



[YOUR AGENCY NAME]  
Catastrophe Guide  
Your Agency's Guide to Preparedness

**A Publication Of:**  
Florida Association of Insurance Agents  
3159 Shamrock South  
Tallahassee, FL 32309  
Revised 2008



© 2002, 2003, 2005, 2006, 2007, 2008. All rights reserved.  
Reprint or reproduction, in whole or in part, not permitted  
without the express written consent of the  
FLORIDA ASSOCIATION OF INSURANCE AGENTS  
P.O. Box 12129, Tallahassee, Florida 32317-2129  
Phone number: (850) 893-4155 FAX number: (850) 668-2852  
Web Site: [www.faia.com](http://www.faia.com)

## **TABLE OF CONTENTS**

CHAPTER 1 - FLORIDA BACKGROUND 4

CHAPTER 2 - THE STATE PLAN 7

CHAPTER 3 - AGENCY PLAN 19

CHAPTER 4 - WORKING WITH MEDIA 39

CHAPTER 5 - FLOOD 45

CHAPTER 6 - WORKPLACE VIOLENCE AWARENESS 54

CHAPTER 7 - TERRORISM 57

CHAPTER 8 - FIRE SAFETY 63

CHAPTER 9 - LIGHTNING...NATURE'S FIREWORKS 69

CHAPTER 10 - FIRE PROTECTION FOR OFFICES (CHECKLIST) 71

CHAPTER 11 - FIRST PROTECTION FOR OFFICES 73

CHAPTER 12 - THE WORKPLACE AFTER A DISASTER 77

APPENDIX 83

## CHAPTER 1

# FLORIDA BACKGROUND

Up to now we, as independent agents, have thought of catastrophes coming mostly from hurricanes. In the near future, we'll need to expand this thinking to include man-made disasters as well as Nature's.

This manual is intended to bring independent agents in Florida up to date on how to survive a catastrophe based on new developments and changes in our industry.

Florida was ravaged by four hurricanes from mid-August to late September. "It almost seems like we've got a 'Kick Me' sign on the state," said, Max Mayfield, director of the National Hurricane Center (NHC). Damages from the five hurricanes that lashed the United States—including Hurricane Alex, which brushed past North Carolina's Outer Banks on August 3—could exceed \$25 billion U.S. dollars, and the season will go down as one of the most active on record.

The 2004 season produced 16 named storms, including six major hurricanes. . Since 1966, the Florida peninsula was hit by only one major hurricane, Andrew, in 1992. Hurricane Charley underwent an astonishing intensification just before it made landfall at Punta Gorda, Florida, on August 13, 2004. The storm was this season's prime example of a storm that cranks up its strength almost before forecasters realize it.

The parade of destructive storms left thousands of Floridians homeless. Charley was followed by Hurricane Frances, which came ashore on September 5 with 105-mile-an-hour (169-kilometer-an-hour) winds at Sewall's Point—about 40 miles (64 kilometers) north of West Palm Beach on Florida's Atlantic coast. Frances was not considered a major hurricane at landfall, but still caused severe damage.

Hurricane Ivan was the season's monster storm. For two weeks the hurricane thrashed across the Caribbean Sea and Gulf of Mexico, killing dozens and inflicting massive property damage from the Leeward Islands to Cuba. At one point Ivan's winds reached 165 miles an hour (266 kilometers an hour), making it one of the strongest hurricanes in recorded history. It weakened considerably before its eye finally came ashore near Mobile Bay, Alabama, on September 16. The storm's front right quadrant—which contained its strongest winds and biggest storm surge—smashed into Pensacola, Florida, which is just east of Mobile Bay, with devastating effect.

This year hurricanes killed 116 people in Florida. This is the first time since record-keeping began in 1851 that four hurricanes have impacted Florida in one year. The only other state to have experienced this level of activity was Texas in 1886. Hurricane Ivan was an encore performer with two landfalls during 2004, first as a Category 3 hurricane near Gulf Shores, Ala., and second as a tropical storm over southwestern Louisiana. William Gray, the Colorado State University meteorologist, and other researchers, have noted that hurricane seasons run in 25-year cycles of alternating active and less-active seasons. Meteorologists think a new cycle of active seasons started in 1995. But Gray dismisses speculation that global warming is causing more hurricanes. "I want to emphasize these are natural changes, and you shouldn't blame it on global warming," he

said. "In the last ten years, when the Atlantic basin has been so active, hurricane activity has been down a bit in other [ocean] basins."

James Franklin, the NHC forecaster, said there's no way of knowing whether the 2005 season will be similar to this year's. "Is this a turning point in the long-term steering pattern? Or will we go back next year, and the years to come, to when the steering pattern was turning most storms out to sea?" he said. "It's an open question whether the 2004 season will be an anomaly or a turning point."

The Insurance Information Institute estimates that one in every five Florida homes was impacted by a hurricane to some degree this year. Some 9.4 million Florida residents were evacuated from their homes this season. Losses are expected to eclipse the \$34.9-billion in damage caused by Hurricane Andrew in 1992.

Hurricane Jeanne, with winds of 115 miles an hour (185 kilometers an hour), went ashore on September 25 at almost the exact same spot as Hurricane Frances. Jeanne had already killed thousands in Haiti before striking Florida.

On August 24, 1992, South Florida was hit by Hurricane Andrew, the third strongest hurricane in history. Andrew's hurricane wall was strengthening at landfall. Its maximum sustained winds were 145–175 mph. Wind gusts were estimated at 200–225 mph. Nationally-recognized experts say that Andrew unleashed the force of a hydrogen bomb over the South Florida area every 60 seconds. While the death toll was minor, the damage was incredible.

At the time, Andrew was the costliest hurricane in history with an estimated \$18 billion in insured losses and an estimated \$25–30 billion in total losses. Over 200,000 were left homeless. If the storm had hit 20 miles north, the losses would have been double that amount. Louisiana's loss from Andrew was \$1.2 billion.

Yet, despite the fact that Andrew's storm surge was 16.5 ft., it was considered a dry hurricane. Also, it was half the size of Hurricane Hugo. The amount of debris caused by Andrew (approximately 221,000,000 cubic yards) if laid end to end would go to the moon and back 42 times. Dade County lost 66 schools, 35 day care centers and two-thirds of its hurricane shelters.

Andrew generated a total of more than 725,000 claims in Florida. Of those, 66% were homeowners claims, 25% were automobile claims, and the remainder were miscellaneous commercial and general liability claims. Insurers dispatched 17,400 claims adjusters (25% of the adjusters in the country) to South Florida.

While our attention is often focused on the "killer storms," smaller, less intense hurricanes can be quite devastating and deadly. Hurricane Agnes came ashore at Panama City in 1972 as a category 1 storm. By the time it had dissipated over the Northeast, 122 people were dead and \$2.1 billion (in 1972 dollars) in property had been damaged.

Many changes have taken place since Andrew roared ashore in South Florida.

Of course, there is a variety of other natural or man-made disasters—tornadoes, fires, floods, chemical spills, nuclear accidents—that could hit Florida at any time. It is, therefore, important that every insurance agency be prepared to serve its policyholders in the best way possible in the event of a disaster. Other professionals such as Red Cross, Civil Defense and National Guard know their jobs, and rehearse them, and the public expects a dependable response in an emergency. No less is expected of their insurance agent. We must prepare to function under adverse conditions.

Until September 11, 2001 Hurricane Andrew was the single largest catastrophe anywhere in the world, This changed on 9/11/01, with the destruction of the World Trade Center in New York, which is expected to have losses of over \$40 billion.

## CHAPTER 2

# THE STATE-WIDE PLAN

FAIA's Catastrophe Claims Committee has worked with the state's partners in a recovery program to develop a volunteer assistance network to facilitate providing and receiving needed help and supplies in the event of another storm.

The state has been divided into 15 zones. A copy of the zone map is included as Exhibit 2-1. Each zone has a coordinator who also serves as a member of the FAIA Catastrophe Claims Committee. The zone coordinator is responsible for the incoming and outgoing assistance to a Zone. Local Boards within each zone will already have some catastrophe plans and procedures in place. They will also be able to recommend people for the Zone's CAT Team and coordinate assistance to agencies in need.

In the event of a catastrophe, the Zone Coordinator will be in contact with the county insurance liaisons and the zone coordinator of the adjacent area (Buddy Zone) for either incoming or outgoing assistance. Zone coordinators should be aware when a storm is threatening and prepare his/her zone for the necessity of either incoming or outgoing assistance. The zone coordinators will immediately activate their county liaisons to deal with the catastrophe.

### **RECOMMENDATION #1:**

The zone's CAT team should meet at least once per year to review its respective plan for the upcoming hurricane season. The zone should establish its plan for contact with its member agencies to enlist their aid for outgoing assistance and for contact in the event that incoming assistance is needed. See Appendix for suggestions on the catastrophe planning meeting.

The zone coordinator and the zone CAT team will attempt to match incoming and/or outgoing assistance between agencies that may be compatible and interested in receiving or offering assistance.

If contact with the zone coordinator cannot be made, then FAIA should be contacted.

### **RECOMMENDATION #2:**

The zone CAT team should contact all members in its zone to ask them to enroll in a Volunteer Assistance Network. The enrollment form is in the Appendix.

**RECOMMENDATION #3:****ESTABLISH A MEDIA PLAN**

Following a devastating storm, the tendency might be to avoid taking time with the media in order to handle agency business. However, the press will find someone to speak for the industry, so it is better that we, rather than the press, select the spokesperson. To illustrate the problem, refer to Bob Heffron's comments on Appendix page 12. Misinformation and rumors typically abound in a catastrophe environment, and a knowledgeable spokesperson for the industry can help a great deal to minimize the added confusion and frustration created by misinformation.

As a guideline for dealing with the media, refer to Chapter 4. It will be very important for the spokesperson to be able to respond in clear and concise terms to the major, obvious questions that will be asked. These include: coverage issues; claims procedures; time lines; advice to policyholders; general industry activities during the recovery. One step that can help inform policyholders about what's being done, as well as promote the independent agency system, is to run a Public Service Announcement ("PSA") on radio and or TV. PSAs are usually aired at no charge in the interest of public service. Here is a PSA prepared by one FAIA local board:

HERE IS AN ANNOUNCEMENT FROM THE INDEPENDENT INSURANCE AGENTS OF \_\_\_\_\_  
: \_\_\_\_\_ IF YOU HAVE EXPERIENCED PROPERTY DAMAGE FROM (NAME DISASTER)  
AND YOU ARE INSURED THROUGH AN INDEPENDENT INSURANCE AGENT, PLEASE BE ADVISED  
THAT DISASTER TEAMS ARE BEING SET UP TO APPRAISE DAMAGE AND TO EXPEDITE CLAIMS.  
CONTACT YOUR INSURANCE AGENT AS SOON AS CONDITIONS PERMIT.

Another way of informing clients about the special efforts of independent agents is to run a newspaper ad. FAIA has prepared sample ads, including artwork if desired, which are available to local boards free of charge. These ads are "camera ready," and can be given to the local newspaper for publication. FAIA will typeset the name of the local board into the ad. See Appendix pages 29-30.

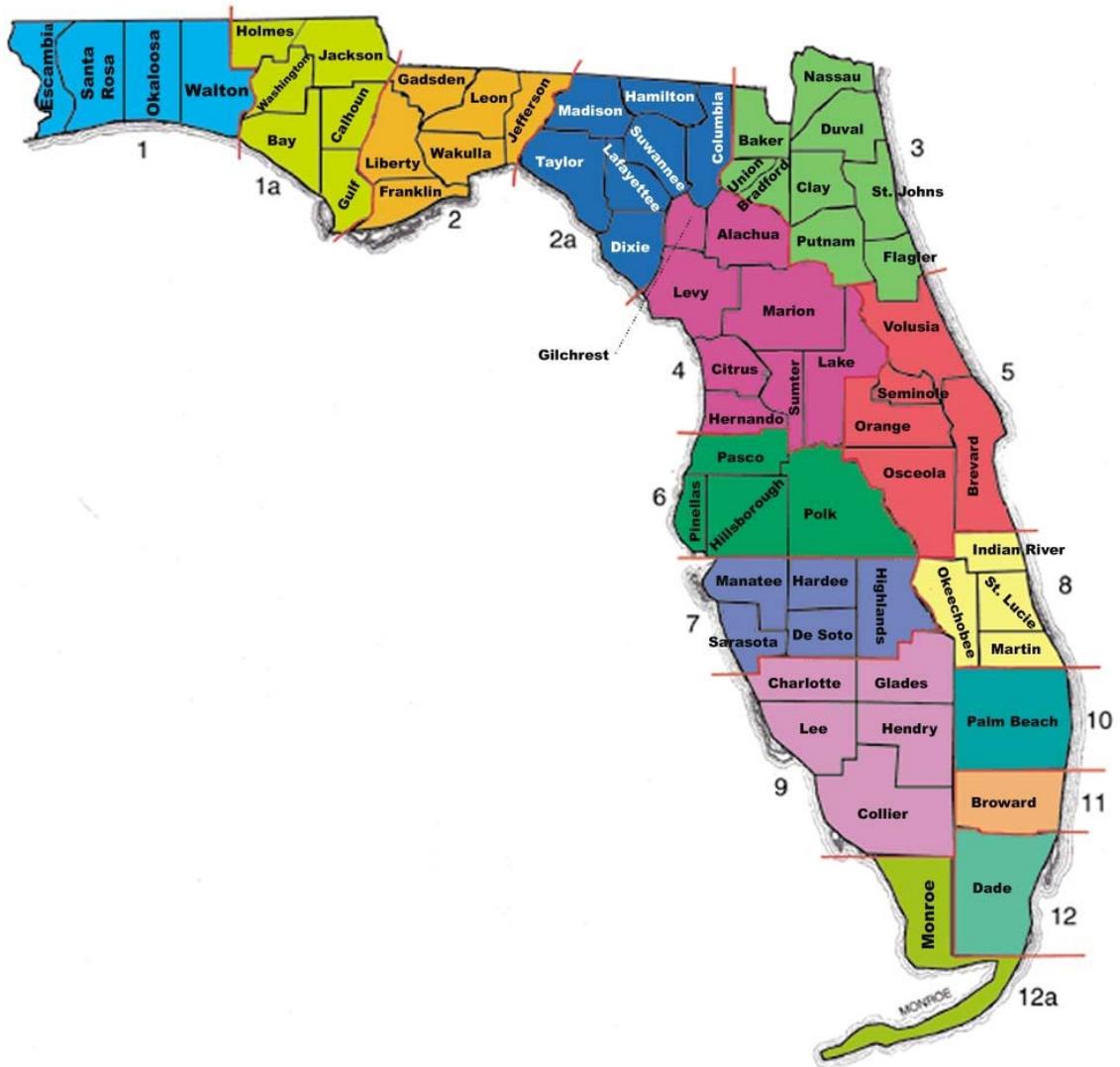
Some local boards have included in their catastrophe plan a project to run an ACORD Notice of Loss form in the newspaper. It is hoped that policyholders will bring this to the agency with at least some basic information completed. Other local boards have prepared a short catastrophe video, which is a cross between a PSA and an advertisement for Big-I agents. While true PSAs usually air at no charge, most TV stations seem to view these videos as mostly advertising, and charge accordingly. One potential drawback to such projects, which are usually expensive to produce and air, is that after a major storm, not many local people will be watching TV (if, indeed, they still have a TV).

**RECOMMENDATION #4:****PREPARE A TELEPHONE AND ADDRESS LIST OF LOCAL EMERGENCY ORGANIZATIONS.**

In developing this list, try to make it as inclusive as possible with all local emergency and disaster agencies listed, as well as a description of their chain of command. Once developed, the list should be forwarded to each member agency. The list should include information on the:

- Mayor's Office
- American Red Cross
- Police Department
- State Insurance Commissioner's Local Service Office
- Sheriff's Office
- Emergency Claims Service (ECS) (24-hour toll free) (800) 621-5410
- Fire Department
- Civil Defense Headquarters
- American Insurance Association (AIA)
- Property Claims Services
- (202) 828-7100
- City, County and State Disaster Offices
- FAIA 850/893-4155

### ZONES FOR FAIA'S CATASTROPHE ASSISTANCE VOLUNTEER NETWORK Exhibit 2-1



**ZONES FOR FAIA'S  
CATASTROPHE ASSISTANCE VOLUNTEER NETWORK**  
**Exhibit 2-1 continued**

**Chairman**

Mark Stichter  
Stewart & Sons Insurance, Inc.  
8548 Crystal Ct  
Ft. Myers, FL 33907  
Phone: (239) 936-8844  
Fax: (239) 275-4446  
Email: [stewinc1@aol.com](mailto:stewinc1@aol.com)

**Vice-Chairman**

Jan Marie Weatherhead  
Southernmost Insurance Agency  
1010 Kennedy Drive, Ste. 300  
Key West, FL 33040  
Phone: (305) 296-5052 ext. 16  
Fax: (305) 293-0629  
Email: [janmarie@southernmostinsurance.com](mailto:janmarie@southernmostinsurance.com)

**Zone 1**

Tamara Edwards  
Norton Insurance of Florida  
P.O. Box 2078  
Ft. Walton Beach, FL 32549-2078  
Phone: (850) 244-1574  
Fax: (850) 243-5986  
Email: [tamara@norton-insurance.com](mailto:tamara@norton-insurance.com)

**Zone 1A**

Janice Hanks  
Coastal Community Insurance  
P.O. Box 1518  
Lynn Haven, FL 32444  
Phone: 850-215-4117  
Fax: 850-258-6506  
Email: [janicehanks@knology.net](mailto:janicehanks@knology.net)

Brenda Sturges  
Gambrell & Sturges, LLC3220  
Moss Rd.  
Bonify, FL 32425  
Phone: (850) 547-0065  
Fax: (866) 834-5881  
Email: [bsturges@gambrellesturges.com](mailto:bsturges@gambrellesturges.com)

**ZONES FOR FAIA'S  
CATASTROPHE ASSISTANCE VOLUNTEER NETWORK**  
**Exhibit 2-1 Continued**

**Zone 2**

Cindi Cavallaro  
Earl Bacon Agency, Inc.  
PO Box 12039  
Tallahassee, FL 32317  
Phone: (850) 878-2121  
Fax: (850) 878-2128  
E-mail: [ccavallaro@earlbacon.com](mailto:ccavallaro@earlbacon.com)

Jim Duncan  
Rogers, Gunter, Vaughn Insurance, Inc.  
PO Box 12099  
Tallahassee, FL 32317  
Phone: (850) 386-1111  
Fax: (850) 385-9827  
E-mail: [jduncan@rgvi.com](mailto:jduncan@rgvi.com)

**Zone 2A**

TBD

**Zone 3**

John L. Fletcher  
McNeill, Garrison & Fletcher Ins. Ag.  
1211 N. 3rd St.  
Jacksonville Beach, FL 32250  
Phone: (904) 249-2345  
Cellular Phone: (904) 591-8074  
Home Phone: (904) 242-8080  
E-mail: [john@mgfagency.com](mailto:john@mgfagency.com)

**Zone 4**

Steve Quincey  
Tri-County Insurance Services, Inc. 13564 NW Hwy 19  
Chiefland, FL 32626  
Phone: (352) 493-2501 Fax: (352) 493-4291  
Email: [tcis@bellsouth.net](mailto:tcis@bellsouth.net)

Don Nottingham  
Don Nottingham Insurance  
11415 SE 62 Avenue Road  
Belleview, FL 34420  
Phone: (352) 307-6736  
Fax: (352) 307-4065  
Email: [don@donnottinghamins.com](mailto:don@donnottinghamins.com)

**ZONES FOR FAIA'S  
CATASTROPHE ASSISTANCE VOLUNTEER NETWORK**  
**Exhibit 2-1 Continued**

**Zone 5**

Donna Alex  
Kuykendall, Gardner and LaRue, LLC  
100 Mscovy Ct  
Daytona Beach, FL 32119  
Phone: (407) 893-3880 Fax: (407) 629-6378  
Email: [dalex@kgbroker.com](mailto:dalex@kgbroker.com)

Jennifer Miller  
Brown & Brown, Inc.  
1819 Main St Ste 315  
Sarasota, FL 34236  
Phone: (941) 552-5089  
Fax: (941) 957-3054  
Email: [jmiller@bbdaytona.com](mailto:jmiller@bbdaytona.com)

Kenney Hanks  
Wachovia Insurance Services, Inc.  
PO Box 1000 FL 2841  
Orlando, FL 32802  
Phone: (407) 481-1612  
Fax: (407) 650-9444  
Email: [kenneymhanks@bellsouth.net](mailto:kenneymhanks@bellsouth.net)

**Zone 6**

Don Leggett  
Insurance Office of America, Inc.  
4915 W Cypress St Ste 100  
Tampa, FL 33607  
Phone: (813) 637-8877  
Fax: (813) 637-8484  
Email: [leggettd@ioa-insurance.com](mailto:leggettd@ioa-insurance.com)

Debora BrckaBUI/Brokers Insurance Group  
P.O. Box 15707  
St. Petersburg, FL 33733  
Phone: (727) 823-4000  
Fax: (727) 822-0484  
Email: [dsbrcka@bankersinurance.com](mailto:dsbrcka@bankersinurance.com)

Cynthia Wylie  
Wells Fargo Insurance Services Southeast, Inc.  
1378 Davenport Drive  
New Port Richey, FL 34655  
Phone: (727) 376-1797  
Fax: (727) 236-5921 Email: [cynthia\\_wylie@wellsfargois.com](mailto:cynthia_wylie@wellsfargois.com)

**ZONES FOR FAIA'S  
CATASTROPHE ASSISTANCE VOLUNTEER NETWORK**  
**Exhibit 2-1 Continued**

**Zone 7**

Cynthia Fitzgibbons  
Atlas Insurance  
7120 Beneva Rd  
Sarasota, FL 34238  
Phone: (941) 366-8424  
Fax: (941) 552-4099  
Email: [cfitzgibbons@atlasinsuranceagency.com](mailto:cfitzgibbons@atlasinsuranceagency.com)

Laura Stapleton  
Purmort & Martin Insurance Agency, LLC  
2301 Ringling Blvd  
Sarasota, FL 34237  
Phone: (941) 366-7070  
Fax: (941) 953-4901  
Email: [laura@purmort.com](mailto:laura@purmort.com)

**Zone 8**

Bill Nesper  
Bill Nesper Insurance Services, Inc  
829 8th Street  
Vero Beach, Florida 32962  
(772) 569-0393  
[nesperinsurance@bellsouth.net](mailto:nesperinsurance@bellsouth.net)

**Zone 9**

Mark Stichter  
Stewart & Sons Insurance  
P.O. Box 60029  
Ft. Myers, FL 33906-6029  
Phone: (941) 936-8844  
Fax: (941) 275-4446

John Gardner  
Lee County Insurance Services, Inc.  
390 Pondella Rd Ste 1  
North Ft. Myers, FL 33903  
Phone: (239) 656-5551  
Fax: (239) 656-0640  
Email: [john@Lciquotes.com](mailto:john@Lciquotes.com)

**Zone 10**

Rick Bogani  
Bogani Insurance Services, Inc.  
6903 Vista Pkwy North Ste 2  
Royal Palm Beach, FL 33411

Phone: (561) 967-1383  
Fax: (561) 966-0383  
E-mail: [rick@boganiinsurance.com](mailto:rick@boganiinsurance.com)

**Zone 11**

Karen Priester Fassbach  
Independent Agents of Broward County  
P.O. Box 551348  
Davie, FL 33355-1348  
Phone: (954) 680-5601  
Fax: (954) 680-5609  
Email: [iiabc@bellsouth.net](mailto:iiabc@bellsouth.net)

Rick Gibbs  
Rick Gibbs, PA  
1000 South SR 7  
Plantation, FL  
Phone: (954) 581-7740  
Fax: (954) 584-9875  
Email: [rick@rickgibbspa.com](mailto:rick@rickgibbspa.com)

**Zone 12**

Kathy Nicotra  
T. R. Jones & Company  
1780 N Krome Ave  
Homestead, FL 33090  
Phone: (305) 247-5121 Fax: (305) 248-8543  
Email: [knicotra@trjones.com](mailto:knicotra@trjones.com)

Jorge Blanco  
The Kornreich/NIA of Miami, LLC  
14750 NW 77 Ct Ste 120  
Miami Lakes, FL 33016  
Phone: (305) 823-2777  
Fax: (305) 557-4115  
Email: [jblanco@niagroup.com](mailto:jblanco@niagroup.com)

**Zone 12A**

Debbie McAfee  
T.R. Jones/Key Largo  
Phone: (305) 453-4333  
Email: [dmcafee@trjones.com](mailto:dmcafee@trjones.com)

Jan Marie Weatherhead  
Southernmost Insurance Agency  
1010 Kennedy Drive, Ste. 300  
Key West, FL 33040 Phone: (305) 296-5052 ext. 16  
Fax: (305) 293-0629  
Email: [janmarie@southernmostinsurance.com](mailto:janmarie@southernmostinsurance.com)

**ZONES FOR FAIA'S  
CATASTROPHE ASSISTANCE VOLUNTEER NETWORK  
Exhibit 2-1 Continued**

**Board Liaison**

Arturo F. Hoyo  
Coastal Insurance Group, Inc.  
736 Glenridge Rd  
Miami Springs, FL 33266  
Phone: (305) 887-5999  
Fax: (305) 887-7809  
[ahoyo@coastalinsgroup.com](mailto:ahoyo@coastalinsgroup.com)

**FAIA Catastrophe Committee Staff Liaisons:**

Daniel Francis  
E-mail: [dfrancis@faia.com](mailto:dfrancis@faia.com)  
3159 Shamrock South  
Tallahassee, FL 32308  
Phone: (850) 893-4155  
Fax: (850) 668-2852

## Guide for Zone Coordinators

The following is a plan of action that will come into play when a tropical storm or hurricane is within three days of potential landfall in Florida.

