



Catastrophic Events:

Top five actions to take in the event of a loss

Hurricanes and tropical storms, earthquakes, wildfires, flooding events, and other natural catastrophes can have devastating effects on businesses and communities. In addition to direct property damage, catastrophes can affect businesses through damage to third parties, such as utility service providers.

A SINGLE EVENT CAN COST A BUSINESS THOUSANDS or even millions of dollars in property damage and lost revenue as it recovers. This makes it vital that property owners know in advance what they must do if they suffer losses.

In the event of a loss, you should be prepared to take these five critical steps as soon as it is safe to do so.



Report the loss to your insurance broker and insurer(s).

Make sure to specify the affected location(s) along with the date of loss. When reporting a loss, be as broad as possible in describing the type and extent of damage suffered. Share with both brokers and insurers full contact information for your organization's risk manager or other point of contact.



Assemble your claim team.

Among other members, your team may include your risk manager, the property claim advocate at your broker, and the heads of various departments within your organization, including sales, service, maintenance, inventory, engineering, accounting, and legal.

A specific person should be responsible for managing all on-site contractors and documenting and tracking all activity and costs.

Once assigned, an adjuster should be apprised of all activities to obtain understanding and agreement by the relevant insurer(s).



Create accounting codes for all costs and begin to document physical damage.

Documentation can include photographs and video as well as news reports and social media posts. This information should be kept in an accessible location to share with insurers, and you should keep a copy for your records.

It's important to create accounting codes to track costs, which may include:

- Purchase orders
- Sales receipts
- Capital equipment purchases
- Any other additional expenses



Assess and begin to address damage and operational disruptions.

Companies should assess whether temporary repairs to property and other steps to mitigate business loss are needed. A storm could have significant implications on inventory, supplies, finished products, and works in progress.

It's important to understand that business restoration may be a long-term, iterative process. An organization's initial response may not be effective, and it may be necessary to change course.

It's also vital that companies document all activities, with email traffic kept in a separate location so that information may be accessed later.



Assess the global financial impact to property and to the business.

Soon after a loss, an organization should create a rough order of magnitude for physical damage and business impacts. An experienced broker can help to appropriately document these impacts and make requests for financial reimbursement from insurers.



Again, this is an iterative process and may require adjustments along the way. Your broker advocate should work to request advance payments from insurers as monies are committed or spent.

How Lockton can help

Regardless of the specific nature of the natural hazard affecting an organization, it's important to have access to experienced brokers who understand how insurance coverage may or may not apply and who can help you manage potentially complex claims requirements.

When you need help in the aftermath of a catastrophe, you can count on Lockton. Your Lockton team can help you organize your claim, make optimal use of internal and external resources, accelerate your recovery and learn lessons from a catastrophe to better prepare for future ones.

For more information or help in managing natural catastrophe losses, contact your Lockton broker.