

Disaster Preparation

Gail Welfringer
Allstate Insurance

I Types of Insurance

A) Hazard Vs. Catastrophic

1. Hazard:

- Fire
- Lightning
- Windstorm
- Hail
- Theft/VMM
- Water

2. Catastrophic:

- Earthquake
- Flood

B) Homeowners Insurance Vs. Renters and Condo

General Homeowner's insurance was not intended to cover situations that are too unpredictable to insure against, such as flood and earthquake.

1. What's Covered? What's Not?

- Most policies pay for direct physical loss to structure and contents as well, as liable claims against the property owner.
- Covered perils are sudden and accidental events or a theft that results and damage or loss of property.
- Insurance rates are based on actuary tables of predictability, severity and frequency.
- Structure:
 - i. house, garage, other unattached structures
- Contents:
 - personal property inside the structure regardless of where it is located.
- Landscaping:
 - typically not covered unless the structure's damage causes subsequent damage to trees and shrubs and then only on a limited amount.

2. Deductible:

C) Business Life and Disability:

D) Disability: when an injury or illness makes you unable to work.

- Disability works in conjunction w/ your employer provided coverage
- *But what if you're the employer? What if you hurt in the catastrophe?*
- waiting period
- time period of benefits

1. What it covers:
 - Loss of income
 - It prevents financial catastrophe due to loss of work from
 - illness or injury.

E) Business Life:

1. “Key Man” Insurance
 - Designed to insure that the business continues in the event that your “key man” dies. Funding for replacement to run the company.
 - owners
 - key employees

D) Buy/Sell Insurance

Who will decide who your next business partner will be?

Steps:

1. Attorney sets up the Buy/Sell Agreement
2. Insurance purchased to back the financial obligations
 - Generally not subject to income tax
 - Strengthens the credit position of the company

II Name your catastrophe: windstorm, fire, earthquake

A) Could your business survive a major catastrophe?

1. Windstorm, Fire, Water vs. Earthquake, Flood
 - What is covered and what is not...
2. Business Property coverage
 - replacement value vs. ACV
 - tenant improvements
 - building law/ordinance
 - rolling stock – rental reimbursement
3. Loss of income, use – Business Interruption
 - identify critical business activities
 - support team & resources
 - list of contacts/telephone #'s
 - communication strategy for clients

III Catastrophic Losses

A) Earthquake:

1. A separate policy, generally with a higher deductible
2. Risk transfer – deductible
3. Risk avoidance – limit your exposure
4. Have a plan

B) Flood:

1. A separate policy FEMA/NFIP
2. Prepare & reduce the risk
3. Be aware of potential bldg codes

IV Loss Reduction Measures & Loss Recovery Strategy

A) Fire:

1. Minimize the risk of damage in advance
 - Internal controls - regular inspections & drill plans, training indoor/outdoor housekeeping flammable control points, no smoking update the electrical (no shortcuts)
 - External controls – fire dept. inspections “LISTEN” develop a evac plan, coordinated take advantage of “free” consulting

B) Limit Storm-related damage:

you cannot prevent it but you can reduce the size of your loss.

1. Make sure the building you rent/lease or own complies with damage resistant building codes.
2. Again, have a disaster recovery plan and practice it.
3. Keep all valuable records and papers either off site or in a water safe area. Keep all files copied and off site.
4. Record the type, model & serial #'s of all of your equipment w/ the vendor contact list.
5. What is the minimal requirement of continued operations. Have a emergency fund.

C) Earthquake:

1. Minimize your exposure, don't keep it all in one place!
2. Select a lease that fits the needs and is EQ fitted.
3. Do the necessary renovation to strengthen the structure.
 - Reduce the severity of the physical damage
 - Be sure it fits to code; pay now or pay later
4. Have a plan, train and practice

V Loss Reduction & Prevention

A) Mitigation

- protect the structure and/or contents from further damage
- prepare a complete inventory including pictures, paperwork for the adj.
- Do not commit to any permanent repairs until the adj. Inspects
- Do not throw anything away until the adj. Inspects
- Obtain estimates for repairs for furniture &/or business prop.

B) If you must leave the premises be sure it is secured and protected from further damage.

C) Once repairs have been made and business has resumed, be sure to meet w/ you insurance rep to discuss necessary changes to coverage.

VI Filing an Insurance Claim: What to expect and what not to expect

As a rule, contact from the insurance company is 24-48 hrs.

If this is as a result of a catastrophe, it may take longer.

A) Call your agent or company

1. What You'll need:

- Develop a complete description of the damage(s)
 - Document the damage
 - Take Photos
 - Make temporary repairs to prevent further damage
 - Don't throw anything away until your adjuster has examined it.
- Leave a phone number where you can be reached

VII Q & A