### Three Days before the Storm

FAIA staff will initiate contact with each zone coordinator and provide them with the latest information on what forecasters are expecting. The zone coordinators will then contact every county liaison in their zone to be sure they are aware of the impending storm.

This is a good time to remind agents to acquire disaster supplies, including:

- power generators
- gasoline for cars
- cash
- bottled water
- ice
- imperishable food
- paper copies of loss claims forms

When a storm is within 72 hours of potential Florida landfall, check the home page of the FAIA Web Site at [www.faia.com](http://www.faia.com) and link to the latest information from the State Emergency Operations Center or the National Hurricane Center.

Zone coordinators should make sure they have their SERT badges (which are needed for access into stricken areas immediately after a disaster) and the record-keeping charts for the badges. We are required to keep a written record of each badge number and the agent to whom it was assigned after a disaster.

Zone coordinators should also be prepared to answer questions from media regarding how homeowners can prepare for a storm to mitigate property damage.

### Two Days before the Storm

Zone coordinators will contact volunteers who may be ready to assist other agencies when a disaster strikes. (We are currently in the process of soliciting volunteers for this plan.) Zone coordinators should assist in making travel and lodging arrangements for volunteers.

All zone coordinators and county liaisons in areas threatened by an impending storm should remain in contact with FAIA's Fred Phelps or Jennifer Pace, who will be attending briefings and answering calls at the State Emergency Operations Center (EOC). Zone coordinators and county insurance liaisons should reestablish contact with their local county emergency management directors to review how the insurance teams can assist during the impending disaster.

## One Day before the Storm

FAIA will send brief news releases to media in areas of anticipated storm impact, providing them with the names, phone numbers and other contact information for the zone coordinators and county liaisons. Zone coordinators should remain in contact with county liaisons and FAIA. Also, they should continue to be prepared to answer questions from the media regarding mitigating losses.

## CHAPTER 3

# AGENCY PLAN

A major hurricane is every insurance person's nightmare, not only for the destruction and harm it will inflict, but for the unimaginable chaos and crushing workload that will befall us in the weeks and months afterward. While no one wants to dwell on those possibilities, the harsh reality is that this industry will be in the vortex of the turmoil after a hurricane. An agency's only hope of properly serving its clients is to develop a sound, workable written agency plan. Needless to say, a plan that is not in writing is not a plan at all! It is the hope of the FAIA Catastrophe Committee, who developed the following guidelines, that each agency will invest the time, thought and effort necessary to prepare a solid, written plan of operation.

As a way of setting the stage for the planning process, read the Appendix article by Bob Heffron on his experiences with Hurricane Hugo. Bob was an independent agent from Charleston, South Carolina, who addressed the 1991 FAIA Convention on his agency's operations after Hugo. It is one of the most gripping, graphic descriptions of what an insurance agency can expect after a major hurricane. His comments will leave little doubt about the mighty task before us.

### GUIDELINES FOR THE AGENCY PLAN

#### **The Agency's Building/Office**

1. Assess the physical characteristics of the agency building or office.
2. Identify areas most vulnerable, and least vulnerable, to damage from a hurricane (wind, rain, rising water).
3. Determine steps to minimize damage, such as: pre-cut plywood sections for windows; sandbags around doorways; move equipment to interior portions of the office, etc.
4. Identify which items of equipment, furniture, records, and supplies could be moved to safer portions of the office, or to off-premises locations.
5. Consider the need to elevate certain items off the floor if rising water is a serious threat. Procure the equipment needed, such as blocks of wood or concrete blocks. Smaller items can be stored on desks, or in rest rooms (which are usually interior, windowless rooms).
6. Be prepared to secure all files, manuals, and records. Tape cabinets and drawers shut.
7. Cover all equipment, furniture, file cabinets, and storage containers for records with plastic (such as visquine or garbage bags), and tape tightly.
8. Before leaving, unplug all electrical items.
9. Consider an alternate location. Before hurricane season, identify promising sites, and make contact with the owner or leasing agent, so that final arrangements can be made in short order after a storm if the need arises.
10. \_\_\_\_\_
11. \_\_\_\_\_
12. \_\_\_\_\_
13. \_\_\_\_\_

14. \_\_\_\_\_

15. **Emergency Supplies and Equipment**

	Additional items:
First Aid	_____
Flashlights	_____
Batteries & bulbs	_____
Radio	_____
Heavy duty tape	_____
Plastic/visquine	_____
City maps (for adjusters)	_____
Coleman-type lanterns/stove/supplies	_____
Candles	_____
Matches/lighters	_____
Cans of "Fix-a-flat"	_____

Office Supplies

	Additional items:
Staples	_____
Tape	_____
Pens	_____
Carbon paper or NCR claim forms	_____
Stamps	_____
File folders	_____

Claims Supplies

	Additional items:
ACORD Notice of Loss forms	_____
Agent Memo of Loss (See Recommendation #9)	_____
Sample Coverage Forms (for adjusters)	_____
Notice of Loss acknowledgement cards (See Recommendation #11)	_____

People Supplies

	Additional items:
Toilet paper/other hygiene supplies	_____
Non-perishable food (canned, dried, etc..)	_____
Bottled water	_____
Coffee/sweetener/creamer/instant coffee & tea	_____
Soft drinks/juice	_____
Aspirin/Tylenol, etc.	_____
Remind staff on medication to have adequate supply	_____
Manual can opener	_____
Plastic eating utensils	_____
Trash bags	_____
Paper/styrofoam plates and bowls	_____
Paper cups	_____
Paper towels/napkins	_____
Paper cups	_____
Paper towels/napkins	_____
Diapers/related supplies	_____

**Power**

1. Identify all equipment that operates on electricity, and find an alternative or back-up, such as:

- Manual typewriters \_\_\_\_\_
- Carbon paper \_\_\_\_\_
- Stamps \_\_\_\_\_
- Battery or solar calculator \_\_\_\_\_
- Batteries \_\_\_\_\_

2. Consider a generator Notes

- Size needed (kilowatt-hour power) \_\_\_\_\_
- Type: Plug-in vs. hard wired \_\_\_\_\_
- Fuel type (gas, diesel, natural gas) \_\_\_\_\_
- Rate of fuel usage \_\_\_\_\_
- Fuel storage/availability \_\_\_\_\_
- Maintenance supplies for extended use (engine oil, etc...) \_\_\_\_\_
- Security for the generator at night \_\_\_\_\_
- Back feed (generated electricity goes back into the feeder lines, endangering line crews) \_\_\_\_\_

\_\_\_\_\_

## **Computers**

1. Even when the power starts being restored, service is often interrupted or fluctuates (“brownouts”). In Bob Heffron’s case (see Appendix ), they had electricity after only four days, but it was not up to a level of dependability for computer operation for eleven days. In such situations, one either operates without a computer, or ties the computer to the generator.
  2. Most computer experts warn against running a computer off self-generated electricity, as the current flow is usually too uneven, and contains “spikes” which can harm the equipment. In fact, it is reported that some maintenance agreements can be violated if unauthorized generators are used. The potential for damage is often lessened when using larger generators, but check with your computer vendor. One solution to stabilizing and modulating the electrical current is to use a UPS (uninterrupted power supply) system.
  3. Be sure to completely back up the system, and make sure it did backup. Keep duplicates in a safe area off-premises.
  4. Consider running ACORD Loss Notices for clients in areas certain to experience damage, such as beach front locations. Refer to Heffron’s comments on the subject (see Appendix). However, in larger agencies, this could amount to a considerable quantity of forms, and safe, dry storage could create a problem.
  5. Most automation vendors have specific, detailed catastrophe plans for assisting their customers. Contact yours, so you can know what to expect.
- 
- 
- 
- 

## **Phones**

1. Most telephone systems found in agencies today use electronic phones, which of course won’t work without electricity. However, the phone lines themselves are often still working after a hurricane. Read Heffron’s comments in the Appendix.
2. If the electricity is off, but the phone lines are working, phone service can be restored by using “old-fashioned” manual telephones. Consult your local phone vendor. Usually, separate lines have to be run to hook the manual phones. These lines can be stored, pre-wired, in the ceiling, and dropped down when needed.
3. Some agencies plan on using cellular phones during emergency operations. Remember to have plenty of batteries, and battery chargers. Remember also to announce these new numbers in the newspaper. Another possibility might be to “Call Forward” the agency’s number to a cellular phone.
4. Another step with cellular phones is to see if the local service vendor providing airtime (Altell, Sprint, T-mobile, etc...) has a Priority Access Program for

catastrophe operations. Under this program, only those cellular customers with a Priority Access number will be able to utilize the cellular phone airwaves after a catastrophe as a large portion of the cellular service will be appropriated for emergency personnel. Not all areas have such an arrangement, but some do, so it would be wise to investigate this well in advance of an emergency situation.

5. Voice mail can be very effective for handling the large volume of after-hours calls. Refer to Heffron's comments in the Appendix.

## PUBLIC RELATIONS

### Clients

1. Plan on being swamped with clients in the office. Bob Heffron reported that they had hundreds over just a short period of time (see Appendix).
2. Some points to consider:
  - Extra seating
  - Toys/books for children
  - Clip boards and pens (for clients to start completing an ACORD Loss Notice, or some basic claim information, to speed things up)
  - Assign staff to handle walk-ins
  - Have extra toilet paper and related supplies on hand
3. Distribute the FAIA Hurricane/Flood Brochure. (See Appendix).

### Media

Refer to Chapter 4. (Note Heffron's comments in the Appendix.)

## WELL BEING OF STAFF

In addition to maintaining food and beverages for the staff, who will be working very long hours under adverse conditions, consider these issues:

1. Immediately after the storm, determine the status of each employee (injuries, damage to home, availability of transportation, other family needs such as children, spouses, etc.).
2. Make arrangements for housing and transportation, as needed.
3. Some staff will have to bring children to the office. However, there may be some staff with family members who could provide day care in their homes. Discuss in pre-storm meetings, and assess after the storm.
4. Where claims handling drags on for weeks, as it probably will, be aware of the physical and psychological stress this places on the staff. Professional counseling should be considered. See Heffron's comments on this subject, in the Appendix.

5. Plan to rotate the staff to different jobs on a frequent basis. Those who will deal with clients face-to-face will need a break from the endless hours of tears and agony, so rotate them to paperwork-only jobs for a while.
6. Be aware that adjusters will face similar stress – refer to Heffron's comments in the Appendix.

## **CASH AND CASH FLOW**

1. In the days immediately following a storm, with the likelihood that some banks will be closed, and many ATMs will be out of service, the agency will need a supply of cash with which to purchase necessary items for continued operations.
2. In addition, cash will need to be available for the staff, also. They will be buying gas, food, and other necessities, in order to keep themselves and their families going while they put in long hours at the agency. Refer to Heffron's comments in the Appendix.
3. Cash flow to the agency may virtually stop for several weeks, if not longer. Bob Heffron reported that people simply stopped paying their bills (see Appendix). In addition, new business will probably be reduced to a trickle. Heffron reported that in the month prior to Hugo, the agency wrote 71 new accounts. However, in the 90 days following Hugo, they wrote a total of 11 new accounts, seven of which were contractors from out of town (see Appendix). Twenty-one months after the storm, he had two producers who had "forgotten how to prospect," they had spent so much time dealing with other issues. For example, his agency was five months late in processing September renewals (Hurricane Hugo hit September 21).

## **CATASTROPHE ASSISTANCE VOLUNTEER NETWORK**

There is a very real possibility that the agency itself may sustain serious damage, and be forced to relocate to temporary facilities with very limited resources and/or staff. Therefore, the FAIA Catastrophe Committee has organized the Catastrophe Assistance Volunteer Network, which is designed to provide help to fellow FAIA members in need of supplies and/or people. Member agencies have pledged to contribute supplies, and even staff, as the need might arise. It is recommended that a part of every agency's catastrophe plan be to join the network. See the enrollment form in the Appendix.

## **RECOMMENDATIONS FOR CATASTROPHE PROCESSING**

### **I. BEFORE THE CATASTROPHE**

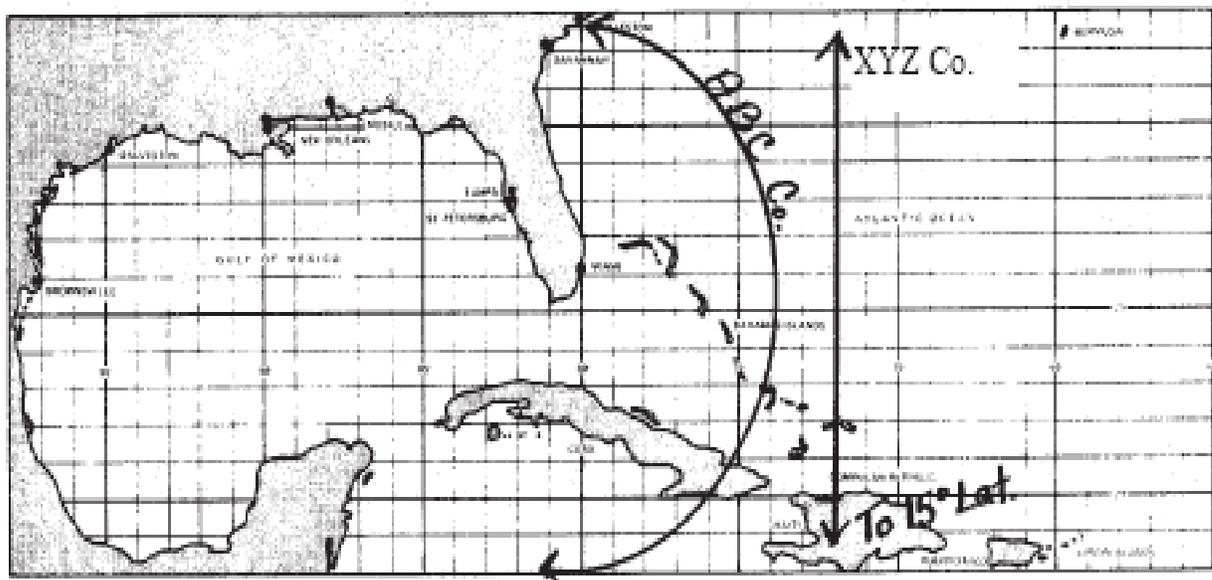
#### **RECOMMENDATION #1**

##### **ORGANIZE ALL SPECIFIC COMPANY LOSS DATA NEEDED DURING A CATASTROPHE.**

Each company has different claims information and catastrophe requirements. After a catastrophe, agents probably will have additional personnel handling claims and dealing with various carriers. Exhibit 3-2, "Insurance Company Special Catastrophe Information," will aid in organizing this data and in disseminating it to the appropriate persons. In the absence of company instructions, it is suggested the same adjuster be used for catastrophes as for normal losses.

The "Insurance Company Special Catastrophe Information" form should be completed for each carrier prior to any catastrophe. Notice the section on restrictions on binding authority. Most companies have certain restrictions on binding authority when a hurricane is approaching. Most suspend such authority altogether, some base those suspensions on distance of the storm from the coast in miles, others refer to latitude and longitude. In some cases, pre-hurricane depressions, tropical storms and waves are the determining factors. From an E & O standpoint, it would be important for every employee to be familiar with this information prior to hurricane season. It is important that the agency plot the hurricane's path on a hurricane tracking chart (Exhibit 3-1) in order to anticipate exactly when binding authority will be suspended. See Appendix for additional charts and instructions.

**EXHIBIT 3-1  
HURRICANE TRACKING CHART**



As in this example, borders should be established which indicate the point where binding authority is suspended for each individual carrier. This would allow the agency to predict, for example, that if the hurricane continues at its current speed, binding authority for ABC Company will be suspended around 3:00 p.m. Wednesday. If circulated to all employees, this would reduce greatly the chances of an E & O claim as a result of issuing a binder when authority to do so has been suspended.

If agency draft authority is available or expanded in the wake of a hurricane, this information should be provided in the appropriate space indicated in Exhibit 3-2.

**EXHIBIT 3-2  
INSURANCE COMPANY SPECIAL CATASTROPHE INFORMATION**

Company Name	_____
Company Address	_____
	_____
Phone Number	_____
Emergency Number	_____
Claims Manager	_____
Property Adjuster (Staff)	_____
Automobile Adjuster (Staff)	_____
Workers Comp. Adjuster (Staff)	_____
Adjusting Company (Local)	_____
Adjusting Company Address	_____
Phone Number	_____
Catastrophe Draft Authority:	
Homeowners	_____
Personal Auto	_____
Commercial Auto	_____
Commercial Property	_____
Hurricane Binding Authority	_____
Limitation or Suspension	_____
Other Information	_____
	_____
	_____

**RECOMMENDATION #2****SUGGESTIONS FOR THE NON-CLAIMS STAFF  
WHO WILL BE HANDLING CLAIMS?**

Orient the non-claims staff to the most frequently asked questions following a catastrophe. Here is a suggested list of topics that should be reviewed with the people who don't normally handle claims. Each agency should expand or change items on the list as the situation warrants.

**Temporary Repairs:** If the damage is considered a covered loss (be careful of flood/rising water exclusion), nearly all policies pay for temporary repairs to protect insured property from further damage. Keep all receipts.

**Debris Removal:** Removal of debris following a covered loss (be careful of flood/rising water exclusion) is covered, with certain dollar limits tied to the amount of insurance. Trees, at least, will be moved from the house into the yard, or may even be removed from the premises completely, under certain Homeowners policies and under certain conditions. (For example: ISO policies cover removal of trees if they are downed by a covered peril and damage a covered structure; trees merely blown down in the yard are not generally covered as property, or eligible for debris removal provisions.)

**Additional Living Expenses:** Reasonable expenses are covered if the residence is made uninhabitable by direct damage from a covered peril. In the event of an evacuation ordered by a civil authority following damage in the area, additional living expenses are covered for up to two weeks. Keep receipts.

**RECOMMENDATION #3****DEVELOP AND MAINTAIN A LIST OF INDIVIDUALS AVAILABLE  
FOR TEMPORARY WORK.**

Contact those individuals who appear on this listing prior to a hurricane and arrange for their transportation to your office. Part-time employment agencies are sometimes consulted for temporary help; however, former employees who are willing to work a week or two in an emergency situation are excellent for this job, as are relatives of current employees. The listing should include each person's name, address, telephone number and current place of employment. Read Bob Heffron's comments in the Appendix.

Tom Jones of T. R. Jones & Company in Homestead recommends preparing job descriptions for volunteers before the catastrophe to cut down on the chaos. Sample volunteer job assignments are included as Exhibit 3-3.

## EXHIBIT 3-3

**VOLUNTEER JOB ASSIGNMENTS**

If you are volunteering to assist in emergency operations at another agency, you must check in with the communication coordinator to be logged in and receive your name tag. You will then be introduced to the volunteer coordinator who will assign you to the area that is in need of assistance. The job assignments may consist of the following:

1. Runners.
  - a. To retrieve and return customer files;
  - b. Copy declaration pages;
  - c. Deliver messages.
2. Assist Personal/Commercial CSRs:
  - a. File check: Each CSR has a box with files that were pulled for use in the claims department. Look at file, verify it is in the right office by checking it against the customer list on CSRs door, then file it in cabinet.
  - b. Assist CSR with suspense items, mail items, attachments, certificates, etc...
  - c. Reconstruct files if needed.
3. Data entry of claims information
4. Take first reports.
5. Supervise donations by directing traffic to the storage room and organizing supplies.
6. Relieve CSRs so they can leave to attend to personal problems at home.
7. Assist company representatives in issuing drafts.

**FRONT DESK JOB ASSIGNMENTS**

If you are working the front desk at the main entrance, you will be responsible for the following:

1. Greet customers as they arrive, and place them on the appropriate waiting list.
2. You must strive to maintain a positive, cheerful attitude and help create a sense of calmness by acting professional at all times.
3. Prepare the waiting lists as follows:
  - a. First Reports: for customers who need to report their claim for the first time.
  - b. Agency Drafts: for customers who have already made their first report and need to see an agency claims representative for emergency money. Our company has authority to issue drafts for the following companies:

- c. Company Drafts or Problems: This waiting list will be based on which companies are physically here in the building and writing advance checks. This will be determined at the time, and not all companies will be here at the same time. If The Company Is Here Writing Drafts, Then Do Not Place Insured On Waiting List For Agency Drafts; Put Them On The Appropriate Company Waiting List.

If the insured has a problem with their claim, then refer them to the Communications Center which will determine what the problem is and turn them over to the appropriate claims representative to handle.

- d. Communications/Agency Coordinator: For customers who have a problem with their claim, or need to drop off information for their adjuster or need to set up an appointment with a company representative or adjuster.

