

Who's on first?

Managing through a complex disaster claim where
Insurance and FEMA are both in Play

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Combination of increased exposure vulnerability and that climate change or weather cycles are increasing the frequency of some types of extremes that lead to billion-dollar disasters



The most recent years of 2019, 2018 and 2017 have each produced more than a dozen billion-dollar disasters in the United States alone—totaling 44 events.





3-year average of 14.6 billion-dollar disaster events, well above the inflation-adjusted average of 6.5 events per year (1980-2019)



The average cost of a data breach in 2020 is \$3.86 million, according to a new report from IBM and the Ponemon Institute.



What are your plans for these events?



"An ounce of prevention
is worth a pound of cure."
Benjamin Franklin

The call/text comes in: Are you and your organization ready? Chaos...





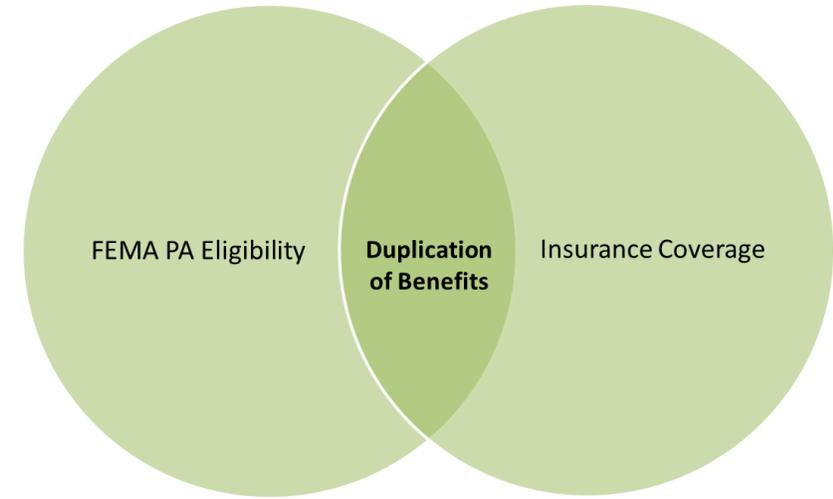
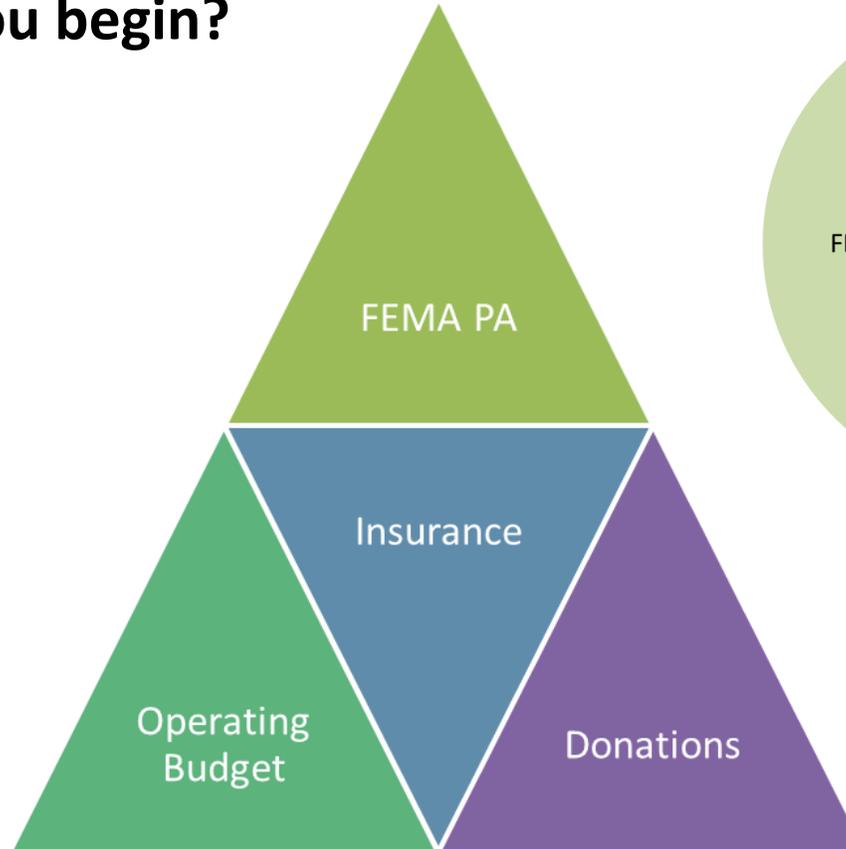
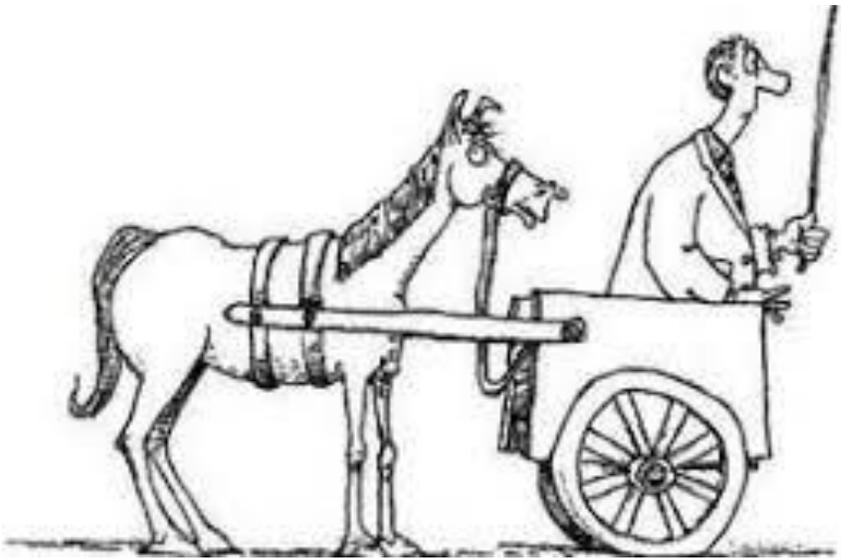
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**WHO'S ON
FIRST?**



