

CHECKLIST

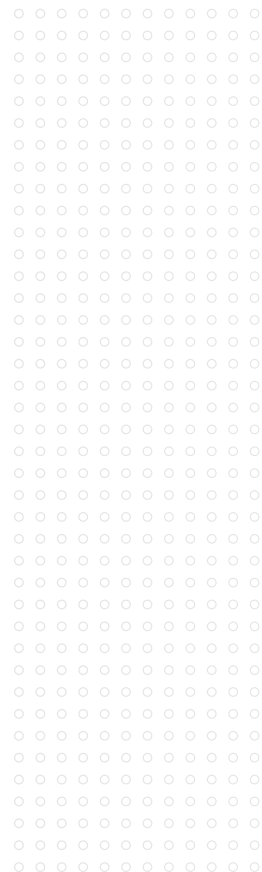
The Insurance Claims Process

When “what ifs” turn into “uh-ohs,” it’s beneficial to have a roadmap to help you navigate the insurance claims process for your business. Whether it’s your first claim or not, the process can appear daunting and overwhelming. But it doesn’t have to be that way. The following checklist explains what to do before and after a claim is filed.

Before a loss — Create the proper infrastructure

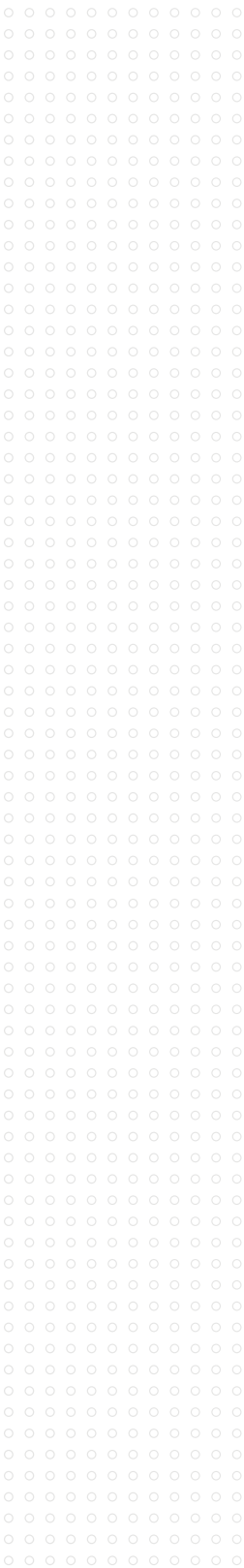
Prior to a loss, there are several things that can be done to ensure you are prepared:

- ☐ **Build an adjustment team.** Identify the parties (i.e., engineer, construction contractor, accountant) to be involved if a loss occurs. Meet with these experts and your HUB claims consultant to discuss exposures, account nuances and inspection coordination.
- ☐ **Understand your coverage.** Review your coverage with your account manager and the HUB property claims consultant so you know what’s included. Clarify what information is required to process a claim and when notification is due.
- ☐ **Identify key points of contact and secure important documents.** A serious claim often involves many individuals within an organization. Identify key players who could be critical to the claims process and hold key documents. Financial records, inventory records, appraisals, building drawings, etc. can all be essential to the adjustment process.
- ☐ **Anticipate your loss.** Think about the types of losses you can sustain, the business units at risk, how those units will respond in the face of an event and how quickly and efficiently you can resume operations either in place or off-site.
- ☐ **Provide proper notice.** Businesses too often make the mistake of waiting until the end of the policy year to submit a list of potential claims issues. This can lead to denials due to lack of detail and can affect policy renewal. Proper communication with your insurer throughout the process — from initial notice to final resolution — is critical to claims acceptance and payout.