Adjusters, company representatives or volunteers should not be put on the waiting list; send them directly to the communications center.

If a conflict or problem should arise, call the communications coordinator so that appropriate assistance can be dispatched to you.

### **Front Desk Runner**

1. You are assigned to assist the front desk personnel in directing customers where to go for appropriate services.
2. You will take the customer to the claims-taking area and turn them over to the claims representative so that they can report their claim.
3. You will then return to the front desk for further instructions.
4. You may also direct customers to appropriate company offices, and then return to the front desk.

### **Claims First Report Runners**

1. If you are acting as a claims first report runner, you are responsible for getting the customer file from the appropriate CSR's office, copying the declaration page(s) of the policy and giving the file to the claims representative taking the claim.
2. Once the claims representative is done with the file, you will take the file back to the office from which you took it. Do Not Put The File In The File Cabinet. Check the customer list on the CSR's door to make sure you have the right office, and then place the file in the Return Box for the CSR to file back.
3. Return to the claims-taking area for your next assignment.

**Claims Checks Runner**

1. If you are assigned to a claims representative who is issuing drafts to customers, you will be responsible for going to the front desk to get the first customer on the list. Cross that customer off the list and take them to the claims representative.
2. You may be asked to get the insureds file, in which case you will go to the appropriate CSR's office and get the file from the "Return Box" or from the filing cabinet and bring it to the claims representative issuing the draft.
3. You will take the file back to the appropriate CSR's office and place in the "Return Box." Do Not Place File Back In File Cabinet.
4. When the claims representative is done with this customer, you will go to the front desk and get the next person on the waiting list. Be sure to cross off the person's name that you are bringing to the claims representative.

**Company Runner**

1. If you are a company runner, you will be assigned to a company representative to assist them.
2. You will go to the front desk and look on the appropriate company log. Take the first person on the list and cross their name off. Take that customer to the appropriate company representative.
3. You may be asked to pull the customer's file. Go to the appropriate CSR's office, pull the file from the cabinet or "Return Box" and take it to the company representative.
4. Return the file to the appropriate CSR's office, checking the customer list on the door to make sure you are returning to the right office. Place file in "Return Box." Do Not Put File In File Cabinet.
5. Return to your company representative for further instructions.

**Communications Center Runner**

1. If you are acting as a communications center runner, you may be asked to do a variety of things in order to expedite communications.
2. The communications center coordinator will provide you with instructions on what needs to be done.

**RECOMMENDATION #4**

The FAIA Catastrophe Task Force recommends that agents not be involved in recommending contractors or repair shops. Most shops are going to have more business that they can handle and problems with scheduling or repairs will only cause future involvement by the agents. However, we recognize that some agents may want to

provide the information to the insured. If so, please follow the related recommendations in this book.

### **RECOMMENDATION #5**

#### **SET UP A SEPARATE CLAIMS FILE.**

A separate file for catastrophe claims could prove to be of great value in following up on loss reports and in tabulating loss experience. Retain three copies of the ACORD Notice of Loss form for the agency.

- Original — To carrier
- Copy No. 1 — Catastrophe loss file
- Copy No. 2 — Insured's file
- Copy No. 3 — Suspense for follow-up at a later date

An agency may find it necessary to substantiate those claims related to the catastrophe for company loss and contingency purposes. Agency agreements vary by carrier, but many will include a stop loss for single occurrences in determining agency profitability. Even in the absence of such an arrangement, the agency should document those claims resulting from a catastrophe for future company negotiations and relations. Exhibit 3-4, Claims Log, may be used for this purpose. Maintain a separate log for each carrier.



**RECOMMENDATION #6****BEFORE LEAVING THE OFFICE PRIOR TO A HURRICANE,  
BE SURE TO AFFIRMATIVELY ANSWER THE FOLLOWING QUESTIONS.**

- Are all permissible binders typed and mailed to the company?
- Are all permissible policies typed and mailed to the company?
- Do you have a list of files you were working on to pull after the hurricane reporting is done?
- Are all desks, tables, etc., cleared?
- Are all kitchen supplies adequate?
- Have arrangements been made for personnel to get to the office?
- Are all personnel aware of alternate routes to the office if the main arteries are blocked?
- Is the receptionist informed as to the routing of calls upon returning to the office?
- Are all necessary claims forms in order and easily accessible?
- Has every measure been taken to protect the agency against damage?
- Are all personnel informed as to their duties when they return?

**II. AFTER THE CATASTROPHE****RECOMMENDATION #1****DO NOT ATTEMPT TO PERSONALLY VISIT CATASTROPHE SITES.**

Personal service is the trademark of the independent agent, but after a disaster, claimants are principally interested in two things: Is it covered? How soon will I be paid? With the exception of larger commercial accounts which might require special handling, an agent need not add to his burdens by attempting to personally inspect catastrophe losses. Post catastrophe time would be better utilized in taking reports of losses, counseling policyholders, working with adjusters and managing the agency's operations. Inspecting each loss only delays the claims process and increases policyholder anxiety. However, judgment may dictate discreet handling of valued clients or unusual risks. In cooperation with Florida's Division of Emergency Management and the Florida Insurance Council (FIC), FAIA will issue special SERT badges to areas hit by a catastrophe. These badges will generally permit access to restricted areas following a catastrophic event.

**RECOMMENDATION #2**

Since Hurricane Andrew, the responsibility for reporting claims has shifted from the agency to the company. Most companies have their own catastrophe plan and those plans have been tested. Even the Citizens Property Insurance Company has a catastrophe plan, which can handle up to 30,000 claims.

The committee advised that all agency websites contain the company claim and fax numbers. Remind your insureds that this is available for 24 hr claim service. This information should also be available through memos, or agent brochures, distributed before a storm.

This does not mean that all claims will be processed directly to the company. The agency will still have many insureds that will contact them directly and expect to report the loss as they have in the past. Still, with power outages and the loss of phone lines, it may be more practical to have the insured contact the company directly.

Many insureds will also visit your premises, particularly if the local phone service is down. This can and will cause a great deal of disruption to the office. If the agency can convey the message that all claims will be handled on a priority basis with the most serious claim handled first, it will ease tensions. This message should also be distributed to the local media with a request for the public to remain calm and not to panic. This is the most important message that can be delivered by the media.

### **RECOMMENDATION #3**

#### **IF YOUR CARRIER REQUIRES YOU TO DO LOSS REPORTING: BE CERTAIN EACH NOTICE OF LOSS FORM IS PROPERLY COMPLETED.**

Prior to mailing, each notice of loss form should be checked for completeness and accuracy. One individual should be given the responsibility of checking each form and the authority to follow up with others to see that it is properly completed.

In completing the ACORD form, Exhibit 3-5, give careful attention to detail. Show all coverages and form numbers. Be sure to include edition dates and all endorsement numbers. Many companies are using unrevised forms, and independent adjusters won't necessarily know which companies are using which forms.

If it is necessary to request emergency handling by the adjuster, make sure there is an accurate explanation of why such action is necessary. For example, if an agent has a sincere and true hardship case, the ACORD form should be noted "hardship case," with an explanation attached. Use discretion and only request emergency handling when necessary.

Prior to mailing, the individual who is checking the loss forms should confirm each of the following:

- All copies are legible
- If not typed, print forms with a ball point pen
- Provide the complete policy number including prefix, symbols, suffix, etc.
- Make sure the name appears on the loss notice as it does on the policy
- Provide as much detail as possible in the description section
- If the loss involves some special company policy, attach a copy of the contract and copies of all pertinent forms

#### **AT FIRST REPORT OF LOSS, COMPLETELY INFORM EACH INSURED.**

Upon first contact with the insured, take the time to explain any deductible clauses and ask the insured to arrange for any repairs necessary to protect the property. Point out that the reasonable cost of such repairs may be included in their claim. Insureds should be cautioned about hiring unlicensed or uninsured contractors and advised to check with

the Better Business Bureau, before accepting services from unknown contractors or repair shops.

Explain to each claimant how losses will be adjusted and that there may be delays. If each client who reports a claim understands there are thousands of losses involved and the most seriously damaged property should and will have priority treatment, they will be less likely to be angry or complain if a delay occurs. In the 2004 hurricane season, when four hurricanes pounded the state, tempers rose and claimants were very angry about the delays in processing the claims. No one could provide information as to how long it would take to settle the claim.

If a mortgage or loss payable clause applies, the loss draft will also include the name of the appropriate party. FHA regulations require inspection of the property before repairs are made in excess of \$1,000. In some instances (extreme damage), this may be required under any type of mortgage. In almost all cases, the mortgagee will require inspection of repairs before endorsement of the draft. To avoid confusion and misunderstandings, advise your insureds of this and tell them to contact the mortgagee if they have questions.

If damage to personal property is involved, each insured should be advised to request a separate draft for payment so proceeds won't be held up by a mortgage requirement on building damage.

Providing as much information as possible to the insured about reporting a loss and explaining the claim process, in the long run, will save time. Patience and understanding in the taking of telephone calls will result in a more satisfied customer and provide the agency with the full information necessary to arrange the losses in the order of the most seriously affected claimants.

One method used to expedite the catastrophe claims process is the "Agent's Memo of Loss" form, Exhibit 3-6. Use of a standard memo of loss is important during the heavy workload and confusion following a catastrophe. The memo of loss may be used according to individual agency needs. It is suggested that the memo form be used to take claims by phone. One or two individuals would be free to type or complete the ACORD forms using the loss memo and the insureds file.

Notice at the bottom of the form a checklist to remind the individual handling the phone to provide the claimant with necessary advice.

#### **MAIL A FOLLOW-UP LETTER TO THE INSURED WITH EACH LOSS REPORT.**

Often, in the wake of a hurricane, or four, losses are overwhelming. The insured, though he has reported the loss to the agent and received courteous treatment, is still not certain that his particular claim has not become lost in the shuffle. A follow-up letter from the agency would reassure the customer and provide a written review of the procedures outlined in the telephone conversation.

Exhibit 3-7 is a suggested letter for agents to send to an insured after receipt of a catastrophe loss report. It should be prepared on the agent's letterhead. To save time it is suggested the letter be photocopied rather than individually typed.

**EXHIBIT 3-5  
ACORD PROPERTY LOSS NOTICE**

<b>ACORD™ PROPERTY LOSS NOTICE</b>										DATE (MM/DD/YYYY)													
PRODUCER PHONE (A/C, No, Ext):			MISCELLANEOUS INFO (Site & location code)			DATE OF LOSS AND TIME			AM	PREVIOUSLY REPORTED													
CODE: _____ SUB CODE: _____ AGENCY CUSTOMER ID _____			POLICY TYPE			COMPANY AND POLICY NUMBER			NAIC CODE		POLICY DATES												
			PROP/ HOME			CO: _____			POL: _____			EFF: _____											
			FLOOD			CO: _____			POL: _____			EXP: _____											
			WIND			CO: _____			POL: _____			EFF: _____											
											EXP: _____												
<b>INSURED</b>						<b>CONTACT</b>			CONTACT INSURED														
NAME AND ADDRESS OF INSURED				DATE OF BIRTH		NAME AND ADDRESS OF INSURED																	
				SOC SEC # OR FBIN:																			
RESIDENCE PHONE (A/C, No)			BUSINESS PHONE (A/C, No, Ext)																				
NAME AND ADDRESS OF SPOUSE (IF APPLICABLE)				DATE OF BIRTH		RESIDENCE PHONE (A/C, No)			BUSINESS PHONE (A/C, No, Ext)														
				SOC SEC # OR FBIN:		WHERE TO CONTACT			WHEN TO CONTACT														
<b>LOSS</b>																							
LOCATION OF LOSS						POLICE OR FIRE DEPT TO WHICH REPORTED																	
<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td rowspan="2" style="width:10%;">KIND OF LOSS</td> <td style="width:10%;"><input type="checkbox"/> FIRE</td> <td style="width:10%;"><input type="checkbox"/> LIGHTNING</td> <td style="width:10%;"><input type="checkbox"/> FLOOD</td> <td style="width:10%;"><input type="checkbox"/> OTHER (explain)</td> <td colspan="3" rowspan="2">PROBABLE AMOUNT ENTIRE LOSS</td> </tr> <tr> <td><input type="checkbox"/> THEFT</td> <td><input type="checkbox"/> HAIL</td> <td><input type="checkbox"/> WIND</td> <td></td> </tr> </table>												KIND OF LOSS	<input type="checkbox"/> FIRE	<input type="checkbox"/> LIGHTNING	<input type="checkbox"/> FLOOD	<input type="checkbox"/> OTHER (explain)	PROBABLE AMOUNT ENTIRE LOSS			<input type="checkbox"/> THEFT	<input type="checkbox"/> HAIL	<input type="checkbox"/> WIND	
KIND OF LOSS	<input type="checkbox"/> FIRE	<input type="checkbox"/> LIGHTNING	<input type="checkbox"/> FLOOD	<input type="checkbox"/> OTHER (explain)	PROBABLE AMOUNT ENTIRE LOSS																		
	<input type="checkbox"/> THEFT	<input type="checkbox"/> HAIL	<input type="checkbox"/> WIND																				
DESCRIPTION OF LOSS & DAMAGE (Use separate sheet, if necessary)																							
<b>POLICY INFORMATION</b>																							
MORTGAGEE																							
<input type="checkbox"/> NO MORTGAGEE																							
HOMEOWNER POLICIES SECTION 1 ONLY (Complete for coverages A, B, C, D & additional coverages. For Homeowners Section II Liability Losses, use ACORD 3.)																							
A. DWELLING		B. OTHER STRUCTURES		C. PERSONAL PROPERTY		D. LOSS OF USE		DEDUCTIBLES		DESCRIBE ADDITIONAL COVERAGES PROVIDED													
										ON													
<input type="checkbox"/> COVERAGE A. EXCLUDES WIND																							
SUBJECT TO FORMS (insert form numbers and edition dates, special deductibles)																							
FIRE, ALLIED LINES & MULTI-PERIL POLICIES (Complete only those items involved in loss)																							
ITEM	SUBJECT OF INSURANCE		AMOUNT		% COVS	DEDUCTIBLE		COVERAGE AND/OR DESCRIPTION OF PROPERTY INSURED															
	<input type="checkbox"/> BLDG	<input type="checkbox"/> CNTS																					
	<input type="checkbox"/> BLDG	<input type="checkbox"/> CNTS																					
	<input type="checkbox"/> BLDG	<input type="checkbox"/> CNTS																					
SUBJECT TO FORMS (insert form numbers and edition dates, special deductibles)																							
FLOOD POLICY	BUILDING:		DEDUCTIBLE:		ZONE	PRE FIRM	DIFF IN ELEV		FORM TYPE	GENERAL	CONDO												
	CONTENTS:		DEDUCTIBLE:			POST FIRM				DWELLING													
WIND POLICY	BUILDING		DEDUCTIBLE		CONTENTS	ZONE	FORM TYPE	GENERAL		CONDO													
								DWELLING															
REMARKS/OTHER INSURANCE (List companies, policy numbers, coverages & policy amounts)/NY ONLY: PREVIOUS ADDRESS OF INSURED & WIFE'S MAIDEN NAME																							
CAT #	FICO #	ADJUSTER ASSIGNED				ADJUSTER #		DATE ASSIGNED															
REPORTED BY			REPORTED TO			SIGNATURE OF INSURED			SIGNATURE OF PRODUCER														

**EXHIBIT 3-6  
AGENT'S MEMO OF LOSS**

Phone No: Home \_\_\_\_\_  
Business \_\_\_\_\_

Insured \_\_\_\_\_

Property Address \_\_\_\_\_

Mailing Address (if different) \_\_\_\_\_

Kind of Loss (wind, hail, explosion, etc...) \_\_\_\_\_

Date & Time of Loss \_\_\_\_\_ Probable Amount Entire Loss \$ \_\_\_\_\_

Brief Description of Damage and Property Involved:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Other Insurance: (list agency, policy no., companies and amount)

\_\_\_\_\_  
\_\_\_\_\_

If emergency handling is requested, give reason hardship exists:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

CHECK! Did you review the following instructions and information with the insured?

- To prevent further damage, have temporary repairs made and keep records of costs.
- Most adjusters are qualified and authorized to prepare their own estimates of routine storm damage. However, if the damage is severe, or if the insured prefers, he may obtain a detailed estimate from a contractor of his choice and hold it for the adjuster.
- Advise insured if a deductible is applicable and request that he withdraw his claim if he finds the damage does not exceed the deductible amount.
- Advise insured that additional adjusters are on the way and adequate facilities will be available. Severe losses causing hardship will receive first attention.
- In case any questions regarding the claim arise, the insured should not hesitate to contact the agent.

Reported by: \_\_\_\_\_

Date Reported \_\_\_\_\_ Hour \_\_\_\_\_ Report Taken by: \_\_\_\_\_

**EXHIBIT 3-7****SUGGESTED FOLLOW-UP LETTER****XYZ Agency***“For All Your Insurance Needs”**1800 Sunshine Street, Anywhere, Florida 33333**Dear:*

*The report of damage to your property caused by the hurricane is acknowledged. We have forwarded the necessary written report to (name of adjusting organization, address and phone number) and one of their representatives will contact you as soon as possible.*

*You should arrange for temporary repairs needed to protect your property from further damage. The bill for any such necessary repairs should be held by you pending arrival of the adjuster and the cost will be included in your claim. Contractors' estimates for permanent repairs may not be necessary unless there is extensive damage since the adjuster can make estimates using prevailing cost figures of local contractors and repair shops. It is, of course, your privilege to obtain detailed estimates from a contractor of your choice before settling the loss. We feel, however, that the adjuster is capable of arriving at a fair settlement and also think this procedure will expedite loss settlements. If you do secure estimates, please hold them for the adjuster.*

*In a catastrophe such as this, the facilities of all insurance companies are taxed to an unusual degree because of the thousands of losses that have suddenly occurred. The companies which this agency represents have augmented their local facilities by bringing in adjusters from other parts of the country in order to expedite loss adjustment work. Your loss will receive attention as soon as possible.*

*Your understanding and cooperation in this trying situation will be greatly appreciated. Do not hesitate to get in touch with us about any questions concerning your loss.*

*Sincerely,*

## CHAPTER 4

# WORKING WITH THE MEDIA

### I. THE PURPOSE OF MEDIA RELATIONS

After the media — print or electronic — finish describing the destruction wrought by a catastrophe and its impact on the residents and the businesses in the area, they begin to ask, “What will be done to restore things as they were?”

That’s when reporters begin searching for insurance spokespersons. Frankly, that search often is haphazard. The reporters involved may never have done an insurance story before and, therefore have no established contacts. Yet they have stories to write under pressure for strict deadlines.

Keep in mind these reporters face trying to write a good catastrophe story:

- finding qualified, competent spokespersons prepared to respond;
- not necessarily knowing what questions to ask; and
- getting spokespersons to help write a good story—not a puff piece supporting a spokesperson’s individual viewpoint.

Helping that reporter write a good story is in the industry’s best interest. The shock a community faces following a catastrophe makes it vulnerable and opens wounds that can take a long time to heal. If the insurance industry provides helpful, accurate information quickly, it helps reassure the community. That reassurance actually contributes to overcoming the shock. It focuses attention on the need to rebuild and recover. Hopefully, and this has been the case, the industry follows with rapid, massive and sympathetic claim-handling efforts.

Also, these news stories are a source of vital information:

1. Where are emergency claim centers?
2. Who should be called?
3. How must property be protected from further damage?
4. What records will be needed?

However, information should be included to request that the public remain calm and assure them that their claims will be handled fairly and as quickly as possible. It’s important that the media convey this message and avoid panic. Information such as websites for claim information and telephone numbers should be included in all media releases.

## II. THE INDUSTRY RESPONSE

Several groups act as statewide insurance information sources for the Florida media.

1. FAIA [www.faia.com](http://www.faia.com).
2. The Florida Insurance Council [www.flains.org](http://www.flains.org)
3. The Insurance Information Institute [www.iii.org](http://www.iii.org)

In addition, in the event of a significant catastrophe, a staff member of the American Insurance Association, [www.aiadc.org](http://www.aiadc.org), will usually send in an experienced claims expert. These groups are in contact with one another prior to a hurricane strike or following any catastrophe. They share information and coordinate their activities.

Fundamentally, it is their task to work with the media so an agent can attend to the needs of his clients. The media already will have received press releases explaining catastrophe coverages and procedures. When a hurricane is on its way, they will get additional material. And when the storm has done its damage, these groups will coordinate mailings and calls to the media.

The main reason for this type of centralized response is uniformity. It frustrates and impedes the media to have varying numbers or conflicting advice floating around. It's also poor industry public relations to swamp the media with uncoordinated calls from the industry.

Nevertheless, agents will be called. First, industry press releases may not have gotten to the reporter assigned the story. Second, local media often want local spokespersons, and properly so. A local spokesperson can provide important perspectives on what's happening.

There are no hard and fast rules for talking with reporters. The reporter and situation will vary enough to create multiple exceptions to nearly all rules. Here are a few tips, however:

1. Be honest and direct. Reporters make it hard on those who are evasive or coy, and are murder on those who deceive. Most are downright appreciative to those who help them prepare a good story.
2. If one doesn't know an answer or feels it would betray a confidence, say so. Don't try to fudge.
3. Agents should not try to sell a reporter on their points of view. Help the reporter get his/her story. In return, many will help get the agent's story across.
4. Remember the reporter's deadline.
5. Some reporters call up sounding like they don't know what they want or need. That is probably the case. That's a wonderful time to be helpful. Try to learn what the reporter's assignment is and explain the insurance angles that might fit.

6. Treat each reporter as an individual. Bad experiences with other journalists don't count. Press relations are "win some, lose some" propositions. Keep plugging.
7. An agent who doesn't know what to do with a reporter should call FAIA. Or, if the reporter prefers, let him/her call FAIA.

### III. WHAT-TO-DO CHECKLISTS

It is quite possible that independent agents will receive calls about what to do before or following a catastrophe. These checklists will help.

**Checklist No. 1**—Things the public should be advised to do before the threat of a catastrophe:

1. Alert police and fire departments to special conditions, such as an invalid who might require emergency evacuation.
2. Prepare an inventory list of personal valuables, household furnishings and equipment so any lost items can be accounted for.
3. Keep your insurance coverage current with rising building replacement costs. Make sure you have enough coverage for the furnishings and other items you've purchased since you first bought insurance. And buy flood insurance if you're eligible and vulnerable.
4. Review your insurance policy annually. Are you sure everything important is covered? Keep it in a safe place where it can be retrieved easily after a disaster. Keep quick-reference lists containing your agent's telephone number, all your policy numbers and the respective insurance company names.
5. Know how to shut off your gas, electricity and water and how to board up vulnerable places around the house, such as doors and windows.
6. Plan a family evacuation and relocation strategy. Take photographs or a video of all property and keep it in a safe place easily accessible after a storm.

The next three items usually are recommended at the time of a hurricane watch. However, waiting until then is not a good idea. First, consider the threat of tornadoes and other sudden catastrophes and, second, when a hurricane approaches, stores may run out of what you need as others make a beeline to stock up, also.