Intersection of Insurance, FEMA and financing your recovery

- **Quick Cashflow is key in recovering from a major loss, but where do you begin?**



Phase 1: Beginning to Estimate Your Loss

- **Be careful, take safety precautions**
- **Photograph and video footage are key**
- **Survey the damage with your adjuster**
 - Sets the tone for the settlement process
 - Discuss measurement of the loss period:
 - Strategies to expedite or mitigate
 - Betterments
 - Start-up problems
- **Provide a preliminary loss estimate / ROM (rough order of magnitude)**
- **Begin to develop you scope of work (SOW) and disaster damage descriptions (DDD) outlining eligible work items for your FEMA claim.**
 - Take advantage of insurance funds early, while setting the appropriate foundation for your FEMA claim.
- **Request a partial payment based on expected short-term expenditures and supportable costs**



QUESTION 1:

What is the first obligation of an insurance carrier when they receive notice of a covered loss?



Phase 2: The Detailed Claim Summary ----- Leadership and a plan!!!

- **Overview of Process**

- Parties Involved, Length of Time

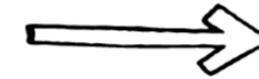
- **Importance of Presenting a Claim**

- Tell the full story
- “Bucketing” costs to maximize recovery (EE,ETRL,EE??)
- Securing multiple quotes / proposals from vendors to rebuild
- Ordering equipment as soon as possible (lead time considerations)
- Communication with insurance company, especially for big items
- Organize all relevant documentation throughout process (Proposal->PO->Invoice)

