Income and Continuing Fixed Expenses. What it does not cover, however, is cash flow. Adjustments take time especially after a catastrophe. If you can request an advance against your BI proceeds, do so. However, the best course of action is to assume that you will receive limited assistance and do everything to restart the operation as quickly as possible to minimize losses.
- **Communicate early and often (and in writing)** - Wide area damage after a catastrophe leads to large volumes of claims. Even the sharpest adjusters are stretched thin, so document your communications. Be patient but firm and remember, "the squeaky wheel gets the oil".



Important Business Documents

- Complete copy of your insurance policy including the “Dec Page”
- Detailed Profit & Loss Statements (Monthly, for 2-3 Years)
- Balance Sheets (2-3 Years)
- Tax Returns
- Depreciation Schedules/ Fixed Asset Registers
- Payroll Reports (at least 6 months)
- Appointment Book/Calendar - note any cancellations/rescheduled appointments
- Sales Reports or Contracts
- Budgets
- For businesses that deal with inventory - perpetual inventory and the last physical inventory
- Evidence of Service Interruption, Civil Authority Orders (such as Mandatory Evacuation Orders), and/or curfews

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