1. Keep a supply of nonperishable foods and an emergency water supply; have essential drugs and a first-aid kit available. Keep these supplies fresh.
2. Keep fresh batteries available for transistor radios and flashlights, and an extra supply of fuel for portable grills and stoves.
3. Have available the hammer, nails, tape and boards needed for protecting your residence from a storm or making necessary emergency repairs afterwards.

**Checklist No. 2** — As the storm approaches:

1. Do whatever you haven't done from Checklist No. 1. (Especially make sure the flashlight batteries are still fresh.)
2. Remind authorities about special conditions for your home.
3. Get your car filled with gas. Supplies may be unavailable later, or rationed.
4. Board up storefronts, doors, windows and other vulnerable places which can be damaged.
5. Pack durable clothing.

The following is one of the most important loss prevention steps anyone can take.

1. Secure or bring inside all tools, lawn furniture, etc. that can:
  - (a) Become projectiles in a windstorm;
  - (b) Be destroyed by the storm.

**Checklist No. 3** — What to do after a catastrophe:

1. Get in contact with your agent as quickly as possible. Let him know about your losses. If you are relocated temporarily, let your agent know your temporary address.
2. Make only those repairs necessary to prevent further damage to your home or business. This must include covering breaks in a roof, walls or windows with plywood, canvas or other waterproof material. Do not have permanent repairs made without first consulting your agent. Unauthorized repairs may not be reimbursed.
3. Wait for an insurance adjuster to arrive to appraise your damage. Following a catastrophe, insurance companies schedule adjusters so that the most serious losses get priority treatment. Those policyholders are the most in need.
4. Keep all receipts for expenditures you've made to repair damage or to estimate the extent of your damage.
5. Prepare a detailed inventory of all damaged or destroyed personal property for the adjuster. Be sure to keep a copy. Your list should be as complete as you can make it and should include: a description of the item (and number, if more than one); date of purchase or approximate age; cost at time of purchase; and estimated replacement cost today.
6. Take photographs of the damaged property before making any necessary repairs to prevent further damage.

7. Collect cancelled checks, invoices, or other papers that will assist the adjuster in obtaining the value of the destroyed property.
8. If you feel it is necessary, secure a detailed estimate for permanent repairs from a reliable contractor and give it to the adjuster when he arrives. The estimate should contain detailed specifications of the proposed repairs, and detailed repair cost prices and replacement prices.
9. Take photos of the damaged areas. These will help you with the presentation of your claim and will assist the adjuster in his investigation of your claim.
10. Even if home or business furnishings and effects look like "total losses," do not get rid of them until after they have been examined by an adjuster.
11. If your car has been damaged or submerged in a flood, move it to high ground and let it dry out. Do not attempt to start or operate it until it is thoroughly dried.
12. Wooden furniture should be cleaned as quickly as possible. Avoid rubbing in abrasives such as ash, plaster, or wallboard particles which have fallen on furniture surfaces.
13. Your dry cleaning establishment can help you evaluate the cleaning or restoration costs for clothing, furs and draperies.
14. Metal objects, including guns, drapery rods, and the electric motors in home appliances, should be dried and rubbed or sprayed with oil to prevent corrosion. Radios, televisions and other electronic systems should also be dried out, but not oiled.
15. Bedding and upholstered furniture must be dried immediately if saturated with water. Vacuuming will remove some of the odor and grit left by smoke damage, but these items should be separated from other possessions since they may affect nearby items.
16. Antiques, paintings, art objects, silver and brass must be given special care. Dry them with soft cloths, but do not apply oil or rub them. This treatment will mar or otherwise damage hard finishes or surfaces.

**Checklist No. 4** — What to do about flood damage:

1. Notify your independent insurance agent. He will assign the loss immediately to a qualified adjuster, who will call on you as soon as possible to inspect the damage. Following a major storm or other catastrophe, even with many additional adjusters on site and others en route, it will take time to process an extraordinary number of claims. If your home has been destroyed, or yours is a serious case, tell your agent that you need priority help.
2. Before you enter a flooded building, make sure it is not in danger of collapse. Let your house air to remove foul odors or escaped gas.

3. Be alert for holes in the floor, loose boards, hanging or loose plaster, snakes and other hazards.
4. Don't smoke or use an open flame until you are sure it is safe to do so.
5. Turn off gas at meter tank. Do not turn on the electrical system; it may have become short circuited.
6. If it is not off, the main electrical circuit should be turned off. Be extremely careful to stand on a dry surface and avoid touching the metal handle of the switch box. Use a piece of heavy rubber, plastic or a piece of dry wood to open the metal door and throw the switch off. If you have gas service, be alert for fumes. Call your local utility if you detect any fumes.
7. Pump or bail water out of the house and shovel out the mud while it is moist. Give walls and floors an opportunity to dry.
8. Before the house is fully aired out, scrub all woodwork and floors with a stiff brush. Always start washing a wall from the bottom up. Starting at the top may cause streaking.
9. Take all wooden furniture outdoors and remove all drawers and as many moving parts as possible. Clean off all mud and dirt. Do not leave them in the sun.
10. Upholstered furniture, especially any which has been submerged or badly damaged should be cleaned, dried and examined by an experienced upholsterer.
11. Clean metal objects as soon as possible. This is especially true of iron, which should be cleaned with a cloth saturated with kerosene.
12. Wall-to-wall carpets should be raised to allow air to circulate. Draperies, upholstery and clothing should be laundered.
13. Do whatever you can to avoid further damage and to make temporary repairs. Keep records of expenses incurred in preventing further damage.

## CHAPTER 5 FLOOD

### I. THE PROBLEM

Flooding is the most costly natural disaster in America. Every year hundreds of lives and millions of dollars of property are lost. Vast amounts of money have been invested in flood plain management and flood control projects by federal, state and local governments. Despite these investments, flood damages continue to be extensive.

Flood is the type of peril not presently insured by the private insurance companies. Thus, the protection is afforded by the National Flood Insurance Program (NFIP) currently contracted to Computer Sciences Corporation (CSC) and National Con-Serv. Inc. (NCSI). The program is administered by the Federal Insurance and Mitigation Administration (FIMA), an arm of the Federal Emergency Management Agency (FEMA). Currently about 100 insurance companies are servicing flood insurance through the Write-Your-Own (WYO) concept (in addition to that which is written on a direct basis) which allows the carriers to process the business and handle claims, but does not require the companies to assume any of the risk.

Agents in Florida write more than twice the number of flood policies in the second and third ranked states (Louisiana and Texas) combined, more than 40% of the total countrywide. Through 2003 there were approximately 4,557,700 policies written in the United States. Annual Florida premium exceeds \$575 million with total insurance in force up to \$250 billion.

The danger of flooding during a hurricane is apparent—and serious. Rains are heavy. Tidal action is severe. But Florida experiences bad weather and heavy rains which cause flooding at other periods of the year, so the threat of damage is not limited to certain times nor certain conditions. In spite of the present numbers of Florida policyholders, FEMA estimates that only one out of four properties susceptible to flooding carries the protection. FAIA urges all agents to make their insureds aware of the hazards of flood and the availability of flood insurance. Failure to recommend flood insurance has become the major cause of errors and omissions claims, particularly since some 30% of all flood losses have been in areas not considered “flood prone”; i.e., not considered “special flood hazard areas.”

The 2004 Hurricane season alone produced the following flood losses:

<b>Event</b>	<b>Year</b>	<b>#Pd Losses</b>	<b>Amount Pd(\$)</b>	<b>Avg. Pd. Loss</b>
Charley	August-04	2,981	\$53,602,517	\$18,533
Frances	Sept-04	6,212	\$166,074,931	\$28,676
Hurricane Jeanne	Sept-04	4,952	\$97,614,980	\$17,976
Hurricane Ivan	Sept-04	26,274	\$1,178,022,233	\$46,152

## II. AGENCY PREPARATION

For those agencies placing their flood insurance through a company in the Write-Your-Own program, losses are to be reported to those companies in accordance with their specific instructions. Staff or independent adjusters will be assigned to handle the flood loss.

For those very few agencies in Florida placing their flood insurance through the NFIP direct (NCSI in Rockville, Maryland), losses may be assigned by the agent. The adjusting organization must be approved by federal flood officials and can be confirmed by calling the NCSI toll-free number (800) 638-6620. Be sure, when assigning flood claims to an approved adjuster of your choice, that you consider the geographic area to be handled by the adjuster and the claims load the firm has on hand. Proximity to the stricken area is most important, and the ability of the adjuster to make contact without fighting a backlog of claims is essential.

There will be times when NFIP must determine the extent of damage in an area and estimate the number of claims which might develop. During this period, a Control Office will be established and agents will be instructed to submit claims to that office for adjuster assignment. When a catastrophe such as a hurricane occurs, large numbers of claims may develop. In those cases NFIP will establish a Flood Insurance Claims Office (FICO). When this is done, agents may not assign their own claims to adjusters of their choice. Instead, all claims must be reported to the FICO office, and adjuster assignments will be made from there. FAIA suggests that if a catastrophe occurs, and a large number of claims appear imminent and the opening of a FICO apparent, it would be wise to hold up on the assignment of claims to a specific adjuster. If you have assigned a claim and then a FICO is opened, the claim will be reassigned, thus delaying the actual processing. Radio and newspaper announcements are made on a very timely basis when the decision has been made to open a special Flood Insurance Claims Office (FICO).

Many insureds, although regularly advised to the contrary, still believe their Homeowners policies cover damage by flood. If no coverage exists, it is always best to advise the insured as soon as possible after the loss. Even when a flood policy is in force, many agencies are not familiar with the provisions of the policy. FAIA recommends that you carefully review the wording because there are some features that differ from the usual property insurance contracts.

To assist in policy interpretation, a question and answer guide is contained at the end of this chapter.

Flood insurance is required by the federal government on real property in special flood hazard areas (SFHAs) financed through federally affiliated lending institutions. As a consequence, the tendency is for purchasers to buy only the mandatory building coverage, and to ignore coverage on personal property (which is particularly susceptible to water damage). Be sure, therefore, to encourage the sale of contents coverage, and after a loss is reported, alert the insured if the flood policy only applies to building damage.

The Property Loss Notice Form (ACORD 1) developed by ACORD should be used to report all property-type losses including homeowners, dwelling fire, inland marine, commercial property, flood and wind.

### III. AFTER THE FLOOD

Never report a flood loss by telephone. Complete the ACORD Property Loss Notice form and mail the original to the adjuster handling the claim with a copy of the policy Declarations Page. If a Control Office or FICO has been established, follow the special instructions which will be issued at that time. Always keep one copy for your records.

A "single adjuster" program has been arranged between the National Flood Insurance Program and the Citizens Property Insurance Company. A single adjuster will then handle both the windstorm claim and the flood loss on the same property. Similar arrangements are anticipated with some of the private insurance carriers. The concept is good and should expedite claims handling. It is most important to determine before any flooding whether CPIC and any of your companies have adopted the "single adjuster" program.

### III. FLOOD QUESTIONS AND ANSWERS

Q. What perils are covered by a flood policy?

**A. Only one, flood, which means:**

<p><b>1. A general and temporary condition of partial or complete inundation of two or more acres of normally dry land area or of two or more properties (at least one of which is your property) from;</b>  <b>a. The overflow of inland or tidal waters.</b>  <b>b. The unusual and rapid accumulation or runoff of surface waters from any source.</b>  <b>c. Mudflow</b></p>	<p><b>2. The collapse or subsidence of land along the shore of a lake or other body of water as a result of erosion or undermining caused by waves or currents of water exceeding the cyclical levels which result in flooding as defined in A-1 above.</b></p>
--	---

Q. Is removal to preserve and protect personal property covered?

**A. Yes, subject to limitations, property is covered for 45 days if removed to protect it from damage by flood. The cost of moving the property is also covered up to a maximum of \$1,000 and is not subject to any policy deductible.**

Q. What are some of the losses not covered?

**A.**

- **Sewer backup or seepage of water unless property has been, at the same time, damaged by flood. Check with your WYO company for other restrictions.**
- **Water or moisture damage resulting primarily from any condition substantially confined to the insured building.**
- **Loss of use; loss of access; business interruption; additional living expense**
- **Theft, fire, explosion, wind or windstorm**

- **Loss caused by earth movement**
- **Losses caused by insured's failure to use reasonable means to preserve property after a flood.**
- **Loss which is already in progress when policy goes into force.**
- **Loss caused by off-premises power failure.**

Q. What are some of the properties not covered?

A.

- **Accounts, bills, deeds, evidences of debt, money, coins, postage stamps, manuscripts, etc...**
- **Fences, piers, seawalls, retaining walls, outdoor swimming pools, bulkheads, wharves, bridges, docks, boat houses on or over water.**
- **Land values, lawn, trees, shrubs, plants, growing crops, livestock, walks, driveways, paved surfaces, outside building foundation walls.**
- **Animals, birds, fish, aircraft, motor vehicles (with exceptions), watercraft.**
- **Personal property not inside a fully enclosed building**
- **Buildings and personal property located entirely in, on or over water**
- **Underground structures and equipment**
- **Swimming pools and their equipment**
- **Ineligible property under the Coastal Barrier Resources Act**

The following very important limitations are reproduced below in their entirety:  
We insure against direct physical loss by or from flood to:

<p><b>8. Items of property in a building enclosure below the lowest elevated post-FIRM building located in Zones A1-A30, AE, AH, AR, AR/A, AR/AE, AR/AH, AR/A1-A30, V1-VE, or in a basement, regardless of the zone. Coverage is limited to the following:</b></p> <p><b>a. Any of the following items, if installed in their functioning locations and, if necessary for operation, connected to a power source:</b></p> <p><b>(1) Central air conditioners;</b>  <b>(2) Cisterns and the water in them;</b>  <b>(3) Drywall for the walls and ceilings in a basement and the cost of labor to nail it, unfinished and unfloats and not taped, to the framing;</b>  <b>(4) Electrical junction and circuit breaker boxes;</b>  <b>(5) Electrical outlets and switches;</b>  <b>(6) Elevators, dumbwaiters, and related equipment, except for related equipment installed below the base flood elevation after September 30, 1987</b></p>	<p><b>(7) Fuel tanks and the fuel in them;</b>  <b>(8) Furnaces and hot water heaters;</b>  <b>(9) Heat Pumps</b>  <b>(10) Nonflammable insulation in a basement;</b>  <b>(11) Pumps and tanks used in solar energy systems;</b>  <b>(12) Stairways and staircases attached to the building, not separated from it by elevated walkways;</b>  <b>(13) Sump pumps;</b>  <b>(14) Water softeners and the chemicals in them, water filters, and faucets installed as an integral part of the plumbing system;</b>  <b>(15) Well water tanks and pumps;</b>  <b>(16) Required utility connections for any item in this list; and</b>  <b>(17) Footings, foundations, posts, pilings, piers, or other foundation walls and anchorage systems required to support a building.</b></p>
---	---

Q. On what basis are losses paid under the two flood policies?

**A. Losses are paid on an actual cash value basis with exceptions:**

- **Replacement cost coverage will apply to a single-family dwelling which is the principal residence of the insured, and which, at the time of the loss, carries an amount of insurance equal to 80% or more of the replacement cost of the dwelling, or is the maximum amount of insurance available under the National Flood Insurance Program, whichever is lower;**
- **Replacement cost coverage will also apply to the building coverage in a Residential Condominium Building Association Policy (RCBAP).**

Q. Would carpeting in a single-family dwelling be eligible for replacement cost coverage?

**A. No. Carpeting is always depreciated along with outdoor antennas and aerials, awnings, appliances and other outdoor equipment.**

Q. How does the Other Insurance clause apply in each policy?

**A. The Other Insurance clause reads as follows:**

- 1. If a loss covered by this policy is also covered by other insurance that includes flood coverage not issued under the Act, we will not pay more than the amount of insurance that you are entitled to for lost, damaged, or destroyed property insured under this policy subject to the following:**
  - a. We will pay only the proportion of the loss that the amount of insurance that applies under this policy bears to the total amount of insurance covering the loss, unless C.1.b. or c. immediately below applies.**
  - b. If the other policy has a provision stating that it is excess insurance, this policy will be primary.**
  - c. This policy will be primary (but subject to its own deductible) up to the deductible in the other flood policy (except another policy as described in C.1.b. above). When the other deductible amount is reached, this policy will participate in the same proportion that the amount of insurance under this policy bears to the total amount of both policies, for the remainder of the loss.**
- 2. If there is other insurance in the name of your condominium association covering the same property covered by this policy, then this policy will be in excess over the other insurance.**

Q. What is the deductible in the flood policies?

**A. There are two standard deductibles. For Pre-FIRM risks in all special flood hazard areas (all A and V zones) the deductible is \$1000, with a buyback provision to \$500.**

**For all Post-FIRM risks, and risks in B, C, D and X zones, the deductible is \$500.**

**An additional deductible of \$250 is added if the loss is land subsidence, sewer backup or water seepage.**

**Optional deductibles of \$1,000, \$2,000, \$3,000, \$4,000 and \$5,000 are available.**

Q. Under the Dwelling contents coverage, are any classes of personal property subject to limitations?

**A. Yes. The policy states:**

**Special Limits. We will pay no more than \$2,500 for any one loss to one or more of the following kinds of personal property:**

- a. **Artwork, photographs, collectibles, or memorabilia, including but not limited to, porcelain or other figures, and sports cards;**
- b. **Rare books or autographed items;**
- c. **Jewelry, watches, precious and semiprecious stones, or articles of gold, silver, or platinum;**
- d. **Furs or any article containing fur which represents its principal value; or**
- e. **Personal property used in any business.**

Q. Are improvements and betterments of a tenant covered under the flood policies?

**A. Yes. Up to 10% of the amount of contents coverage may be applied to damage to improvements, alterations, additions and betterments.**

Q. Are additions and alterations of a condominium unit owner covered under a flood policy?

**A. Yes. They are actually covered in three ways:**

1. **In the Residential Condominium Building Association Policy under Coverage A - Building Property which insures:**

**“The residential condominium building described on the Declarations Page at the described location, including all units within the building and the improvements within the units.”**

2. **In the Dwelling Form:**

**“If you are the owner of a unit and have insured personal property under Coverage B in this policy, we will also cover your interior walls, floor and ceiling (not otherwise covered under a flood insurance policy purchased by your condominium association) for not more than 10 percent of the limit of liability shown for personal property on the declarations page.**

### 3. In the General Property Policy:

**“If you are a condominium unit owner, you may apply up to 10 percent of the Coverage B limit to cover loss to interior:**

- a. Walls;**
- b. Floors; and**
- c. Ceilings, that are not covered under a policy issued to the condominium association insuring the condominium building.”**

**Special Note: In the event of a residential loss involving both the association and the unit owner policies, the unit owner may not benefit to a greater amount than the maximum NFIP insurance available to a single-family dwelling owner; i.e., \$35,000 in the Emergency Program and \$250,000 in the Regular Program. The deductible in each unit owner’s policy will separately apply to the loss paid on behalf of each unit owner, and the deductible in the association building policy will also apply. A condominium association in the Emergency Program is not eligible for the RCBAP. It would require the General Property Form.**

Q. When there is a condominium association building policy, and separate unit owner building policies on a condominium structure, if there is damage to both common elements and additions and alterations, how do the policies respond to the losses?

**A. The association RCBAP would first apply to the common elements and then to the additions and alterations. When the RCBAP is exhausted (and with the 80% coinsurance requirement we would hope that would never happen), the separate unit owner policies would apply to the remaining insurable interests of the respective unit owners. Said another way, the condominium association policy is primary; the unit owner policy is excess.**

Q. What are the eligibility requirements for an RCBAP and the limits of Building and Personal Property insurance available?

**A. To write an RCBAP, the condominium association must be located in a Regular Program community and must have at least 75% of its total floor area within the building as residential, regardless of the number of units or floors.**

**The maximum amount of building coverage that can be purchased is the Replacement Cost Value of the building or the total number of units times \$250,000, whichever is less. The maximum allowable contents coverage is the Actual Cash Value of the commonly owned contents up to a maximum of \$100,000 per building. Be aware that the RCBAP is the only flood policy that has a coinsurance clause. To avoid penalty, it requires that the insured purchase an amount of building insurance equal to the lesser of 80 percent or more of the full replacement cost of the building at the time of loss or the maximum amount of insurance available under the NFIP.**

Q. Does the National Flood Insurance Program afford loss assessment coverage to condominium unit owners?

**A. Yes. It is provided in the Dwelling Form, as follows:**

<p><b>3. Condominium Loss Assessments</b>  <b>a. If this policy insures a unit, we will pay, up to the Coverage A limit of liability, your share of loss assessments charged against you by the condominium association in accordance with the condominium association’s articles of association, declarations and your deed. The assessment must be made as a result of direct physical loss by or from flood during the policy term, to the building’s common elements.</b>  <b>b. We will not pay any loss assessment charged against you:</b>  <b>(1) And the condominium association by any governmental body;</b>  <b>(2) That results from a deductible under the insurance purchased by the condominium association insuring common elements;</b>  <b>(3) That results from a loss to personal property, including contents of a condominium building;</b>  <b>(4) That results from a loss sustained by the condominium association that was not</b></p>	<p><b>condominium association that was not reimbursed under a flood insurance policy written in the name of the association under the Act because the building was not, at the time of loss, insured for an amount equal to the lesser of:</b>  <b>(a) 80 percent or more of its full replacement cost; or</b>  <b>(b) The maximum amount of insurance permitted under the Act;</b>  <b>(5) To the extent that payment under this policy for a condominium building loss, in combination with payments under any other NFIP policies for the same building loss, exceeds the maximum amount of insurance permitted under the Act for that kind of building; or</b>  <b>(6) To the extent that payment under this policy for a condominium building loss, in combination with any recovery available to you as a tenant in common under any NFIP condominium association policies for the same building loss, exceeds the amount of insurance permitted under the Act for a single-family dwelling. Loss assessment coverage does not increase the Coverage A limit of liability.</b></p>
---	--

Q. Is Ordinance or Law Coverage provided in the National Flood Insurance Program (NFIP)?

**A. No, but a “form” of that coverage entitled Increased Cost of Compliance (ICC) is available with a maximum limit of liability of \$20,000 in all three NFIP contracts.**

Q. What does Increased Cost of Compliance do, and how does it differ from Ordinance or Law Coverage?

A. The manual definition of Increased Cost of Compliance (ICC) is:

**“Coverage for expenses that a property owner must incur, above and beyond the cost to repair the physical damage the structure actually sustained from a flooding event, to comply with mitigation requirements of State or local floodplain management ordinances or laws.”**

**In other words, it will pay for complying with a State or local floodplain management law or ordinance affecting repair or reconstruction of a structure suffering flood damage, so long as there is such a State or local law or ordinance. The only compliance activities eligible for payment, however, are: elevation, flood— proofing, relocation or demolition (or any combination of these activities)**

Q. Is ICC coverage available for all properties?

**A. No. It is not available for:**

- 1. Policies issued or renewed in the Emergency Program**
- 2. Condominium units. (The condominium association is responsible for complying with mitigation requirements.)**
- 3. Group Flood Insurance Policies**
- 4. Appurtenant structures, unless covered by a separate policy.**

Q. Are there special eligibility requirements?

**A. Yes, and they can be significant, requiring the special attention of not only the flood adjusters but the local community authorities. To be eligible for claim payment under ICC, a structure must:**

- 1. Be a repetitive loss structure as defined in the policy, for which NFIP paid a previous qualifying claim, in addition to the current claim.**
- 2. The state or community in which the property is located must have a cumulative, substantial damage provision or repetitive loss provision in its floodplain management law or ordinance being enforced against the structure.**
- 3. Be a structure that has sustained substantial flood damage.**

## CHAPTER 6

# WORKPLACE VIOLENCE AWARENESS

### I. WHAT IS WORKPLACE VIOLENCE?

The workplace is any location, permanent or temporary, where an employee performs work or work-related activities. Workplace facilities include lunchrooms, restrooms, break rooms, vehicles used for work and parking facilities.

