



# WOODRUFF SAWYER



## Property Losses Claim Guidelines

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# Documenting Information for an Insurance Claim

In anticipation that a property claim may need to be filed/reported to the insurance company please provide the following information:

1. Date of Loss
2. Specific Location of Loss [include Department Name and Cost Center]
3. Description of the Incident/Event
4. Restoration Company Involved, Y/N
5. Extent of Damage to specified area (e.g. square footage)
6. Photographs taken of damaged items/area
7. Clean-up/Repair/Salary Expense Documentation (restoration company involved, contractors for repairs, employee hours for clean-up, salaries of all personnel whose work duties & schedules have been affected)
8. Itemized List of large ticket items damaged beyond repair
9. Itemized List of Personal Property damaged (office equipment, office furniture, surgical equipment)
10. Other material information, related to the incident, that could impact the financial loss (Check with Risk Finance for property insurance deductible amount for specific location)

**IMPORTANT:** Retain physical custody of damaged inventory for inspection by insurance adjusters-- please do not throw anything away without first checking with Risk/Finance on the status of the insurance claim--perhaps identify a location where items/equipment will be sequestered.

Your policy will respond for damage to owned property (**NOTE:** The lease provision at “Insurance” will address ownership and insurable interests obligations, and must be reviewed; not all leases are alike.

The “Repairs and Maintenance” language of a lease is NOT the controlling language in a claim scenario). **In General:** As a landlord, ownership may/or may not include any tenant improvements, only landlord owned items or where you have a financial interest (some leases have the landlord owning and insuring everything structural). Likewise, tenant’s should claim their structural tenant improvements and business personal property on their own policy (owner/financial interest in TI’s depends on the lease terms and insurance policy coverages). **The tenant(s) should report their own losses to their respective insurer(s) for their tenant improvements and contents, and we can review the leases for waiver of subrogation language. Coordination with your landlord/tenant:** You may both utilize the same contractors, but the scope of work and costs should be prepared in separate estimates (broken down by suite, common area, etc., or it will really be difficult to separate out later and will delay the settlement.

# Property Claims

## Types & Definitions

### Types

- Direct physical damage to real and personal property (water from plumbing, fire, wind, hurricane, collapse, earthquake, theft, burglary, etc.)
- Loss of utilities, when caused by covered peril
- Business Income Loss , when caused by covered peril

### Definitions

- Covered Peril – Cause of loss to which insurance applies
- Replacement Cost – Payment for the replacement of damaged property without any deduction for physical depreciation
- Actual Cash Value – Replacement cost minus depreciation
- Insurable Interest – Interest in property that includes a financial gain or loss
- Subrogation – Transferring one’s right of recovery of a loss to another party
- Proximate Cause – The efficient cause of a loss without which the loss would not have occurred (does not need to be immediate)

## Action – Response

### Property Staff

- Assess damage and mitigate loss
  - › But preserve cause of loss scene or evidence (fire cause and origin scene)
- Engage remediation crew
- Instruct tenants
  - › To notice their own property insurance carriers
  - › As to remediation and reconstruction plans
  - › As to what repairs will be the tenant’s responsibility
- Secure copies of leases, vendor contracts, prior construction invoices
- Compile reconstruction costs, rent abatements, and extra expenses
- Document
  - › Photographs, statements, incident report, professional engineering or damage report

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- Advice regarding immediate response
- Advice regarding submission to insurance company; notify insurer
- Advocate for applicable coverage
- Work with insurer on behalf of the property to submit loss documentation and loss valuation

## Insurance Adjuster

- Confirms insurance coverage
- Investigates, hires construction expert, estimates repair costs, scope, and claim value
- Calculates depreciation for Actual Cash Value settlement
- Calculates business income loss
- Submits settlement offer and payment

## Documentation

- Invoices of prior purchase, repair, or work
- Leases, contracts, civic directives or codes
- Photographs – Close range and wide angle
- Security or engineering reports
- For business income:
  - › Profit and loss statements
  - › Continuing and non-continuing expenses records
  - › Rent rolls, abatements, extra expenses

## Very Useful Advance Planning

- Business continuity plan for a quick loss response
- Communication protocols
- And always – Protect the property

The most important thing to remember is to take whatever steps are necessary to protect the property from further damage immediately after an event. For example, this may include calls to plumbers, electricians, or window board-up companies for immediate emergency repairs. It's not necessary to obtain insurance company approval for immediate mitigation work. While the insurance company will review and determine whether the charges for such work are appropriate, it will not question their necessity.

## Recommended Guidelines for Vendors

The engineer, and the electrician or plumber, reports should be detailed and identify the cause of the failure. The plumber/electrician estimate must be in a "line item" format, not lump sum values, it needs to have a **breakdown of costs for tear-in/access; costs of pipe/wiring materials; cost of labor for**

pipe/wiring repairs; and cost of back-fill after the repairs, etc. Invoices for materials and timesheets may also be requested. If you request a breakdown in a Xactimate estimate (estimating software) or similar format, they usually accommodate. Most know what Xactimate is but you don't see too many contractors use if they don't have a lot of insurance related work. Some contractors use "time and materials" estimates, and a request for the timesheets and materials invoices should be requested.