- **Leverage Relationships with Stakeholders**



CLAIM



SETTLEMENT



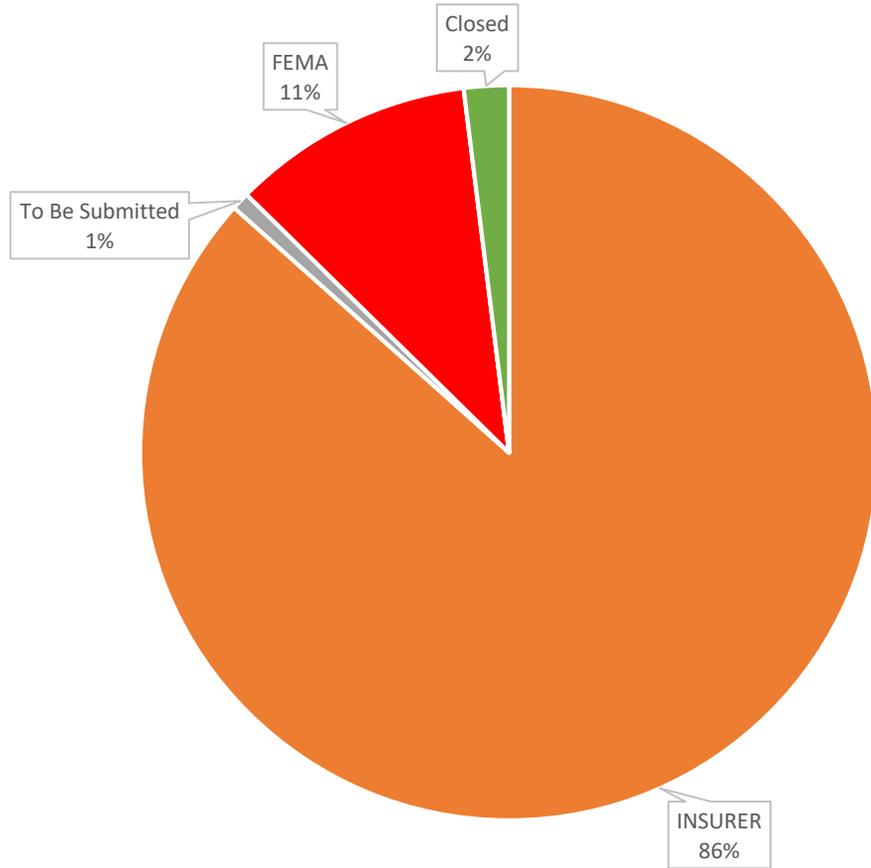
QUESTION 2:

Which claim expense is normally defined as costs to speed up freight or pay overtime wages?

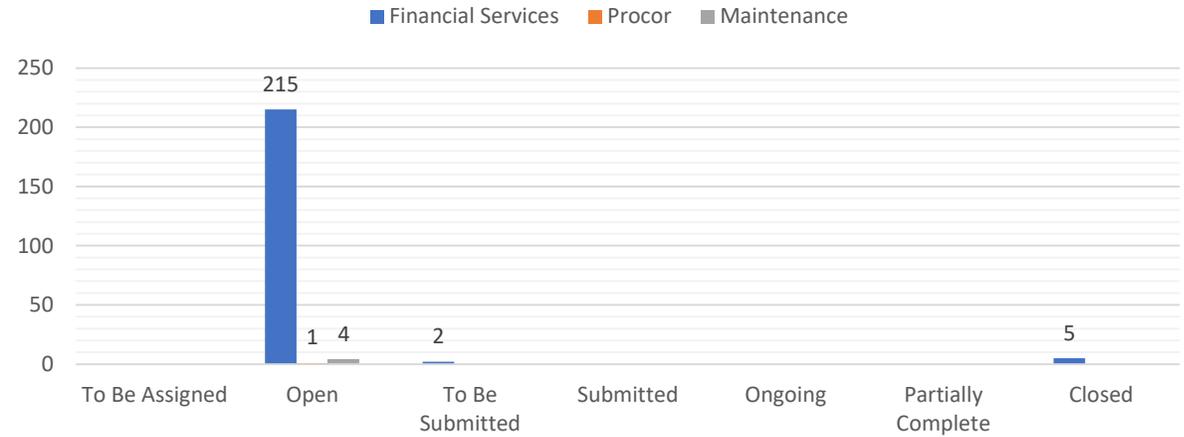


Control and Manage Various Requests for Information (RFIs)