According to the Occupational Safety and Health Administration (OSHA), workplace violence is any physical assault, including unwanted touching or any other offensive physical contact, threatening behavior or verbal abuse.

Examples of workplace violence could include:

1. Harassment of any nature, such as being followed, sworn at or shouted at.
2. Psychological traumas, such as threats, obscene phone calls, bomb threats or an intimidating presence.
3. Physical violence, such as hitting, grabbing, beating, stabbing, attempted suicide, suicide, rape or shooting.

A United States Department of Justice National Crime Victimization Survey reports that approximately 2 million assaults and threats of violence occur each year in the workplace.

Workplace violence contributes to employee injuries, stress, increased sick days, reduced morale, lost wages and higher health-care costs.

### II. WHAT ARE THE CATEGORIES OF WORKPLACE VIOLENCE?

The categories of workplace violence depend on the relationship between the employee and the person who is committing the violence. They are:

1. Stranger on Employee
2. Customer on Employee
3. Partner on Employee
4. Employee on Employee

The most frequently occurring category of workplace violence is stranger on employee. The stranger enters the workplace to commit a robbery or engage in another violent act.

With a stranger, customer or someone else's partner, you may only have a few seconds to recognize if there is a potential problem before it occurs.

With an employee, you may have had the opportunity to observe the employee over months or even years and be able to notice behavior changes that might signal a potential for violence.

### III. RECOGNIZING WARNING SIGNALS

Potential warning signals may alert you to any employee or person in the workplace who could become violent. Changes in behavior are important to note in most cases. Look for patterns of changing behavior. No single warning signal, in isolation, is a reliable predictor of violence. Some factors may include:

1. Major changes in personal appearance, attitude or behavior
2. Change in personal relationships
3. Reduction in job efficiency or productivity
4. History of violent, reckless or antisocial behavior
5. Unusual interest in, or unexplained preoccupation with, weapons or bringing weapons to work
6. Serious stress in the employee's life
7. Substance abuse
8. Unexplained signals of physical injury
9. Agitation
10. Unexplained interest in what you do at work

### IV. ESCALATING LEVELS OF VIOLENCE AND WHAT TO DO

The inappropriate behavior of a person prone to workplace violence usually escalates over time. Violent situations may progress through three escalating levels. Regardless of the level of violence, ensuring your safety and the safety of others is the most important action you can take.

For levels one and two, responses may include:

1. Stay calm, listen attentively and ask the person to sit down
2. Ask the person questions relevant to his or her complaint, such as, "What can I do to help you?"
3. Acknowledge the person's concerns and try to find solutions.
4. Maintain eye contact.
5. Speak slowly, softly and clearly.
6. Avoid being defensive.
7. Identify violent behaviors, especially before they escalate.
8. Set ground rules/boundaries, such as "When you shout at me, I can't understand what you're saying."
9. Signal a co-worker or supervisor that you need help by using a panic button or pre-determined code word or signal.
10. Do not make any calls yourself. Have someone notify security or the local police.
11. Keep the situation in your control.
12. Talk with your supervisor.

To respond to Level Three violence:

1. Get yourself and others away from the potentially violent person.
2. Know and follow the workplace emergency action plan.
3. Call 911 or your workplace emergency number.
4. Get out or hide. Evacuate the area.

## CHAPTER 7

# TERRORISM

### I. TERRORISM--PREPARING FOR THE UNEXPECTED

Devastating acts, such as the terrorist attacks on the World Trade Center and the Pentagon, have left many concerned about the possibility of future incidents in the United States and their potential impact. They have raised uncertainty about what might happen next, increasing stress levels. Nevertheless, there are things you can do to prepare for the unexpected and reduce the stress that you may feel now and later should another emergency arise. Taking preparatory action can reassure you and your children that you can exert a measure of control even in the face of such events.

### II. WHAT YOU CAN DO TO PREPARE

1. Create an emergency communications plan. Choose an out-of-town contact your family or household will call or e-mail to check on each other should a disaster occur. Your selected contact should live far enough away that they would be unlikely to be directly affected by the same event, and they should know they are the chosen contact. Make sure every household member has that contact's, as well as each other's, e-mail addresses and telephone numbers (home, work, pager and cell). Leave these contact numbers at your children's schools, if you have children, and at your workplace. Your family should know that if telephones are not working, they need to be patient and try again later or try e-mail. Many people flood the telephone lines when emergencies take place, but e-mail can sometimes get through when calls don't.
2. Establish a meeting place. Having a predetermined meeting place away from your home will save time and minimize confusion should your home be affected or the area evacuated. You may even want to make arrangements to stay with a family member or friend in case of an emergency. Be sure to include any pets in these plans, since pets are not permitted in shelters and some hotels will not accept them.
3. Assemble a disaster supplies kit. If you need to evacuate your home or are asked to "shelter in place," having some essential supplies on hand will make you and your family more comfortable. Prepare a disaster supplies kit in an easy-to-carry container such as a duffel bag or small plastic trash can. Include "special needs" items for any member of your household (infant formula or items for people with disabilities or older people), first aid supplies (including prescription medications), a change of clothing for each household member, a sleeping bag or bedroll for each, a battery powered radio or television and extra batteries, food, bottled water and tools. It is also a good idea to include some cash and copies of important family documents (birth certificates, passports and licenses) in your kit.

Copies of essential documents like powers of attorney, birth and marriage certificates, insurance policies, life insurance beneficiary designations and a copy of your will should also be kept in a safe location outside your home. A safe deposit box or the home of a friend or family member who lives out of town is a good choice.

4. Check on the school emergency plan of any school-age children you may have. You need to know if they will keep children at school until a parent or designated adult can pick them up or send them home on their own. Be sure that the school has updated information about how to reach parents and responsible caregivers to arrange for pickup. Ask what type of authorization the school may require to release a child to someone you designate, if you are not able to pick up your child. During times of emergency the school telephones may be overwhelmed with calls.

For more information on putting together a disaster plan, request a copy of the brochure entitled *Your Family Disaster Plan (A4466)* from your local American Red Cross chapter. You may also want to request a copy of *Before Disaster Strikes. How to Make Sure You're Financially Prepared (A5075)* is for specific information on what you can do now to protect your assets.

### III. IF DISASTER STRIKES

1. Remain calm and be patient.
2. Follow the advice of local emergency officials.
3. If the disaster occurs near you, check for injuries. Give first aid and get help for seriously injured people.
4. If the disaster occurs near your home while you are there, check for damage using a flashlight. Do not light matches or candles or turn on electrical switches. Check for fires, fire hazards and other household hazards. Sniff for gas leaks, starting at the water heater. If you smell gas or suspect a leak, turn off the main gas valve, open windows, and get everyone outside quickly.
5. Shut off any other damaged utilities.
6. Confine or secure your pets.
7. Call your family contact. Do not use the telephone again unless it is a life-threatening emergency.
8. Check on your neighbors, especially those who are elderly or disabled.

#### **A Word on What Could Happen**

As we learned from the events of September 11, 2001, the following things can happen after a terrorist attack:

1. There can be significant numbers of casualties and/or damage to buildings and them infrastructure. So employers need up-to-date information about any medical needs you may have and on how to contact your designated beneficiaries.

2. Heavy law enforcement involvement at local, state and federal levels follows a terrorist attack due to the event's criminal nature.
3. Health and mental health resources in the affected communities can be strained to their limits, maybe even overwhelmed.
4. Extensive media coverage, strong public fear and international implications and consequences can continue for a prolonged period.
5. Workplaces and schools may be closed, and there may be restrictions on domestic and international travel.
6. You and your family or household may have to evacuate an area, avoiding roads blocked for your safety.
7. Clean-up may take many months.

### **Evacuation**

If local authorities ask you to leave your home, they have a good reason to make this request, and you should heed the advice immediately. Listen to your radio or television and follow the instructions of local emergency officials and keep these simple tips in mind:

1. Wear long-sleeved shirts, long pants and sturdy shoes so you can be protected as much as possible.
2. Take your disaster supplies kit.
3. Take your pets with you: do not leave them behind. Because pets are not permitted in public shelters, follow your plan to go to a relative's or friend's home, or find a "pet friendly" hotel.
4. Lock your home.
5. Use travel routes specified by local authorities; don't use shortcuts because certain areas may be impassable or dangerous.
6. Stay away from downed power lines.

### **Listen to local authorities.**

Your local authorities will provide you with the most accurate information specific to an event in your area. Staying tuned to local radio and television, and following their instructions is your safest choice.

If you're sure you have time:

1. Call your family contact to tell them where you are going and when you expect to arrive.

2. Shut off water and electricity before leaving, if instructed to do so. Leave natural gas service ON unless local officials advise you otherwise. You may need gas for heating and cooking, and only a professional can restore gas service in your home once it's been turned off. In a disaster situation it could take weeks for a professional to respond.

### **Shelter in place**

If you are advised by local officials to “shelter in place,” what they mean is for you to remain inside your home or office and protect yourself there. Close and lock all windows and exterior doors. Turn off all fans, heating and air conditioning systems. Close the fireplace damper. Get your disaster supplies kit, and make sure the radio is working. Go to an interior room without windows that's above ground level.

In the case of a chemical threat, an above-ground location is preferable because some chemicals are heavier than air, and may seep into basements even if the windows are closed. Using duct tape, seal all cracks around the door and any vents into the room. Keep listening to your radio or television until you are told all is safe or you are told to evacuate. Local officials may call for evacuation in specific areas at greatest risk in your community.

## **IV. ADDITIONAL POSITIVE STEPS YOU CAN TAKE**

Raw, unedited footage of terrorism events and people's reaction to those events can be very upsetting, especially to children. We do not recommend that children watch television news reports about such events, especially if the news reports show images over and over again about the same incident. Young children do not realize that it is repeated video footage, and think the event is happening again and again. Adults may also need to give themselves a break from watching disturbing footage. However, listening to local radio and television reports will provide you with the most accurate information from responsible governmental authorities on what's happening and what actions you will need to take. So you may want to make some arrangements to take turns listening to the news with other adult members of your household.

Another useful preparation includes learning some basic first aid. To enroll in a first aid and AED/CPR (automatic external defibrillator coronary pulmonary resuscitation) course, contact your local American Red Cross chapter. In an emergency situation, you need to tend to your own well-being first and then consider first aid for others immediately around you, including possibly assisting injured people to evacuate a building if necessary.

People who may have come into contact with a biological or chemical agent may need to go through a decontamination procedure and receive medical attention. Listen to the advice of local officials on the radio or television to determine what steps you will need to take to protect yourself and your family. As emergency services will likely be overwhelmed, only call 9-1-1 about life-threatening emergencies.

## **First Aid Primer**

If you encounter someone who is injured, apply the emergency action steps: Check-Call-Care. Check the scene to make sure it is safe for you to approach. Then check the victim for unconsciousness and life-threatening conditions. Someone who has a life-threatening condition, such as not breathing or severe bleeding, requires immediate care by trained responders and may require treatment by medical professionals. Call out for help. There are some steps that you can take, however, to care for someone who is hurt, but whose injuries are not life threatening. It is important to be prepared for an emergency and to know how to give emergency care.

### **Control Bleeding**

1. Cover the wound with a dressing, and press firmly against the wound (direct pressure).
2. Elevate the injured area above the level of the heart if you do not suspect that the victim has a broken bone.
3. Cover the dressing with a roller bandage.
4. If the bleeding does not stop:
5. Apply additional dressings and bandages.
6. Use a pressure point to squeeze the artery against the bone.
7. Provide care for shock.

### **Care for Shock**

1. Keep the victim from getting chilled or overheated.
2. Elevate the legs about 12 inches (if broken bones are not suspected).
3. Do not give food or drink to the victim.

### **Tend Burns**

1. Stop the burning by cooling the burn with large amounts of water.
2. Cover the burn with dry, clean dressings or cloth.

### **Care for Injuries to Muscles, Bones and Joints**

1. Rest the injured part.
2. Apply ice or a cold pack to control swelling and reduce pain.
3. Avoid any movement or activity that causes pain.
4. If you must move the victim because the scene is becoming unsafe, try to immobilize the injured part to keep it from moving.

### **Be Aware of Biological/Radiological Exposure**

Listen to local radio and television reports for the most accurate information from responsible governmental and medical authorities on what's happening and what actions you will need to take. The Web sites referenced at the end of the book can give you more information on how to protect yourself from exposure to biological or radiological hazards.

**Reduce Any Care Risks**

1. The risk of getting a disease while giving first aid is extremely rare. However, to reduce the risk even further:
  - a. Avoid direct contact with blood and other body fluids.
  - b. Use protective equipment, such as disposable gloves and breathing barriers.
  - c. Thoroughly wash your hands with soap and water immediately after giving care.

**V. YOUR DISASTER SUPPLIES KIT SHOULD INCLUDE:**

1. 3-day supply of water— one gallon per person per day
2. 3-day supply of nonperishable food and a nonelectric can opener
3. First aid kit, including a four week supply of prescription medicines and an extra written copy of prescriptions
4. Cash - with no power, banks may be closed, checks and credit cards unaccepted, and ATM's cannot operate
5. Battery-powered radio and extra batteries
6. photo ID and proof of residency
7. Charcoal and ice
8. Bleach/water purification kit
9. Coolers for food and to store ice
10. Blanket/sleeping bag for each person
11. Flashlight and extra batteries
12. Infant necessities
13. Pet supplies
14. Clean up supplies
15. Toiletries
16. Camera and film

## CHAPTER 8

# FIRE SAFETY

### I. MAKE YOUR HOME FIRE SAFE

- Smoke alarms save lives. Install a smoke alarm outside each sleeping area and on each additional level of your home.
- If people sleep with doors closed, install smoke alarms inside sleeping areas, too.
- Use the test button to check each smoke alarm once a month. When necessary, replace batteries immediately. Replace all batteries at least once a year.
- Vacuum away cobwebs and dust from your smoke alarms monthly.
- Smoke alarms become less sensitive overtime. Replace your smoke alarms every ten years.
- Consider having one or more working fire extinguishers in your home. Get training from the fire department in how to use them.
- Consider installing an automatic fire sprinkler system in your home.

### II. PLAN YOUR ESCAPE ROUTES

- Determine at least two ways to escape from every room of your home.
- Consider escape ladders for sleeping areas on the second or third floor. Learn how to use them and store them near the window.
- Select a location outside your home where everyone would meet after escaping.
- Practice your escape plan at least twice a year.

### III. ESCAPE SAFELY

- Once you are out, stay out! Call the fire department from a neighbor's home.
- If you see smoke or fire in your first escape route, use your second way out. If you must exit through smoke, crawl low under the smoke to your exit.
- If you are escaping through a closed door, feel the door before opening it. If it is warm use your second way out.
- If smoke, heat, or flames block your exit routes, stay in the room with the door closed.

- Signal for help using a bright-colored cloth at the window. If there is a telephone in the room, call the fire department and tell them where you are.

## IV. STATISTICS AND SAFETY VIOLENCE

According to NFPA, human error and equipment problems associated with cooking, heating, and the equipment that provides electrical service are among the leading causes of U.S. home fires. Combined, they represent nearly half of all U.S. home fires and one-third of associated home fire deaths each year. However, people can reduce or eliminate most of the risk of these home fires by recognizing how they start and taking simple steps to avoid them.

Use the cooking, heating and electrical safety information below to teach your community the “ins and outs” of home fire safety. These statistics and this safety advice from NFPA will help you prepare for fire department open houses, media events, school visits, fund-raising and partnership opportunities, and other FPW activities.

## V. KITCHEN SAFETY

### KNOW THE FACTS

According to NFPA...

- On average, there are 91,700 reported home fires each year associated with cooking equipment, killing 327 people and injuring 4,607.
- Cooking fires are the #1 cause of home fires and home fire injuries.
- Unattended cooking is the leading cause of home cooking fires.
- Three in every 10 reported home fires start in the kitchen. That is more than any other place in the home.

## VI. COOKING SAFETY TIPS

### GREASE FIRES:

- Always keep a potholder, oven mitt and lid handy.
- If a small grease fire starts in a pan, put on an oven mitt and smother the flames by carefully sliding the lid over the pan.
- Turn off the burner.
- Don't remove the lid until it is completely cool.
- Never pour water on a grease fire and never discharge a fire extinguisher onto a pan fire, as it can spray or shoot burning grease around the kitchen, actually spreading the fire.

**OVEN FIRES:**

- Turn off the heat and keep the door closed to prevent flames from burning you and your clothing.

**SAFETY ADVICE**

- Never leave food cooking on the stovetop unattended and keep a close eye on food cooking in the oven.
- Keep cooking areas clean and clear of combustibles such as potholders, towels, rags, drapes, and food packaging.
- Keep children and pets away from cooking areas by creating a three-foot (one meter) “kid-free zone” around the stove.
- Turn pot handles inward so they can’t be bumped and children can’t grab them.
- Wear short, close fitting, or tightly rolled sleeves when cooking. Loose clothing can dangle onto stove burners and catch fire.
- Never use a wet oven mitt, as it presents a scald danger if the moisture in the mitt is heated.

**MICROWAVE FIRES:**

- Keep the door closed and unplug the microwave.
- Call the fire department and make sure to have the oven serviced before you use it again.
- Food cooked in a microwave can be dangerously hot. Remove the lids or other coverings from micro-waved food carefully to prevent steam burns.

## VII. HEATING SAFETY

**KNOW THE FACTS**

According to NFPA...

- On average, there are 59,100 reported home fires per year associated with heating equipment, killing 468 people and injuring 1,592.
- Heating fires are the second leading cause of home fires. During the months of December, January, and February, heating is the leading cause of home fires.
- Most heating fires involve space heaters, not central furnaces.
- Installing space heaters too close to combustibles (or placing combustibles too close to them) are major causes of space heater fires.

## VII. HEATING SAFETY TIP

### **CHIMNEYS AND HEATING SYSTEMS:**

Have chimneys and heating systems checked at least once a year and cleaned, if needed, by trained professionals. (Fires in wood-burning heating equipment are often caused by the build-up of creosote, which are deposits of unburned fuel.)

### **SAFETY ADVICE**

- Space heaters need space. Space heaters should be at least three feet (one meter) away from walls, furniture, and anything that can burn, including people and pets.
- Always use the proper fuel in a heater. For example, never use gasoline as a fuel in a heater designed for kerosene or oil.
- Portable space heaters should be turned off every time you leave the room or go to sleep.
- Have a sturdy screen on your fireplace. A metal screen or built-in glass doors will keep sparks from flying into the room.

## VIII. ELECTRICAL SAFETY

### **KNOW THE FACTS**

According to NFPA...

- On average there are 38,400 home fires per year associated with wiring, switches, outlets, cords and plugs, fuse and circuit breaker boxes, and other equipment involved in distributing electricity around the home. These electrical service equipment fires annually kill 352 people and injure 1,343 annually.
- Fixed wiring causes 1/3 of home electrical fires.
- Cords and plugs cause 1/6 of home electrical distribution fires and 1/3 of related deaths.
- In many cases, people can easily check and fix them, if necessary, without a licensed electrician.
- Each year, electrical shock (not resulting in a fire) causes hundreds of burn deaths and thousands of burn injuries.
- Nearly 2/3 of electrical burn injuries among children ages 12 and under are associated with household electrical cords and extension cords.

### **ELECTRICAL SAFETY TIPS**

GFCIs: (ground fault circuit interrupters) can greatly reduce the risk of shock by shutting off faulty electrical circuits and equipment faster than conventional fuses or circuit

breakers can. GFCIs are inexpensive; professional electricians can hard-wire them into your home electrical system.

**PUSH BACK:** In the kitchen, push back cords for countertop appliances to keep young children from pulling them off the counter.

### **SAFETY ADVICE**

- Replace or repair any electrical device with a loose or frayed cord.
- Avoid running extension cords across doorways or under carpets.
- In homes with small children, electrical outlets should have plastic safety covers.
- Follow the manufacturer's instructions for plugging an appliance into a receptacle outlet.
- Most receptacle outlets contain two receptacles. As an added precaution, consider plugging only one high-wattage appliance into each receptacle outlet.
- Avoid the use of "cube taps" and other devices that allow the connection of multiple appliances into a single receptacle.
- Place lamps on level surfaces, away from things that can burn.
- Use bulbs that match the lamp's recommended wattage.

## **IX. THE BASICS**

### **KNOW THE FACTS**

According to NFPA...

- In the United States and Canada, a home fire is reported to a fire department roughly every 75 seconds. Fires kill 350 people and injure more than 1,300 per year.
- Eighty percent of all U.S. fire deaths occur in the home.
- Someone is killed in a home fire in the United States and Canada roughly every 3 hours.
- Smoke alarms are the most effective early warning device available. Having a smoke alarm in your home cuts your chance of dying in a fire nearly in half!

### **AUTOMATIC SPRINKLERS:**

Consider installing an automatic sprinkler system if you are building a new home, or retrofitting your existing home with a system.

**SAFETY ADVICE**

Install at least one smoke alarm on each level of your home and in or near all sleeping areas. Smoke alarms should be tested once a month and batteries replaced once a year or when the alarm beeps, warning that the battery is low.

Every household should develop and practice a home fire escape plan that includes two ways out of every room and an outside meeting place.

## CHAPTER 9

# LIGHTNING...NATURE'S FIREWORKS

### I. LIGHTNING

Lightning occurs with all thunderstorms. It averages 93 deaths and 300 injuries each year. It also causes several hundred million dollars in damage to property. Here are some helpful facts about nature's fireworks...

- What is lightning? Lightning occurs when the action of rising and descending air within a thunderstorm separates positive and negative charges. Lightning results from the buildup and discharge of electrical energy between positively and negatively charged areas.
- The average flash of lightning could light a 100-watt light bulb for more than three months.
- Most lightning occurs within the cloud or between the cloud and ground.
- The air near a lightning strike is heated to 50,000 F which is hotter than the surface of the sun! The rapid heating and cooling of air near the lightning channel causes a shock wave that results in thunder.
- To estimate the distance in miles between you and the lightning flash, count the seconds between the lightning and the thunder and divide by five.
- Most lightning deaths and injuries occur when people are caught outdoors. Most casualties occur in the summer months and during the afternoon and early evening.
- Your chances of being struck by lightning are estimated to be 1 in 600,000.
- In recent years, people have been killed by lightning while boating, swimming, golfing, bike riding, standing under a tree, riding on a lawnmower, talking on the telephone, loading a truck, playing soccer, fishing in a boat, and mountain climbing.

