

Managing Major Property Losses Sample Action Plan

To: All Department Managers
From: Risk Management

Following the catastrophic loss of _____ it is our responsibility to prevent further damage, investigate cause, isolate costs associated with this loss, restore services and recover lost revenue from a combination of insurance, FEMA, responsible third parties, and catastrophe reserve funds.

This loss involves multiple departments and loss recovery from several potential sources with a variety of deductibles and/or legal liability limits. It is essential that we have your full cooperation

Guidelines for Managing Major Property Losses

For most risk managers major property losses in the high six figures are a rare occurrence. While minor first party property losses can be challenging, most have limited practical value in adding to one's expertise in managing large losses. Further, typically risk management must allocate claims resources in the liability and workers' compensation areas where losses are frequent and can increase dramatically in size if not properly managed.

It is, therefore, not surprising to find most risk managers relying heavily on their brokers, advisors or public adjusters when faced with a major first party property claim. There is a real need to have written guidelines and internal planning sessions in addition to outside assistance.

To begin a sound property loss management program, the most important philosophy for a risk manager is:

“It Can Happen To Us”

Once you are convinced that a major property loss can occur at your city, you will be motivated to take a hard look at the key provisions of your "All-Risk" policy and the resources available through your broker after the loss occurs. It is not the purpose of this paper to detail all of the possible coverages that you should consider or the service you should expect from you broker, it

Establishing Control

Before the loss occurs is the time to establish control. All departments should be advised in writing that risk management is the focal point for reporting all losses and managing all information regarding the restoration or replacement of damaged or destroyed property, lost time, extra expenses and loss of income.

The nature of large losses is such that custom loss reporting forms will be necessary in order to recover costs of the wide variety of damaged property and time element losses. This is where your broker can and will be of assistance in assessing applicable coverages and how to proceed with cost recovery. It is only necessary, at this point in pre-planning, to make sure that all departments simply notify risk management of any losses.

Beyond this general notice, it is also critical to establish a logical cost recovery system with the Auditor-Controller. For many losses this can be handled with a special work order number given to all departments after a loss occurs. Managers will be instructed to charge all costs, overtime and other expenses to the special work order number. All items should then be properly input into the computer, by supplier (if applicable) and category (i.e. supplies, equipment, rental items, vehicles, software, cleanup, etc.). Weqes

Other departments that require pre-planning with risk management are those likely to be involved with the salvage and preservation of damaged and undamaged property as well as physical evidence.

This will vary by entity depending on size but generally will include:

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It is the adjuster's job to audit your records and obtain sufficient information to verify to insurers that the damaged or destroyed property has been repaired or replaced within the provisions of the