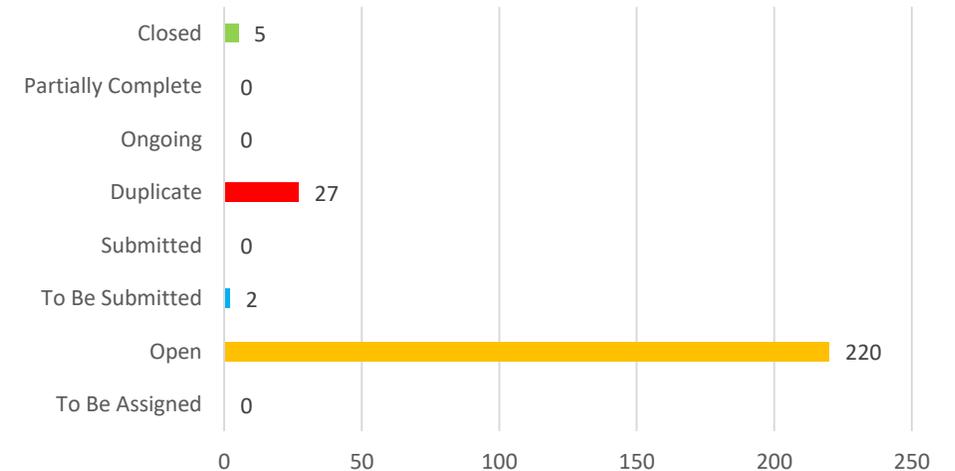
INSURANCE / FEMA RFI Status Summary



RFI by Responsible Party



of RFIs



■ To Be Assigned ■ Open ■ To Be Submitted ■ Submitted ■ Duplicate ■ Ongoing ■ Partially Complete ■ Closed

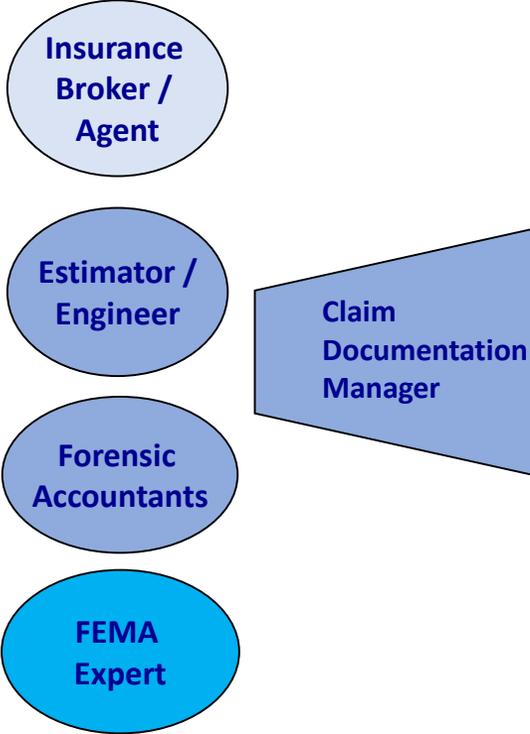


Roles and Responsibilities for a complete claim presentation and financial recovery

YOUR INTERNAL ORGNIZATION



YOUR EXTERNAL CLAIM SUBMIISION TEAM



INSURANCE



GOVERNMENT



FEMA



ZERO to minimal Out of Pocket Costs for having Your expert team

YOUR EXTERNAL CLAIM SUBMISSION TEAM

INSURANCE

Professional Fees / Loss Adjustment Expenses: This policy is extended to include expenses incurred by the Insured, or by the Insured's representatives for preparing and certifying details of a claim resulting from a loss which would be payable under this policy. However, this Company shall not be liable under this clause for expenses incurred by the Insured in utilizing the services of a public adjuster or of an attorney.

\$500,000 - \$1,500,000 Sublimit Recommended

STATE / FEMA

Direct Administrative Costs: the Recipient or Subrecipient incurs administrative costs that it tracks, charges, and accounts for directly to a specific eligible project, the costs are eligible as Direct Administrative Costs (DAC). The Recipient or Subrecipient cannot charge costs to a project if it previously allocated similar costs incurred for the same purpose in like circumstances to indirect costs

FEMA share 75% (normally can be as high as 90%) + fees * 12.5% (State share) = 12.5% remaining for the Client.



QUESTION 3:

After a major area-wide disaster, how long does a first party insurance claim normally take to ultimately settle, on average?



“Musts” for Optimizing Your Readiness and Response



- **Modify your focus from risk management and insurance to resilience**
- **Create / update realistic, comprehensive and flexible disaster response plans**
- **Know what’s at risk and how much**
- **Ensure your Insurance Policy has Professional Fee Coverage**
- **Stock Your Bench- have coordinated teams ready with identified roles**



- **KISS – Be Coordinated in your approach**
- **Lead and Control the Insurance and FEMA claim recovery process**
- **Start the process correctly early, never too late to get it right**



Expect the Unexpected



THANK YOU! / Q&A

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