### II. LIGHTNING MYTHS & FACTS

**MYTH:** If it is not raining, then there is no danger from lightning.

**FACT:** Lightning often strikes outside of heavy rain and may occur as far as 10 miles away from any rainfall.

**MYTH:** The rubber soles of shoes or rubber tires on a car will protect you from being struck by lightning.

**FACT:** Rubber-soled shoes and rubber tires provide NO protection from lightning. However, the steel frame of a hard-topped vehicle provides increased protection if you are not touching metal. Although you may be injured if lightning strikes your car, you are much safer inside a vehicle than outside.

**MYTH:** People struck by lightning carry an electrical charge and should not be touched.

**FACT:** Lightning-strike victims carry no electrical charge and should be attended to immediately. Contact your local American Red Cross chapter for information on CPR and first aid classes.

**MYTH:** “Heat lightning” occurs after very hot summer days and poses no threat.

**FACT:** What is referred to as “heat lightning” is actually lightning from a thunderstorm too far away for thunder to be heard. However, the storm may be moving in your direction!

## CHAPTER 10

# FIRE PROTECTION FOR OFFICES - CHECKLIST

### I. ELECTRICAL

- Install wiring according to the electrical code adopted for your county and manufacturer's literature.
- Keep equipment clean, dry and cool.
- Perform regularly scheduled and recorded maintenance of electrical equipment.
- Turn off lights and electrical equipment during non-business hours.
- Do not overload electrical outlets.
- Restrict the use of portable heaters, hot plates, etc., and monitor their use very carefully.
- Post a list of precautions near the electric coffee makers, hot plates and portable electric heaters. These are leading causes of office fires.
- Turn off equipment when not in use. One sign posted could prevent a costly loss.
- Check electrical cords periodically and replace them at the first signs of wear.

### II. ARSON

- Provide automatic sprinkler protection.
- Maintain a well trained emergency organization.
- Provide adequate security (exterior and interior lighting, intrusion alarms, guard service, secured access openings).
- Provide automatic smoke, heat and fire alarm systems.
- Ensure that all sprinkler control valves are locked wide open with sturdy locks and chains.
- Control visitor and employee access to travel within a property.

### III. SPONTANEOUS IGNITION

- Provide automatic sprinkler protection above and below suspended ceilings if roof or floor deck above is combustible or the space contains combustibles capable of sustaining fire spread.
- When a drop-out suspended ceiling is installed below automatic sprinklers, the ceiling tiles should be FRMC approved and used only in the metal frame for which they are approved.
- Upgrade electrical circuits to accommodate new office equipment.

### IV. SMOKING

- Provide automatic sprinkler protection.
- Prohibit smoking inside the building, and post signs to that effect.
- Where smoking is permitted, provide safe receptacles for disposal of smoking materials.
- Require cleaning crews to empty ashtrays.
- Educate personnel as to the potential hazards of careless disposal of smoking materials.
- Strategically place portable fire extinguishers and train key personnel in their use.

### V. EXPOSURE FIRE

- Control smoke travel. The heating, ventilation and air conditioning (HVAC) system and fire resistive cutoff should be arranged to minimize smoke movement between floors and fire areas.
- Provide a smoke-control system to keep non-fire areas free of smoke and remove smoke from the fire area to the outside.
- Provide adequate clearance, circulation of air and, in some cases, insulation between combustible material and hot surfaces or heat sources.
- Turn off lights and electrical equipment during non-business hours.
- Emphasize operator training and the importance of turning off portable electric heating equipment, hot plates, etc.

# CHAPTER 11

## FIRE PROTECTION FOR OFFICES

### I. WHAT CAN YOU DO?

**First** be aware of common causes of office fires. For starters, the office stage is often set with fuel for a hot, smoky fire in almost everything you see. Did you install computers and office equipment? What about wood furniture? Don't forget carpeting, padding and plastic laminate, vinyl-fabric-covered furniture, foamed plastic padding, vinyl wall covering, wood paneling, fluids for copiers, and stacks of paper supplies. It all burns fast. Some melt. Some can self-ignite. Poor housekeeping adds more fuel: waste paper, cluttered file rooms, and storage in closets.

A profile of losses for properties insured by Allendale Insurance, Arkwright and Protection Mutual Insurance gives you an idea of what to evaluate for your loss prevention program. Electricity and arson still top the list.

#### 1991 to 1995 OFFICE FIRES LOSSES BY CAUSE (in U.S. Dollars)

CAUSE	NO. OF LOSSES	AMOUNT OF LOSSES (\$)
Electricity	84	34,947,000
Arson	47	11,563,000
Spontaneous Ignition	2	4,957,000
Smoking	17	3,490,000
Hot work	12	2,375,000
Hot surface	12	1,998,000
Overheating	6	1,878,000
Exposure	16	1,472,000
Other	14	2,316,000
Unknown	119	13,446,000
<b>TOTAL</b>	<b>329</b>	<b>\$78,442,000</b>

**Second**, provide a written plan for eliminating hazards. Install automatic sprinkler protection. If you lease office space to renters, inform your leaseholders of your fire prevention policy and the type of fire protection system available. If you rent office space, you should be equally well informed about the program, emergency response and the location of the local fire department. Whether you lease or own the office, watch for the following problems and refer to the checklist at the end of this book for more guidelines.

**Electrical defects**, hot surfaces, overheating or heat sources, Piping or electrical heating equipment can start fires instantly when heat contacts combustibles. Offices today tend to use more extensive wiring than ever before due to increasing use of

computers and lighting. Heightened awareness and periodic inspections are important. Do you practice a comprehensive electrical testing program?

**Arson**, Poor security enforcement and lack of automatic detection systems make it especially easy for an arsonist to strike quickly and disappear. Also, when a company downsizes, moves the office to a new location, reorganizes staff, recovers from civil unrest or the aftermath of a loss your business is more vulnerable to an arson attack.

**Spontaneous ignition**, can occur while the office is being remodeled. Certain materials can self-ignite. For example, wood located near a furnace or flue will undergo several chemical changes and eventually self-ignite. Anything involving the use of paint, linseed oil, rags, burlap, fiber-board, sawdust or foam rubber, for example, could also self-ignite. Smoking, curtailed by health laws, still is a threat. Cigarettes and matches continue to cause some of the worst fire losses. Providing marked smoking areas and posted rules for properly disposing of smoking materials is a good plan.

**Hot work fires** are completely preventable. Loss histories show that hot work fires result from cutting, grinding, brazing, welding, soldering, thawing pipe and torch-applied roofing or any operation producing open flames, heat or sparks. It is best to choose another method to get the job done. Lax precautions or paper-only policies do not work. A strictly followed permit system is essential. Stop any hot work job where proper procedures are not being followed. Do not assume contractors are following your policy for hot work. Require them to sign a contract agreeing to follow every step of your permit system. Make sure they are watched as they perform their jobs; escort them off the property if they flatly refuse to cooperate.

**Exposure fire and non-thermal damage**. Heat radiating or flames spreading from an external fire in a nearby structure, yard storage, dumpster or dry vegetation can cause office fires or spread heat and smoke damage. Maintaining proper distance between the exposed office and the nearby exposure is ideal

## II. EVALUATE YOUR RISK

**Pre-loss planning**. How long can your business function without an office? Having a pre-loss plan will help you accurately identify your risk and plan for an unexpected loss. Develop a plan for preventing a loss or responding to an emergency while it is happening and afterwards.

Pre-fire planning with your local fire department should be your first step when you move into or renovate an office.

Firefighters will fight a fire most efficiently if they are familiar with the hazards. During that visit, discuss all possible effects of a fire including smoke and water damage. This step alone could curtail much fire damage if an accident occurs.

**Automatic Sprinklers** are the most effective means of fire control for the office and storage areas. Where sprinkler protection is inadequate, loss costs are much higher as the following statistics for insured properties attest.

SPRINKLER PROTECTION ADEQUACY  
FOR OFFICES 1991 TO 1995

(in US Dollars)

SPRINKLERS	NO. OF LOSSES	AMOUNT OF LOSSES (\$)
Lacking	53	48,938,000
Not In Service	3	3,329,000
Adequate	16	2,402,000
<b>TOTAL</b>	<b>72</b>	<b>\$54,669,000</b>

Make sure the sprinkler system is properly designed, installed and maintained. Do not compromise the guidelines. Obstructions to sprinklers could prevent them from stopping or controlling the fire. Faulty installations could do likewise.

**Keep fire protection systems in good operating condition.** Even if you lease the premises, you should insist that the protection system is provided and is in good working order. Any system should be inspected and maintained regularly. Activating devices such as fusible links and heat and smoke detectors should be checked. Sprinklers should not be loaded with residues or otherwise impaired. Sprinkler control valves must always be open or sprinklers will not provide protection. If a fire starts, assigned personnel should check the sprinkler valve during evacuation without compromising personnel safety. (Usually these valves are remote from the fire.) Also, inspect fire pumps regularly.

Select proper portable fire extinguishers and strategically locate them for the applicable fire hazards. Train key employees in handling extinguishers properly. Test this equipment at periodic intervals. Use properly trained people and an FMRC-Approved extinguisher recharging service. Establish and train an Emergency Organization.

Office renovations increase your vulnerability to fires. Using or storing paints, cleaning solvents, cartons, packing material and other combustible materials near portable open-flame equipment such as torches, soldering irons, space heaters and temporary wiring creates a fire hazard. Remodeling can involve shutting off water supplies temporarily, but this creates another hazard. When you shut off a sprinkler control valve, you impair your fire protection. During that impairment, you need a system for flagging the shut valve(s) and restoring protection to service as soon as possible. If you are relocating portable fire extinguishers, place them where they can be seen.

High-rise offices have greater potential for major property losses for several reasons.

- Upper floors are beyond the reach of fire department aerial equipment
- Each additional story makes it more difficult to evacuate personnel and combat the fire.
- Firefighting and evacuation are generally handled from inside the building.

- Extensive use of glass in building walls permits fire to pass vertically from floor to floor.
- Atriums create a massive chimney effect
- Heating, ventilation and air conditioning ducts can circulate smoke, heat and toxic gases to large areas remote from the fire. Consider what damage could result from smoke alone. It travels quickly throughout a building and is restrained only by physical barriers.
- Air-handling systems can quickly spread smoke, toxic gases and heat.

Adequate sprinkler coverage is essential in high-rise buildings. Automatic sprinklers can totally stop the fire or minimize ignition and damage to adjacent areas. Sprinklers make firefighting easier and reduce the chances of a high-rise blaze.

### III. IN CONCLUSION

Remember, any unprotected office is unsafe. A sensible program does not have to be costly or time consuming. Just be aware of the hazards, using common sense to eliminate or protect them, and minimizing ignition sources is half the battle. Repair faulty wiring. Make sure fire protection is in service, including smoke alarms. Install automatic sprinklers. Post equipment safety and no smoking reminders.

## CHAPTER 12

# FIRE PROTECTION FOR OFFICES

Ok, so we all have a disaster plan, but what happens if the unthinkable or unexpected occurs? How do you plan to be homeless or displaced? How do you plan what you are going to do in the face of a total loss or disaster? None of us wants to imagine the worse case scenario, but if we are at least thinking about it, we will be prepared to survive it and make the first several days of recovery less of a challenge. To coin a phrase borrowed from a local FEMA CERT program that I attended a few years back...You're On Your Own! This proved to be true after Hurricane Andrew and Hurricane Katrina for residents and businesses in South Florida and many cities and towns throughout the Gulf States. You could be on your own for 72 hours or longer following a disaster. You have no access to your systems, your files, phones (land or cell), the internet, or fax lines at the very time when hundreds of your policyholders need your assistance. This chapter is devoted to lessening the effects of a disaster that overwhelms local response capability and will give you the tools (or thought process) to get your business up and running until help can arrive.

This chapter also assumes that your physical premises are destroyed or uninhabitable and that you have a client base that will seek you out or come to your office for help and assistance after a disaster. It also contemplates that you did not have the means or resources to plan for emergency office space or alternative office location.

It is time to put your Girl or Boy Scout hat on! For those of you who are avid campers or watch Survivor, this won't be so difficult! Remember these important points:

- Be flexible and adjust your plan according to the situation/event
- Think outside the box
- One man's trash is another man's treasure
- Safety first
- Keep hydrated
- Don't be afraid to ask for help

### **Assess your damage, surroundings and personnel.**

After Hurricane Katrina, many agents along the Gulf found themselves out on the street, literally. Their office building was completely destroyed and many of them were in areas that were quarantined or no immediate access was allowed due to the extent of damage.

### **My building is destroyed; what do I do?**

Remember that conditions in a damaged building deteriorate each day they are exposed to the elements. Do not take chances going in and out of a damaged building that could be structurally compromised.

- If you have a method to communicate, call your carrier and report your claim immediately. Make sure you give them your cell, satellite or emergency contact phone number if landline communication is down.

- Is there a safe spot that you can create a makeshift office area even if it is outside in a parking lot, along side of the road in a grassy area?
- Try to obtain tarps or tents for immediate shelter from the sun, heat or rain.
- Do you have friends or acquaintances in the real estate business that you can contact to assist you in securing a temporary space?
- Make sure the area is safe, for example that there are no downed power lines, gas utilities or other physical hazards.
- If you can get to your damaged office, put up a sign as to where you will be temporarily located. Post your carrier 800 claim numbers for clients to report their claim directly.
- If feasible, salvage anything you can get your hands on relative to office supplies, furniture, etc. Even if they are damaged, you can make use of them at a temporary location.
- One man's trash is another man's treasure. You will find that many local businesses are focused on cleaning up and re-opening. Many times, they are ahead of the recovery process and tossing out useful things along side the road. You could find that they have discarded meeting tables, chairs and other office furniture because it was wet or damaged but not destroyed. Feel free to ask if you can borrow or use their debris.
- Once you have found a temporary "spot," assess what supplies you are going to need immediately and make a list. (See attached.) As you make contact with your personnel have the list handy and let them know what your needs are. You will be surprised as to what can be accomplished when everyone pitches in.
- Call your FAIA Zone Coordinator or the FAIA office, brief them on your situation, and needs. The cavalry will come, but depending upon the extent of the disaster, you may be on your own for the first few days.
- You will want to find a way to contact each of your carriers and advise them of your situation and your needs.
- Ask your carrier to make a notice of first report on your entire book if the event is widespread and devastation is evident.
- Ask your largest carrier(s) if they can send personnel in to assist with the claims process for their particular company.
- Can they send or bring you a list of your clients and policy numbers?
- Can they set you up with a lap top with internet access?
- Can they arrange for an office trailer to be sent to you at your temporary site?
- Can they bring in a port-a-potty?

- You will need the name of the servicing company for the potty.
- If they come, they must be able to be self-sufficient. Bring supplies, coolers, water, ice, sodas, food, etc. Your staff is going to be too busy to tend to their own needs such as food and water.
- People can get dehydrated in a stressful situation, especially during the hot summer days. Make sure you have a non-claims person or volunteer to take care of running for food, drinks and water supplies.
- Meet daily with your staff to discuss issues of the day, challenges, problems, needs and critique what you are doing and what can be done better to respond.

### **Make contact with your Employees**

Communication is always a challenge in the aftermath of disaster. Remember, where there's a will...there's a way. If there was ever a time that your leadership was needed, it is in the face of a disaster. In addition to accessing your physical office situation and creating a temporary office setting, you could be faced with assisting personnel who are homeless or displaced. You will want to assist them in their needs so they can help you fulfill your promise to your clients, which is to be there for them when they need you the most.

- Hopefully you had a phone tree set up prior to the event. If you didn't, assign the task of making contact with each of your employees to non-claims employees.
- This person or persons will assess employee situations & needs and determine who can report for duty. You will need all the help you can get, so everyone is encouraged to report in as soon as possible.
- Fuel supplies could be limited. Arrange for service from a local source for your employees. If fuel is scarce, there will be a fear of driving to and from work. Employees will need a fuel source for their personal needs as well, such as generators.

### **The Claims Process at Base Camp**

With limited office supplies and a staff and client base that are generally still in shock over the event, you will need to assign a person to the claims taking procedure process to make sure this is running smoothly. Someone that will be responsible for staff questions, implementing new procedures or to handle VIP's and/or upset clients. You will be busy working on global agency issues.

### **Supplies Needed for Claims Process**

We recommend you have this stuff boxed up and at an alternative location away from the office in the hopes that you can just pull out the emergency supply box from the safe location and start using this in your temporary office.

- You will need two (2) drop file boxes with alpha separators A-Z.
- ACORD loss notices
- 8 ½ x 11 lined note pads
- Black and red permanent markers (you will use these for various tasks)
- Pens
- Staplers and staples
- Cell phones (Chances are that your employees will gladly use their own cell phones if you offer to reimburse them for the calls)
- Onion skin and carbon paper for copies; you may not have electricity to use the copier and there may not be one available for many miles / months, as in Hurricane Andrew.
- Masking and duct tape
- Paper clips

### **Phase 1 Taking Initial Claims & Documentation Procedures:**

- The tendency of the staff will be to write on any piece of paper they can, be it small or smaller (no kidding) or to make a running list of clients and multiple client notes on one page. Pertinent information will get lost and documentation for E&O purposes will be non-existent. The notes will become confusing and difficult to refer back to when you need it most. There will be a lot of confusion during this initial reporting phase.
- In the absence of a good supply of ACORD loss notices, every employee handling claims should have an 8 1/2 x 11 notebook pad.
- One piece of paper should be used to document the named insured, date and conversation.
- Write the named insured in large print on the top of the page, last name first or name of the business. Trust me, this client will be back and you will want to remember their last visit and the action taken. Make sure you get emergency contact information from this client and perhaps an out of area contact person that can reach them.

- If the client has any policy information at all, write it down. Lines of business, name of carrier, policy number if known, effective dates and if they know their limits. During Katrina recovery, the state wind pool required this information due to a problem with their system and not being able to verify coverage limits or policyholders.
- A sample note taking form can be found in the appendix. If you have someone that can leave the affected area and have copies printed, do so.

### **The Claims Process - Organizing Paper & Tasks:**

Because communication can be scarce, you will want to make the most of your call time. In other words, it is better to report ten claims to one carrier in one shot than to try to make ten calls out that day. Once you get through to the carrier, give them your name, the number you are calling from and let them know your situation is difficult. Instruct the carrier to call you back if you should get disconnected. You will get disconnected. You will find that certain times of the day you will or will not be able to gain cell service as all circuits will be busy.

- Create stacks by carrier for claims that need to be called in that day. One employee can call carrier A and another carrier B and so on.
- Ask the carrier for a confirmation number, reference number or claim number and find out who the adjusting firm is going to be.
- Get the name of the adjusting firm and telephone number. Document this on the client data sheet.
- Of course, some clients will want you to report their claim on the spot. If you can do this, do it, but it makes more sense to group your tasks. There will be times when you have several clients waiting to be seen and other times where time will permit you to make the call immediately.
- Once everything has been documented and you give an update to the client, drop the client data sheet in the appropriate alpha slot. That's the first place you will look when the client comes back.
- If you have to wait on the carrier to provide any information on a particular claim, keep the client data sheet in the reporting stack for follow up or create a follow up stack for that particular carrier.
- When the client comes back or calls a day or two later, you can easily find their client data sheet and provide them with an update or document the next task/request.

### **Phase 2 of the Claims Process – Adjusters & Adjusting firms**

The claims process becomes more interesting and challenging once an adjuster has been assigned. The adjusters could be staff adjusters from the carrier or they could be from an adjusting firm. One carrier could be using several adjusting firms.

- Create a log in a spiral notebook of adjuster's names and cell numbers. Write their last name first on the list, then first name, telephone number and adjusting firm. It will not be in alpha order but you will be able to find them on the master log in one place. This is an important step as you will be calling the same adjuster multiple times on various accounts and you are going to want his number where you can quickly get to it.

Adjusters are your friends. Give them as much information as you can and offer to assist them if they need it. Invite them to stop by your temporary office site.

# APPENDIX

## PREPARING FOR A DISASTER: A NECESSITY/AN OPPORTUNITY

### A REPORT ON HURRICANE HUGO

PRESENTED BY  
ROBERT C. HEFFRON, JR., CPCU  
FAIA CONVENTION – JUNE 22, 1991  
INTRODUCTION

This morning I would like to give you a personal perspective of what it was like to go through a disaster. At the end, I'd like to leave you with two themes. One is the absolute, positive necessity of preparing in advance; of anticipating what could possibly happen, and being ready for it. The second theme is the opportunity it creates; both the preparation, and should you be unfortunate enough to experience a major hurricane, how that can indeed become an opportunity. It is appropriate to say by way of overview that disaster preparedness can obviously apply to anything. It doesn't have to apply to hurricanes. I was on a panel with an agent who had had a major fire, and I learned how he used his disaster plan to respond to that fire. The fire could be to your own office building, as it was in his case, or it could be a major fire in your community. You can use a disaster plan for any catastrophe.

First of all, I'm going to give you an overview of the agency, and give you a feel of how our agency compares to yours. Then I'll give you a little about Hugo, and talk about the storm itself and how it relates to other storms. We'll do that very briefly. Next I'll give you a personal overview. That is a question which frequently comes up as I make presentations about Hugo. It came up at your own Planning Session last August; people seem to want to know what happened to me; how I came through it. I'll try to give you a feel for that, and what disaster preparedness is all about from that perspective as well. Then we'll spend the majority of the time today on these last items: the impact on the agency itself; how the agency's catastrophe plan worked; what we did right; and the opportunities we had to do things better. Clearly, everything was not perfect. We had a chance to do a number of things differently than we did; in fact, we've made some changes in that plan, and we'll talk about that this morning, also.

#### THE AGENCY

**Heffron, Ingle, McDowell and Cooper**, located in Charleston, South Carolina, has approximately \$36,000,000 in premium volume, with \$5,500,000 in revenue. We employ 76 employees, have a little over 11,000 accounts, with 78% commercial and 22% personal. The agency was founded in 1955, mainly as a personal lines agency. We began the conversion to commercial in 1970, and we obviously today are predominately a commercial agency, although we do have a substantial number of personal lines accounts. And that does impact the way we prepared for, and responded to, Hurricane Hugo. We have two offices. Our principal office is in Charleston, with a satellite office in Florence, South Carolina, with slightly under \$300,000 in revenues. It is mainly a sales office. All the paper work, support work, computer work, and so forth is done in what we call our "home office" facility in Charleston.

## THE STORM

**Personally speaking.** Hurricane Hugo hit Charleston on September 21, 1989, just before midnight. The Good Lord couldn't have done a better job directing a hurricane to a city than he did in this instance. Hugo was 250 miles wide. The average hurricane has a five mile eye. Hugo had a 25 mile wide eye, gusts up to 185 miles an hour and sustained winds of 136 miles an hour. Tides at the highest point were 19.8 feet above normal tide levels. That is the highest tide recorded anywhere in the continental United States in the last century. The damage that Hurricane Hugo did . . . well, prior to Hugo the worst damage done by a hurricane, measured in terms of insured losses, was Hurricane Frederick. It did \$725,000,000 worth of damage. That's insured losses from Frederick in 1979. Incidentally, the last year of each decade has become a nervous time for me. In 1969 was Camille; 1979 was Frederick; 1989 was Hugo; in 1999 I'm retiring! Anyway, Frederick was indeed the worst prior to that . . . \$725,000,000 of insured damage. Hurricane Hugo, by comparison, did \$3,984,000,000 worth of insured losses. That's three billion! In addition to that, a billion dollars worth of damage was done to the forests and timber industry. Hugo, from the time it hit land until the time it was no longer defined as a hurricane, had covered 12.5 million acres of timber land, destroying 36% of that timber in its wake. That's enough timber to build 660,000 homes. Total damage from Hugo was projected at \$6 billion; almost \$4 billion of it insured. In our immediate and particular area, 27,000 homes were totally destroyed, 70,000 people were left homeless and 271,000 people were left unemployed. These figures include the Caribbean as well as the U.S., and include all damage from Hugo from the 19th of September to the 22nd of September, when it was no longer defined as a hurricane. We'll talk about the impact of unemployment when we get to the end of this, when we talk about the on-going impact of what a storm really means, and how it impacts your business. Not just surviving the storm, but surviving the aftermath.