All vendor estimates must be in a "line item" format, not lump sum values, as this will expedite the evaluation of the claim. **Details of the measurements, grade of materials, material quantities, unit costs, employee roles, labor hours worked, hourly rates, etc. are all needed in the estimate and invoices. This should be requested upfront.** If they don't want to do it, you may want to consider another contractor, since once the project is done they move on and it becomes harder to secure the details. If the general contractor uses sub-contractors, their invoices should be attached to the general contractor's final bid and should be detailed as well. It will make the process easier and secure payment from the insurer faster.

Good samples of a "Line Item Estimate": detailed descriptions, quantity, activity, rates, etc:

DESCRIPTION	QTY	REMOVE	REPLACE	*TOTAL
<b>NOTE- EMERGENCY BOARD UP AND CLEAN UP - PERTAINS TO FIRE DAMAGED - UNIT</b>				
1. Replace Temporary Repairs - per hour - after hours	3.00 HR	0.00	90.85	272.55
2. Replace Temporary Repairs - General Laborer - per hour - after hrs	3.00 HR	0.00	55.22	165.66
3. (Material Only) 2" x 4" lumber (.667 BF per LF)	32.00 LF	0.00	0.43	13.76
4. (Material Only) Sheathing - OSB - 1/2"	64.00 SF	0.00	0.36	23.04
5. Cleaning Technician - per hour	0.50 HR	0.00	37.58	18.79
6. Single axle dump truck - per load - including dump fees	0.10 EA	298.52	0.00	29.85
<b>Totals: emergency_temporary</b>				<b>523.65</b>
<b>Line Item Totals: CTL_</b>				<b>523.65</b>

Good sample of "Time and Materials" estimate: key parts highlighted and note level of detail (" 1/2 face" – yes, details matter):

MATERIAL				LABOR				
TYPE OF MATERIAL	QUANTITY	UNIT PRICE	AMOUNT	CLASSIFICATION:	HOURS WORKED	RATE	AMOUNT	
TOWELS	4 boxes	22.00	88.00	LABOR ST.				
VACUUM BAGS	6	1.65	9.90	LABOR OT.	27	84.65	1,777.65	
RAGS	7	21.14	147.98	LABOR DT.				
filters				SUPERVISOR ST.				
1/2 face	10	4.38	43.80	SUPERVISOR OT.	11	107.44	1,181.84	
Tape	7 box	134.90	944.73	SUPERVISOR DT.				
masking tape	7 box	144.35	1,010.45	OT SHOP	4	84.65	338.60	
GLOVES	4 pairs	7.98	31.92					
clean bags	2 roll	54.60	109.20					
plastic SUPS	1 roll	79.19	79.19					
TOTAL	1 box	59.00	59.00	TOTAL			3,298.09	
SALES TAX @ 9 %			60.01	TRAVEL & SUBSISTENCE				
TOTAL MATERIAL COST			726.81	EXPENSES				
MISCELLANEOUS				SUMMARY				
DOP TESTING: <input type="checkbox"/> yes <input type="checkbox"/> no				TOTAL MATERIAL COST				726.81
EQUIPMENT RENTAL: <input type="checkbox"/> yes <input checked="" type="checkbox"/> no				TOTAL LABOR COST				3,298.09
TYPE: 2 dehumidifiers 224.00 TBD				TOTAL MISCELLANEOUS COST				TBD
WASTE SEE ATTACHE D				TOTAL COST				4,024.90
HAULER	QUANTITY	MANIFEST NUMBER		ON 726.81	OH & P @ 15.0%		109.02	
				TOTAL =				4,133.92
Notes:								
TOTAL								
SALES TAX @ %								
TOTAL MISCELLANEOUS COST								

Here's a bad sample – lacks the details for quantities, thickness of drywall, grade of tile (is it 10 tiles or 10,000 tiles?), how many dumpsters of debris and what size dumpster, etc?

DESCRIPTION	AMOUNT
For work performed through <del>December 31, 2014</del>	
1) Work 100% complete per attached proposal.	
<b>NET AMOUNT DUE THIS BILLING</b>	<b>\$ 71,154.00</b>

## Every Event is Unique

This manual provides general guidelines for responding to various types of incidents, claims, and losses. Nevertheless, each event is unique as to the people and damages involved and each situation must be addressed based on those specific circumstances. Therefore, do not hesitate to confer with management, emergency personnel, or the authorities (police/fire/medical) when responding to unusual, serious, or challenging events.

## Contacts & Reporting

### Immediate Phone Assistance

Emanuel Enes (Property)  
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C. 408.892.5363

### Incident Reports

Complete as soon as possible, and forwarded to your Risk Manager and Woodruff Sawyer.