After a loss — Know how to respond and react in real time

Once you’ve reported a claim, your response is crucial to minimizing further damage and preserving claims dollars. Here’s what to do during the first 24 to 48 hours:



- ☐ **Report the claim.** Report your loss immediately. Provide your broker with a detailed list of the items damaged or lost and any photos or videos that can help explain the circumstances.
- ☐ **Restore fire protection.** Replace damaged sprinkler heads, arrange fire watches and recharge extinguishers. Bottom line — get these systems back in service immediately.
- ☐ **Prevent further damage.** Under the terms of an insurance policy, the insured is obligated to protect and preserve property from further damage. If you need to, contact professional vendors to assist you and document all efforts made to avoid more destruction or deterioration.
- ☐ **Salvage.** Inspect all potentially damaged property and separate it from undamaged property. Take note of what you believe can be repaired/cleaned/dried and what should be replaced and separate these accordingly. Begin developing a full inventory of the property, describing the item and photographing it. Record the manufacturer, the original purchase price, the cost to repair or clean (based on quotes) and the cost to replace (based on quotes and/or invoices). If there are lead times, make note of these as well. Motors and machinery should be thoroughly dried to protect them from rust and before any testing takes place.
- ☐ **Do not discard anything.** Let the adjuster inspect all property. The insurer has salvage rights to damaged property that you must protect. Work out a clear understanding of how the adjuster plans on handling damaged property that cannot be replaced. Will a salvor take it away or will you be charged for disposal? You may not abandon the property to the insurer’s care without their consent. Undamaged raw materials should be reprocessed and undamaged finished goods repackaged as necessary.
- ☐ **Make temporary repairs.** If temporary repairs are necessary to protect damaged property, do them immediately and advise the adjuster as soon as possible. Be prepared to explain your reasoning and keep records of everything related to these emergency repairs.
- ☐ **Keep track of claims costs.** Create a general ledger account called the “loss account” (or similar) and direct all costs associated with the loss to this account. Use work orders, job accounts and other accounting procedures to capture your costs. All expenditures should be directed to the loss account and should correlate to the loss account. Claims cost categories can include:
 - Protection of property
 - Immediate remediation
 - Temporary repairs
 - Building reconstruction and repair
 - Contents repair and replacement
 - Expediting expenses
 - Extra expenses

- **Keep a daily log of efforts.** Describe in detail what work took place, who was involved and the activity's objective. Keep track of your labour — hourly personnel should be coded to correlate to the loss account. Describe the work they performed, how many hours they worked, what they are paid (straight wage, overtime and variable payroll costs). Note: Salaried labour can be employed in these efforts and an adjustment issued for their work. Attempt to secure the adjuster's agreement to reimburse for salaried labour before salaried labour is used to repair property or clean up.
- **Make permanent repairs.** The adjuster will want to be involved in this process. They may engage a construction consultant to help develop the scope of work and then ask you to invite two or three contractors to bid on that work. All bids submitted should be itemized and presented on a time and material basis. The objective is to develop a consensus and reach an agreed price for the reconstruction work. If contents are damaged, you may need to have vendors come to inspect, test and evaluate damaged equipment, furniture, etc. If machinery is damaged, contact the manufacturer's representatives to evaluate the machinery. In the event of differences of opinion, you may need to engage an expert (e.g., a third-party contractor, engineer or architect) to support your position. These costs are generally not recoverable under the policy unless policy provisions grant the coverage, or you can secure the insurer's agreement in advance to fund them.
- **Resume operations.** Your ultimate objective is to resume normal operations as quickly as possible. Think about what is necessary to achieve this:
 - Can you set up a temporary location and resume operations?
 - If you are a manufacturer, can you use idle or underutilized manufacturing facilities or lines to restore production?
 - Can you work extra shifts or lengthen shifts to restore production?
 - Can you purchase product from a competitor to continue supplying customers?

Your HUB claims consultant can help negotiate the claims process on your behalf to achieve the best possible outcome. We provide peace of mind by protecting what matters most to you. Through unrelenting advocacy and tailored insurance solutions, HUB makes sure you stay in control.

For more information, contact a **HUB claims consultant** today.