**What did it do to our agency?** What was its impact on our organization? Prior to Hugo, our agency averaged 300 claims a month, including Workers Compensation. We had 8,238 claims from Hugo. That's 8,238. I know that number well. Here are a couple of measurements as to what that can mean to you. Telephones: our agency has 16 incoming lines, and before Hugo we averaged 770 telephone calls a day, with three minutes for busy time. After Hugo, we averaged 2,400 calls a day, with 5.5 hours of busy time. From 770 calls to 2,400 calls- from three minutes of busy time to 5.5 hours of busy time. Ten weeks after Hugo, we were averaging 1,320 calls a day with four hours of busy time.

**People.** We'll talk about people a fair amount today. Of the 76 people we employed, 22 of them showed up the day after Hugo. Thirty nine were there on the following day, which was a Sunday. The storm had hit on Friday. All but three were there on Monday morning. We had no electricity for four days and no computers for eleven days. Our building was not destroyed. We're in a five story building, on the fourth and fifth floors. It was not destroyed, but one corner of the roof was peeled back, and we worked for the first two and a half days in two inches of water. The water came in on the concrete floor, and sat there. The carpet is laid right on the concrete floor, so we had about two inches of water above the carpet level. And we functioned in that environment following the storm, until we had the opportunity to clean it up. We lost eight windows in the building. We did not lose a single piece of equipment. Not a single piece of computer equipment was damaged or hurt. No copiers were damaged; no fax machines were damaged. We

lost two files that our former sales manager had left on his desk. We did not lose a single file in the entire office.

**The impact on those 76 people.** I lost six of them because of Hugo. I had two with nervous breakdowns; I had four people leave, and they literally left in tears on the spur of the moment. I don't mean all four left at one time! They actually left over a period of about two and a half months. The point being that there is only so much trouble, disaster, crisis, crying and weeping you can listen to at one time before it gets to you. And I had one employee who simply hung up the phone after about three and a half weeks of this, came up to me and said, "I'm sorry. I feel terrible about it, but I just can't handle it any more. I'm leaving." And I've not heard from her since. She just couldn't manage it.

**Time spent dealing with Hugo.** We worked seven days a week, curfew to curfew, for the first 20 days. We then went on alternating weekends, where we gave some people every other weekend off, continuing to work seven days a week, ten hours a day, for four additional weeks. We then went to five days a week, nine hours a day. We did nothing...anything...but handle Hugo-related claims for five months. After the fifth month, we began to try to return to what would be considered normal, could be considered a routine. Sixteen months after the storm, we finally began to return to what could be considered normal. Sixteen months following the storm. I have two producers who, 21 months after the storm, are now just beginning to remember what it's like to prospect. The impact on your people personally, the impact on the business they deal with, having to deal with the trauma, the problems in the sense of crisis, is literally overwhelming. And it takes an enormous amount of time for them to bounce back.

On a personal level, my wife was in Seattle, having gone to a business meeting there. She called me on the 18th and said, "Obviously a storm is coming, I ought to come home." I said, "Don't be ridiculous, storms don't hit Charleston, they hit Florida." She called me on the 19<sup>th</sup> and said, "I'm coming, I said, "Look, give it until tonight, and if it looks like it's really coming, sure, come on home." She called me at roughly 7:20 the night of the 19th and said, "All the planes are grounded, none of them are coming into Charleston. I'm going to fly to Atlanta. " I said, "Don't do that, give it another day." I talked to my wife next at 3:00 on the 22nd, and I have to tell you, she had a worse time than we did, because she sat in her hotel, with a three-hour time difference, listening to CNN and hearing things like, "Charleston has been blown off the face of the map." There were no communications, no television, no radio out of Charleston. The first communication, and only communication we had for a while, was from Jacksonville, Florida, where we picked up a radio station. We had people in the greater Charleston area, at the request of the Jacksonville radio station, calling Jacksonville on an 800 number to tell them what was going on, so they could report it back to Charleston.

My two sons and I decided to ride the storm out. We live in a house in the historic section of Charleston, built in 1785. It has three-and-a-half-foot brick walls and the original slate roof, and had been through a lot of hurricanes. Certainly it was not going to blow away, and we decided to ride it out. Shortly after the storm, when asked if I would do that again, my answer was, without a second thought, absolutely, positively not. Stupidest thing I ever did in my life. Twenty-one months later, I don't know if that's true. I think I may do it again, because we were able to save a lot by being there. We did lose the two-hundred-year-old roof. Hugo took it with him. We had an enormous amount of water damage in the interior of the house, although we were able to control the major

flows of it because of the way the water came in. We moved back into our house last February 19, 17 months after the storm.

We also have a family beach house on Sullivan's Island, which was built in the 1930s by my great grandfather. My brother, by boat, three days after the storm, went to the island to check on the house. The house wasn't there. It was gone. Nothing was left but the lot. We found two things from the house. One was an ink drawing of the house that had hung over the mantle piece. It floated back, and was located next to the bridge, in the marsh, substantiating the fact that the entire island had been covered in water, from ocean to river. And the house had a name plate on it. Back in those days, the 1930s, it was customary to name your home on the island, and my great-grandfather had named this home "Waveland." And the waves took it away. But we found the sign, nine blocks back off the beach, under someone's house. Other than that, it was gone. This beach house actually was rebuilt back faster than the house in town got repaired. It became a passion of my father's to put it back, and we found it was easier to build a house from scratch than it was to repair one. But nonetheless, we came through it. We survived, and it's great to be home again. But it is an experience I choose not to reflect on too often.

I would make this observation to you. We are located in the historic portion, on a peninsula, which means there is water on three sides of us. I walked out of my front door, during the eye of the storm, and the Atlantic Ocean was 40 yards from my front door. I knew it was coming through, and immediately went back inside and began to move all the furniture that was left up to the second floor. We had moved a lot of stuff... important stuff. My wife's final comment to me was, "I don't care what you save as long as you save the scrapbooks." We already moved everything off the first floor to the second floor, then went up to the third floor to my elder son's bedroom, which is where most of the water was coming through, and sat down on the corner of the bed and waited for the storm to come and start again. And that was the first time I think I really got scared, because when the storm started, we literally could feel the house vibrating. Reflecting back on it, the picture I would leave you with is that, at that point, I felt like Woody Allen who said, "There's only one thing I regret in my life, and that is I'm not someone else. "

### **THE CATASTROPHE PLAN**

OK. So much for the overview. Let's get down to the work itself. Catastrophe plans are absolutely, positively, a necessity. We had a plan. It worked. Not flawlessly, but overall it worked. There was no chaos, no sense of crisis within our organization. We responded according to plan. We did what should have been done. The people who had responsibilities delivered. The plan indeed came together. The key components include, in my opinion, developing a written procedure. You need to put on paper what you're going to do and when you're going to do it. You need to talk about how you're going to report claims. You need to talk about prioritizing claims. You need to talk about communicating specifically with your insureds, and how you're going to do it. And communicating with companies, and how you're going to handle that. You need to establish a claims tracking system. Your clients want to know what the status of their claim is. Are you going to be able to tell them that? Does your plan call for that? Create a timetable. What do you do 48 hours before the storm? What do you do 24 hours after the storm hits. You need to assign responsibilities. You need to understand who has what management or supervision tasks. You need to have a backup. If it doesn't work, what are you going to do instead? You absolutely need to have a plan, and it needs to

be on paper. You need to organize yourself into **catastrophe teams**. Our plan called for a group of teams. One was a phone response team. These people had the job to be on the phone, answering the phone. I'll talk more about the phone system in a minute. When you live in today's world of computers and electronics, your phones tend to be electronic. And though most phone wires today are underground and a lot is done by satellite, your phones don't work if you don't have electricity. What do you do about that? However, team-wise, you need people to handle the incoming phone calls. You also need someone to act as receptionist for clients who come in personally. When phones don't work, clients immediately have an urgent need to see their insurance agent. They're going to come to your front door. In our case, they came by the hundreds. Within the first days after the storm, we had a team of people to receive them, take them to particular designated areas, and then handle their problems and concerns. We had people responsible for processing. We'll talk about that in a little bit, how we processed it, got it out the door. We had another team to function as couriers and to handle the filing. They pulled the files and made sure they were put back. They also acted as couriers, moving things both around the office and around the city. The management team coordinated who was going to do what. The education team monitored what was being learned from this process, and communicated it back to the team that was handling it day to day.

It is important to **assign responsibilities**, and identify backups. You need to make sure everybody knows what they are going to do, and that you've got a backup for it. For example, one person needs to take the position of what the agency is going to do. Rumors will fly like mad. We actually had one person in our office designated to handle weather reports. Any word on what was happening with the storm was to be communicated by this person. If you heard a report from any other source, it was probably a rumor. For example, there was a "report" that Hugo was coming with a 30 foot wall of water preceding it. So our employees knew if our weather person didn't say it or couldn't verify it, it wasn't true. And this person's job, prior to the storm, was to track that storm, know exactly what was happening, keep in touch with the weather station, and keep the agency informed as to what was going on. Also, you need to have backup. In one case, we got a telephone call on the Thursday morning of the storm, and this employee said, "Bob, good morning, this is Tammy. I won't be coming in today. I'm in Missouri. Jerry and I decided last night that we just couldn't handle a storm, so we flew home." She had a task on our team. Who was the backup when Tammy wasn't there? How were we going to handle it?

You need to develop emergency communication procedures. Who is going to talk to whom? Who is going to touch base with whom? Who was Tammy going to call, if she hadn't gone home to Missouri, and her home was severely damaged, and she couldn't come in? Whom was she going to talk to? How were we going to coordinate, and know who was going to come to work and who wasn't? How were we going to know who was in town and who wasn't? You need to develop, and put on paper, a phone tree on who is going to call whom, and who the backup is, in the event communications break down.

As a part of this plan, you need to **assemble supplies and equipment**. You need to decide in advance what you need. You need ACORD claim forms. Do you have a supply of them? Are they set aside and dedicated as a part of your catastrophe supply? Flashlights, pens, Scotch tape, and file folders. There were a number of other things we didn't supply that I'll talk about when we get to the weak points at the end. But overall, we did well with identifying a source of supplies, both on the premises and a backup

source off the premises. If we'd lost the office building, we would have lost the supplies. We had a backup set, behind the original set.

Develop an **emergency information package**. This information package consists of several pieces, but is mainly an education piece for your staff. It tells them what to do, how to handle their tasks, what the key pitfalls are, how to answer questions, understanding coverage issues that are going to be the major areas of dispute or concern. It gives them the names of the insurance companies, the principal contacts and telephone numbers. It also gives them the 86 names of local contractors we recommend as a referral. That's a mistake we made this time that we won't make next time. It had been a policy of our organization—forever—not to recommend local contractors to clients. We've always held the premise that we don't want to recommend the ABC Contracting Company, who then does a lousy job, and the client blames us. We took the very strong position, prior to Hugo, which we would not recommend local contractors. We have changed that. We absolutely now will recommend contractors who we feel are reputable to our clients, because so many of them got ripped off. Dozens and dozens and dozens of people came to Charleston after the storm, putting themselves forth as contractors, to help clear away fallen trees, put a roof back on, and do repair work. The horror stories are beyond description. An elderly couple who had nine trees in their yard paid \$10,000 to have them removed. A local advertising public relations executive lost the major part of his home and had it rebuilt by an out-of-town contractor who was the low bidder who then left town with the house two-thirds completed. The homeowner found out from the follow-up contractor that he had constructed the home not in compliance to code. All the work he had done had to be torn down. The wiring in the walls was not in conduit. The plumbing went nowhere. The insurance company didn't pay the bill twice. So we will do that differently next time. That's a part of our emergency communications package. We put it in the hands of the people handling the telephone, and the people talking to clients when they come in the office. These people have a packet of information.

Another part of the packet of information is a series of "white papers." These papers talk coverage. For example, what is the difference between the Travelers's BOP and the Continental's BOX policy? Between the Hartford's policy and the St. Paul's policy? What is the difference between a Homeowners policy and a Continental PCP policy? What is the difference between the types of Business Income coverage? These are issues you're going to have to deal with, and we're going to talk more about coverage in just a second, and focus on some of those key ones. But putting together that series of "white papers" we found enormously helpful as an education tool during the time of crisis.

Develop a **media information kit**. There are two pieces to this kit. The first is information you want to communicate to your clients by way of the media. Newspaper ads should say, "This is what you should do ... we're here to help you...don't panic...do ABCD. " These are prewritten, pre-developed ads that are a part of this kit, that are delivered to the newspapers and radio stations prior to a pending storm, with the decision to run them in the event the storm hits. Another part of the first piece to this kit is public relations, or public information; not communicating strictly to our client, but communicating to insureds as a whole. Coverage issues. Ads that deal specifically with how to deal with insurance companies; typical exclusions in your policy and things that may be covered. These are generic in nature, and are public relations pieces more than directed strictly at our insureds.

The second piece of this kit is offering us to the local media as insurance experts. We did not do that well prior to Hurricane Hugo, and we'll talk about that as a weak point in a little bit. But that second piece is putting ourselves forth to the local media, television, newspapers and radio as, "If you want to know if something's covered, if you want to know what to deal with from an insurance point of view, call us."

Part of your plan needs to anticipate cash flow. I have to tell you, it's an interesting experience when you're hit by a major storm and all your insureds stop paying their bills. Even those who have money suddenly have an impulse that says, "I've got to hold on to everything I've got, because I don't know what's going to happen. Is my business going to survive? When I open my doors, are people going to buy refrigerators again? Does anybody need a new car? Does anybody want to buy a new set of clothes? My business may not survive so I better not pay any of my bills."

What are you going to do about that? How are you going to deal with the insurance companies? What's your payment structure going to be like in dealing with them? We'll talk about that in terms of what we did right and wrong in a moment.

And finally, as a part of your overall plan, you need to hold a "fire drill." When you put it all together, you need to practice. You need to announce one Friday, "Ladies and gentlemen, we've got a storm coming, and we're going to implement our response to that storm." Then see what happens. You need to do that. You need to know what you're going to do, and get the bugs out of the system, because you may find something's changed since you put the plan on paper, and going through that "fire drill" periodically is a good idea.

### **48 HOURS BEFORE THE STORM**

So much for the planning. What happens now that the plan is on paper and the storm is coming? There's a section of our plan called, "**48 Hours and Counting.**" The storm's coming. We think it's going to hit Florida, but somebody thinks it may hit Charleston. What are we going to do? How are we going to get ready? We're going to do the following things 48 hours before the storm is pending to hit. We're going to review our responsibilities and team structure. We'll make sure the employees are still there. Is someone out sick? Is someone on maternity leave? Has someone gotten on a plane and gone to Missouri? How do those responsibilities work? How is the team put together? Is everything as it was when we last put it on paper?

We need to review the communications procedure. We need to make sure that everybody who needs to be there is there; that everything is in its place, and that everybody understands their responsibilities. We're going to hold a general staff meeting and bring everybody together at one time. Explain what we're going to do, what the probability is that the storm's going to hit, here's what's going to happen if the storm does hit. We'll take a look at it at that time. Is it a Hugo, or is it a David? Do we need to talk about evacuation plans? Do we need to talk about closing the front door? How bad is it going to be? How are we going to deal with it? We need to identify alternative office space. Our plan says that 48 hours before, we have a team of people responsible for locating vacant office space in the greater Charleston area. In the event that ours is damaged, their job the first day after the storm is to identify whether one of those spaces survived, and nail it down as space for us to work out of. That's part of what we do 48 hours before.

We need to **back up computer data**. We do that on a regular basis, sure. But this time we're going to do a full file save, a complete backup, and put that backup in the trunk of our data processing manager's car and send her out of town. She's gone, with everything on our computer in her vehicle.

We're going to run **computer loss notices**. This is something I've changed my mind about three times since the storm. We did not run loss notices before the storm. After the storm, I thought to myself, "You know, that was really dumb." We've got all this high-tech computer equipment. Everything is in the computer. We're on-line in a big way. And typically, on an average day, if we have a claim, the claimant calls in, talks to a claims service representative who pulls the information up on the screen, and while they're on the phone, she plugs in all the claims data, and when she hangs up the phone, she prints out a claims notice. Because all the stuff is in the computer, right? It's wonderful. We spent thousands and thousands of dollars for this wonderful system. Why in goodness' name, when we knew the storm was coming, didn't we print out all these notices in advance? Well, I was quick to learn, after having made that brilliant statement, that when you have 11,000-plus insureds, some who have property policies, some who have flood policies, some who have separate windstorm policies, if you're going to print all those out, you're going to have to print somewhere in the neighborhood of 16,000 claims notices. Are you going to stock that many supplies? Do you know how many multiple form, continuous computer run ACORD forms it takes to add up to 16,000? You could fill a room full of forms! That obviously didn't make any sense. What we do now, though, if it looks like the storm is going to hit, is segregate accounts by zip code and print out windstorm and flood loss notices for beach front property. So we at least have that much of it on paper, and are ready to deal with it.

Also, 48 hours before, we **establish contact with insurance companies** and confirm procedures and personnel. Who's coming to town, who are we going to deal with, where are they going to be, what are their plans?

We also hold **procedure coverage workshops**. We break up after the staff meeting into individual teams and talk about procedures within that team. Coverage issues, what's going to concern people, what's going to be covered, what's not going to be covered. and then, as a part of our 48-hour procedure, we contact the news media. We deliver the advertising material with instructions to sit on it until we contact them after the storm. We also hand out a packet that says if you need somebody to talk to, if you want somebody to talk about insurance, call us.

## 24 HOURS BEFORE THE STORM

**Twenty-four hours and holding.** The storm is still coming. The probability is now it may hit Georgia; Florida is free. Then again, maybe it's going to hit us. At this point we identify our evacuation requirements and the impact on our agency. Do we need to leave town? Are people going to go to Missouri, or are they simply going over to Columbia or Atlanta? How far away are they going to be and when can they come back? Then we review those responsibilities and determine who is going to be there. Do we have holes in our team? Are key people not going to be available after the storm? Will everybody have to leave? We review our communications procedures one more time. We then **install our backup phone system**. If it looks like the storm is going to hit, we disconnect our phone system and put in our backup system. I mentioned to you that we had an electronic phone system, computerized, all that business. If the electricity goes

out the phone is dead. The phone works, but it doesn't ring. You can't function with it, because it's electronic. Our telephone consultant purchased for us a number of old-fashioned, black rotary telephones. He came in 24 hours before the storm, disconnected our electronic system, set up six telephone lines, four in-coming and two out-going, and after the storm we used these old rotary telephones because the telephone lines worked. They were underground and weren't damaged. We had no power, but we had telephones. So with that system, we were able to receive telephone calls literally the day after the storm. We could not have done that until the power came back up, had we not made that provision. Before the storm, we **relocated the equipment, the files, and secured the office.**

The reason we didn't lose any files is because we put them all away in file cabinets, and closed the file cabinets. We packed them tight in the file cabinets, so if they had gotten wet, they would not have been damaged because of it. We disconnected all the computer terminals and moved them to the central core of the building, away from windows. We closed and locked doors. We moved all the copiers and all the fax machines. Everything went to a central core in a room with no windows and not the top floor of the building, so that if we lost the roof, we would have one more layer of protection. So that's a part of what we do 24 hours before the storm.

### AFTER THE STORM

**Day One – the storm has hit.** Hugo decided South Carolina was where it wanted to land. So what are we going to do? That first day after the storm – you clearly need to deal with that in your plan. You need to know who's going to do what and how you're going to respond. There are three key components to Day One. The first is to survey, then communicate, then implement.

Specifically, you need to **survey the impact** of the disaster on your community as a whole. How has your community been hurt? Has it indeed, as the London Financial Times said, "Gone with the wind"? Or, as CNN said, "No longer on the face of the earth"? In reality, we did not lose a single historic structure. Many of them were severely damaged, but we didn't lose a single one. We had three deaths directly related to the storm. One during the storm, when a local insurance adjuster decided to move his boat up the river and ride the storm out on his boat. Two people died right after the storm, in storm related accidents. The total number of deaths in the Virgin Islands and inland from the storm was 29. Twenty nine deaths is a very, very small number. The last storm that had tides in excess of 18 feet killed 2,200 people. We need to know the extent of the damage following the storm. Is it a disaster beyond proportion, or is it just property losses? We need to look at the office facilities. We have people who live within walking distance of our office. Their job was to go look at the office, and find out what it's like. Did it blow away? Is it damaged? Can we work from there? Is everything alright? Then we need to check on supplies and equipment. Do we have everything we need? What has been lost or damaged?

We also communicate with staff. Put the phone tree in gear and call people. How did you do? Did you come through it alright? Is everybody fine? Anybody been hurt? **Survey the teams** and the impact of the disaster. Did we lose some people because of the storm? Do they have to deal with their own personal crises first? Are they going to be able to help and work? We **review our news media decision.** Do we publish the ads, or if the storm wasn't that bad, don't do it? We implement the team response. Get people to

work. Get people in their teams, going to work, answering the phones, greeting people when they come through the door. We **communicate with insurance companies**, and find out what their decisions are. Are they going to respond in the way they told us before the storm, and are they going to follow through in that fashion? We **hold problem identification procedure review meetings**. This is a management issue on Day One. The management team comes together, looks at the problems, looks at whether the plan is responding to the problems, and whether we've got to deal with backup issues, and make those management decisions. It's an important part of your procedure. You want to make sure you know what you're going to do, and people aren't floundering, walking around in circles, trying to figure out what should happen next. Next we **hold coverage review workshops**. This is the education group. They've identified the biggest problem as no flood on contents. On Day One, with all the losses we're looking at, a lot of contents are not insured. How are we going to deal with that? That should be dealt with as early as practically possible.

### THINGS DONE RIGHT

What did we do right? **Our personnel were magnificent!** I've got to tell you that I could not have asked more of the people who were part of our organization. We had 22 people there the day after the storm. Thirty nine people out of 76 were there on the Sunday after the storm. They felt the need to be a part of solving a major problem, and left their personal concerns and problems behind and came to work. They absolutely did a wonderful job. I cannot say enough about what they did. I'm going to say that they did too much, in a little bit when we talk about weak points, to the benefit of the agency but to the detriment of their own personal well-being. But they were magnificent, and they delivered. **The team structure worked well.** The way we had it put together, the responsibilities of dealing with clients in person and on the phone, worked well. The courier services worked well. The response was well-organized. People didn't wander around wondering what to do, or how to help, or what they should do next. They knew what they were supposed to do, and they did it. That worked well. The phone system I referenced worked well. If we hadn't had that manual phone system, we would have had no ability to communicate for four days. We were able to do that by virtue of the alternate phone system. **Supplies and equipment** worked generally well. We had sufficient supplies, and the right types of supplies, with a few weak points I'll get to in a minute, but overall the supplies and equipment issue went well.

**Communication with key clients.** We made the commitment before the storm that we would contact every one of our key clients within 48 hours. We would make every effort to go to them before they came to us. We didn't want our major accounts calling us and saying, "What do I do next?" We wanted to get to them before they thought about calling us. And we did. Within 48 hours, we reached either by telephone or in person, every one of our major clients. And not only did that work well in terms of that relationship, it worked beautifully in terms of public relations. As these people were moving about the community in the weeks and months after the storm, and other people were complaining about the fact that they couldn't get hold of their insurance agent or couldn't talk to an adjuster, our clients were saying, "They came and called me. I never had to even pick up the phone and call them." This was a major advantage, both in terms of managing the process and dealing with the public relations issue.

**Our weekly review meetings worked very well.** We brought everybody together once a week, at the end of the week, and talked about problems, concerns, what was working,

what wasn't working, what we needed to do differently. Everybody was a part of the problem-solving process.

**Managing the claims reporting process worked well.** Prioritizing claims, getting the claims on paper, getting them out of the office and into the insurance companies' hands.

**Documentation** worked well. This applies to the documentation in the file before the loss. We had 8,238 claims. We have not had one E&O claim. Not one. That is not to say we didn't have insureds who didn't have coverage, but the file was documented to the point that he should have known he didn't have coverage. It was offered. He elected not to take it. Unfortunately, we had too many situations like the one that occurred seven days after the storm. A husband and wife and their teenage daughter showed up in our office. The wife was hysterical, the daughter was crying, the father was clearly, clearly angry. They called me in to talk to them. As they called me in, they handed me the file. He said, "I've been insured with you people for over ten years. You've taken care of me, I've counted on you. I've paid my bills on time." (Have you heard this scenario before?) "You're the experts. I can't believe you sold me a flood policy that insured my home, but didn't insure the contents. I've lost everything. Now I'm told I have no coverage. How could you have done this to me? You're responsible!" I opened the file, and in it were four letters which we had written to this gentleman, telling him he didn't have complete flood, recommending that he buy flood coverage for contents and in two cases, giving him the price. I laid the file in front of him and I walked him through the four letters. He turned white, and his wife turned all her anger on him. I'm sorry, I really am, but we did our job. And we did it repeatedly. People didn't have Business Interruption coverage. The file said we offered it, we recommended it, they didn't take it. People didn't have adequate amounts of coverage. The file said they didn't have adequate amounts of coverage. We recommended they buy more, they didn't take it. The documentation was great. It was one of the better things we did. My partner has repeated on numerous occasions when he talks about Hugo, that Hugo was clearly the most intensive "internal audit" ever created! And we passed with flying colors. And obviously that's a very, very good feeling.

Also done right: **the assignment of flood and windstorm claims to one adjuster.** The National Flood Program does not make this provision, and in fact, after we did this, they decided they didn't want that done. And they are still disputing that issue today. As I understand it, their posture is they will have their own adjusters, and they don't want a common adjuster for windstorm and flood. We didn't know they were opposed to that, and we reacted very quickly after the storm and got adjusters who were also flood adjusters to do both. Where we pulled that off, it made a major difference. Where we weren't able to pull it off, it created major problems. I advocate to you that as a part of your planning process and negotiation with your local people, that if you're going to have a hurricane you don't want a National Flood adjuster and a separate windstorm adjuster, be it your own property adjuster or a pool process, fighting each other. So one says, "It's not flood—it's windstorm." The other says, "No, no, it's not windstorm—it's flood." Your client is dead in the middle. Let one guy figure it out and settle the claim.

**Use of draft authority.** We did that very well. Very early on we contacted the companies, 24 hours before the storm, and said because of the storm we'd like draft authority of at least \$2,000, preferably \$5,000, for us to pay claims. This was not only to settle claims, but also to make interim payments. What we ended up with was draft authority from our companies in most every case. And in the best scenario companies

allowed us unlimited draft authority, with telephone approval. So we were able to take the normal draft authority we had, increase it to \$5,000, not have to make it a settlement payment but an interim payment, and with approval by telephone, be an unlimited amount. One company we had, in fact, had us issuing their drafts to 80% of our clients. The adjuster would settle it, determine the amount, get the proof of loss signed, but rather than process the paperwork through some home office process, they'd pick up the phone and call our claims manager and say, "Write a check to John Doe for \$88,246." That worked very, very well, and we are working during our organizational effort right now to see if we can't make that a permanent part of our on-going disaster preparedness effort.

**Claims adjusters in the office.** For Personal Lines, this worked very well. I mentioned to you earlier that we had a large number of Personal Lines clients, most of them with one company. They put adjusters in our office very quickly after the storm. Actually, those first groups of people were volunteers. These were people who worked in Atlanta, which was not the basis for our Personal Lines service center, but people who wanted to help and who had a great relationship with our organization. They had nine volunteers, who got in their cars and came to Charleston, and even claimed it as vacation time, although I understood later that management did not charge it as vacation time. They came to Charleston and worked in our office until they were replaced by regular adjusters, so that people who walked through the door could have something done right away. We didn't have to tell clients that we'd take their name and refer them to an adjuster. This was a tremendous help. If you've got a large book of business with one company in terms of unit count, not volume, but unit count, we advocate your plan calls or them to put an adjuster or adjusters in your office.

**Use of courier service.** We did a very good job with this. We had a team of people who were couriers, and they hand delivered loss notices to companies and hand delivered checks to clients. We didn't want to waste time in the mail. We didn't want to lose time in the beginning. We didn't want to wait for people to come get them. Many companies came by periodically and picked up their claims, but we took the initiative and delivered them. Delivering claims checks had a major benefit. People wanted their money, no matter if it was a partial payment or a final settlement, and they wanted it yesterday! And to lose four-five days in the mail, even after the mail got working again, assuming the guy in his mail truck could get down the road because of all the trees, we still wanted to make sure we did it quickly. We did that well.

We used **voice mail**, but not during normal business hours. During normal business hours a client would react very negatively, in our opinion, to calling up and getting hold of voice mail or a recorder. But after business hours for the first five months, we activated a voice mail system which answered the phone by saying, "Heffron, Ingle, McDowell and Cooper—Hugo disaster response office. Please leave your name, a detailed message of your concern and a telephone number where we can reach you tomorrow." We had a team of people assigned to answer that voice mail the next day. They came in, took the messages off the system and, where they needed to, and made calls to clients attempting to solve the problem. That worked very, very well. The only hitch we had was a young male, we guess nine to eleven years old, and who thought this was a great vehicle to vent his growing hormones and proceeded to use all the filthy language he ever heard and called up 15-20 times a night. But that didn't last too long. Once that was finished, we were OK. It was actually a relief in the beginning. It was fun to listen to this young kid talk to us and tell our claims rep what a gorgeous body she had.

The last thing we did well, and I can't emphasize this to you enough, is a critical part of our planning process. It's something that was not in our plan before Hugo, but something we did in response to the situation and it's now absolutely in our plan. Three weeks after the storm we brought in a team of **psychologists** to talk to our staff; to tell them what they should expect; why they weren't sleeping at night; why their spouses were in the mood they were in; what was going to happen; depression; adrenaline; what kids were expecting; fears; how to deal with small children; children who were concerned they were going to die and kept it all bottled up inside, and what that meant to them. We went through a process of what they call debriefings, where we allowed our people to talk to psychologists, both in groups and one-on-one, to better understand what was happening in their environment.

Four months after the storm, and four months was the time frame we were told to use, we brought in a team of **psychiatrists** from the medical university, and required every one of our employees to go through a seven-week, one-hour a week meeting with this group of psychiatrists. We required everybody to do it for two reasons. One is that dealing with psychiatrists tends to have a stigma, and we were concerned that people who needed to go wouldn't go because they didn't want to be viewed as needing to see a psychiatrist. So we made everybody go; that way, there was no stigma. Everybody went to see the psychiatrists, everybody dealt with the issue. Secondly, there were people who needed to go who didn't know they needed to go. They were still working on their own internal adrenaline. They had psyched themselves up, but they needed this help. They needed the benefit of somebody helping them think through what was happening in their lives, and how they were going to put it back together again; how work and personal life were going to mix; what the future held in store. They needed somebody to help them do that, but wouldn't admit it, or didn't even know it. We feel we helped a lot of people that way. The feedback we got was all confidential. We got no feedback from these psychiatrists on specific people. We got generic feedback in terms of types of problems they uncovered, where they thought they were helping, and how to deal with it better in the future. It's a critical piece of our plan now, and it needs to be a part of your plan, in our opinion.

What we did right: we **maximized the opportunity**. From Day One, we preached to our people that we've got a disaster, we've got a crisis, but more than that, we've got an opportunity. Never have we had a chance to deliver to our clients like we have the chance to deliver today. You have been selling peace of mind, you've been selling knowledge, you've been making promises for years and years, now you have a chance to deliver. Now you have a chance to be as good as you claim you are. Now you have the opportunity to give your client the very best service you possibly can in exchange for what he's been paying you all these years. We viewed it that way, we approached it that way and we absolutely benefitted from that theory. I would advocate to you that a catastrophe is indeed a disaster, but it is an opportunity to do your very, very best.

### THINGS DONE WRONG

But, we didn't do it all right. We clearly made some mistakes. We clearly did some things wrong, things we should do differently next time.

**We pushed our people too hard.** If there's any message I leave with you today, I hope this one sinks in the hardest. We let our people work too hard, and I use the word "let" because we didn't require it. We didn't ask anybody to work seven days a week for three

weeks. They did it because they felt they needed to do it, because they felt they should do it, because they felt it was their job and their responsibility to do it. We shouldn't have let them do it. We didn't get any more done, give any better service, or get any claim paid faster because we worked seven days a week for seven weeks. They needed a break; they needed time with their families; they needed time to unwind; they needed personal and quiet time. They didn't need to deal with problems day in and day out for nine, ten or eleven hours a day for seven days a week. We will not do that next time. They need to deal with their personal lives while they're also giving the quality service they've promised their clients. Clearly it was a mistake and clearly we'll do better.

**Other weak points.** Our use of the media. We did a lousy job with the media. The media would call up and want to ask some questions about the storm, and our answer was, "We don't have time. We've got to deal with our clients, our problems, our concerns here. We'd love to talk to you, but we don't have time." A television station would call up and say, "We're going to do a show tonight on the news, would you come and be interviewed? I'm sorry, I don't have time." There was a concern about going on the radio and maybe not being comfortable with all the coverage issues, and we didn't want to take time to bone up on it before we did it and so we declined. The result was that the people they did put on the air were terrible. Information they disseminated was wrong, absolutely dead wrong and they created huge problems that we spent huge amounts of time trying to undo. One of the biggest problems was the local television station who had an expert on who said, "There is no South Carolina state law that requires your insurance company to put the mortgagee on your claim check." And he repeated it, and repeated it, and repeated it. And a radio station picked it up and repeated it.

In fact, there is no South Carolina state law requiring that, but when you entered into your mortgage, you had a contractual relationship with your mortgagee that their name would be on your claims check. We had people ranting and raving and screaming and bringing checks back to the office and wanting them rewritten. It was unbelievable. We had a local radio station who said, "State Farm is in Charleston, paying for debris removal with no limits. They'll remove all the trees on your lot with no limit. As a matter of fact, if your company isn't doing that, you ought to tell them to do it because State Farm is doing it." Of course, State Farm wasn't doing it. And the stories go on, and on and on.

We've changed that now. **We've put together a kit.** In fact, this coming Wednesday we are meeting to pull that kit together and update it. We will use the start of hurricane season as a reason to get a little public exposure on the local news media and put ourselves forth as experts. We did not do that well with Hugo. Next time we'll do better.

**Supplies.** I mentioned to you that we did well with supplies and we did. But a couple of things we didn't do too well. For example, we had lots of flashlights and lots of batteries in the flashlights, but no backup batteries. When you use flashlights all day long, eleven hours a day for four days, the batteries burn out. There were no backup batteries anywhere in the city. Our supplies now include backup batteries.

**Maps.** Hundreds of adjusters came to town to settle claims and none of them knew where they were going. No insurance companies provided maps. We were able to get our hands on 100 maps relatively quickly within the first ten days, but we could have used 500 maps. We'll talk about that issue in a minute, the issue of adjusters not knowing where they're going. But with those supplies, we could have done a better job.

**ACORD Forms.** We had 8,000 claims, but we only had 2,000 ACORD forms. And who in the world could ever imagine the need to store 8,000 claims forms? Although we didn't have enough claims forms, we're not going to stock that many forms now either. We've put together what we call "corresponding relationships" with other agents who are in disaster areas and we've agreed to support each other. We now each stock 2,000 claims forms on premises, and 2,000 off premises, and in the event we have another disaster that hits any one of us, the others not impacted will send backup supplies to the agency that has been hurt. That way, we don't have to buy and stock all those supplies, and eat up all that space.

**Outside assistance.** We made a mistake there. Lots of people, lots of our fellow agents, called up and said, "We'd like to help. What can we do? Can we come visit? Can we send people? How can we help?" We turned it all down. We worked on the assumption that it would be more trouble to try to manage people who didn't know our system and our procedures, and didn't know what to do, than it would be help. And we turned it all down. That was clearly wrong. Our people could have used the break. To put somebody on the telephone who understood insurance, to just take the telephone calls while our people had a break, would have been a major benefit. We now have, as I've referenced before, a "corresponding relationship" with four other agencies. They will send support people to help, and we in turn will send people to them in the event they're hit and we're not. We will use that outside assistance.

**Backup power source.** We had no backup power source. We were down without power for four days, without computers for eleven days. I wouldn't let them bring the computers back up because the power was still surging back and forth, and I was concerned about damage to the computer. I wouldn't let them do it, and we had no backup power source.

**Client education.** We didn't educate our clients as well as we should have about what to do, what to expect, what's covered, what's not covered, both before and after the storm. We are doing a better job of that now. A mail-out piece that will go out with August bills will say that hurricane season is here, although we normally get it in the fall, and here's what you should do, and here's what you should expect, just in case it happens.

**Acknowledgment procedure.** We did not do a good job of that. After we took the claim, we did not have a procedure in our plan to tell the client we had reported the claim to the company. We did it, but we didn't tell them we did it, and when they didn't hear from an adjuster within six hours, they called back. "What's the story? I haven't heard. Did you do it? Did it get lost? Have they gotten it? What's going on?" We now have an acknowledgment procedure where we will mail postcard acknowledgments telling them their claim has been turned in, and it will be at least 72 hours before they hear from anyone.

**Identify cash flow requirements.** We blew that one. We had nothing in our plan at all to deal with cash flow, on two levels. First of all, the immediate cash flow of individual employees. When there's no electricity, there are no ATM machines. When buildings are damaged, and banks are trying to open up, and there's no security systems and whatever, there are all kinds of problems. We found lots of our staff had no cash. Credit cards didn't do them a whole lot of good, either. For buying just basic supplies in grocery stores, they had no money. Our plan now says we will, 48 hours before the storm, send

our finance people to the bank and get cash, which we'll make available to our people in the event they need it.

The big issue there, though, is cash flow to the agency. I referenced earlier that people do not pay their bills. They stop. They just don't pay them. Companies were very good about this, let me say, in dealing with clients. On direct bill policies, virtually without exception, every company let clients take an additional 45-60 days to pay their direct bills, without canceling the coverage. They did that, which I thought was very appropriate. However, that also meant we didn't get our commissions, because the clients weren't paying their direct bills. Clients were also not paying us directly. Companies, however, were not quite that generous with us. They thought we ought to pay our bills. I mean, after all, we owed them and we should pay them. Sure, there's a line of credit at the bank, and sure you can borrow the money, but if you do, it costs you. So you're paying the companies, but the money's not coming in, and you've got that interest cost. At some point, is that line of credit enough? How do you deal with it? The best solution, in my mind, and the one we worked out with most of our companies, is "We'll pay you when the client pays us." And that works for about 90 days and then it's all over. Their memory gets very short. Policy coverage forms. Companies sent adjusters to town with no information on coverage, and no policy forms to look at. As a part of our supplies, we now stock coverage forms to make available to adjusters when they come to town.

**Policy coverage forms.** Companies sent adjusters to town with no information on coverage, and no policy forms to look at. As a part of our supplies, we now stock coverage forms to make available to adjusters when they come to town.

**Coverage issues.** These are the main coverage issues that came up. They are coverage issues you ought to deal with in terms of preparing your people to understand the questions that are going to come up. Big questions on flood and wind. What's flood? What's wind? What's the definition? What's going to be paid, and what's not? Are fences covered or not covered? Are docks covered or not covered? Food spoilage, both residential and commercial. Supermarkets, restaurants—is there coverage there? Is there not coverage there? Debris removal. What's going to be paid; what's not? Is the flood policy going to pay for it? Is the windstorm policy going to pay for it? Additional living expense. The flood program doesn't pay additional living expense. The windstorm pool doesn't pay additional living expense. Where is the additional living expense coverage? Should they expect it, and should they know in advance they don't have it? Off premises power failure. Down the block, we lose a transmitter because of the storm. Your property's not damaged, but you can't open for business because you have no power. Do you have coverage, or do you not?

**Loss due to governmental ordinance.** When the National Guard comes to town and closes off the street, people can't get to your building. Is it covered, or is it not? People don't come to town anyway, even if your building's not blocked off, because they think the whole town's closed down. Do you have coverage, or do you not?

**Business income for service and professional people.** This is an area I got a major education in as a result of Hugo. We think attorneys, physicians and similar professionals make their money with their brains. And if their building is destroyed, they do not really need Business Interruption coverage because they can still take their brains to the kitchen table and continue to make money. I have to tell you, most of those people

today get a huge amount of income from what's in the memory banks of their word processors. And if their word processors can't work, they don't make money. We didn't have a major coverage issue here, because the coverage was there in most cases, but not necessarily intentionally. We view that differently today. That's part of our educational process, to make sure we know all those professional people have the coverage they need.

**Industry weak points.** Let me preface this by telling you that the industry as a whole responded beautifully. There were glitches, there were problems, certainly. There were things they could have done better, certainly. But as a whole, they truly distinguished themselves. We're going to try and help manage that process better next time, to avoid these particular weak points.

**Initial client contact was poor.** Here's the way it works best in my opinion. The adjuster contacts the insured quickly. He says, "Mr. Jones, obviously, you've had a lot of damage here, obviously it's going to take you time to get a contractor. Everybody in town needs a contractor. You should take the time to get the contractor you want. Here's \$10,000 to cover your immediate expenses. When you get your contractor and appraisals together, give me a call and I'll come back." They didn't do that. What they tried to do in most cases was settle the loss on the spot. Now I don't mean if it was a \$100,000 loss. But if the roof's been damaged and you need it repaired, and that will probably cost so-much a square, and that's so-many dollars and here's the check, or I'll process the check for you. We had follow-up claims and damage that occurred before that. Or, adjusters would come and do all the paperwork and then disappear for a month, because they also had done all the paperwork for seven other people that day, and couldn't process it all because they had no time. The initial contact was not good. I did have the good fortune of having one adjuster contact the chief executives of my three largest accounts. Same man contacted the chief executives of my three largest accounts and did it within the first week. Unfortunately, when he introduced himself to those accounts, he introduced himself the same way every time, and that is, "Hello, Mr. Jones, I'm Santa Claus." That is not funny when you had have most of your personal life destroyed, to have somebody who thinks he's being cute by being Santa Claus and he's going to fix everything for you. You've been paying premiums a lot of years to have things fixed, and you don't need Santa Claus to do it.

**Lack of knowledge.** We had adjusters who were automobile physical damage adjusters from Montana trying to adjust historic homes in Charleston. We had homeowners adjusters from Texas who were used to adjusting claims from tornadoes, where all the homes are of the same type of general construction, and it costs so-much per square foot to have them repaired, coming to Charleston and allowing \$92 a square on a slate roof, when it cost \$690 a square. Major coverage concerns and issues there. Major issues in terms of unique exposure. Lack of knowledge of the area. Adjusters came to town, and they were assigned claims as they came through the door. So an adjuster could have a claim in the historic section this morning, Sullivans' Island this afternoon, back over to the other side of the north area a little later that day, with different types of exposures, different types of coverage, and losing all kinds of time on the road because he didn't know where he was going anyway, because he'd never been to Charleston in his life. A major change that I think is beneficial is to assign claims to adjusters by area, so he can literally walk from place to place, and/or he can deal with docks, or fences, or historic slate roofs, and be consistent. Some of the biggest problems I had were in the resort area where we insure a lot of clients, literally next door to each other, and one

adjuster would call on client “A” and pay for his dock. Then another adjuster would call on client “B” and refuse to pay for the dock. My goodness, they do talk! In fact, the dock shouldn’t have been paid for. That guy was right. The other guy wasn’t going to give the money back. These were major concerns. If one adjuster had handled all of them, it would have worked so much better.

**They pushed their people too hard, too.** Companies pushed their people too hard. We had one company who housed their adjusters in Columbia, brought them by bus every day to Charleston, 110 miles. They worked 8-9 hours a day, then got on the bus for the 110 miles back home again. They were zombies by the end of the second week. They asked them to do too much. They could have done it more intelligently, in my opinion. They could have limited the amount of work they were doing to a particular area. They could have managed the process better, and it could have all worked better.

**Use of draft authority.** It worked well for us. Those companies that wouldn’t give it caused a problem. Checks took forever to get written, advances just didn’t come. The adjuster would agree to, say, a \$2,000 advance, then put the paperwork in maybe three days later, and it takes maybe nine days to get the check issued and through the mail. Whereas if he’d given us draft authority, it could have been done on the spot.

**Status reports.** I had a few companies who had a system in place that would regularly report the status of claims. That which worked best was a company who had it computerized, who three times a week printed out an update of all the claims reported, the date the claim had been received, who the adjuster was and the date the contact had been made. I could go to that report and know where I was when the client called up and said, “What’s the story?” We didn’t have to say “I don’t know, we’ll have to call and find out and call you back.” This gave us the report to go to—it helped a lot.

**Lack of policy forms.** People came to town and didn’t have coverage and policy forms. Use of multiple adjusters. It was, unfortunately, more frequent than not that a client would deal with three to seven adjusters from the time the claim was first reported until it was settled. Three to seven! That was the norm, whereas if the work load had been less, we could have dealt with fewer numbers of people and carried it all the way through. That would have been a better process.

**Use of multiple adjusters.** It was, unfortunately, more frequent than not that a client would deal with three to seven adjusters from the time the claim was first reported until it was settled. Three to seven! That was the norm, whereas if the work load had been less, we could have dealt with fewer numbers of people and carried it all the way through. That would have been a better process.

### LONG-TERM IMPACT

My last piece. When the storm is over and five months have passed, and you start to get back into business again, you need to remember that Hugo isn’t really gone. You’ve got to understand and plan for a major, on-going impact on your individuals. It doesn’t end just because the storm has passed. **People have got to learn to sell again.** We were selling, in the months prior to Hugo —June, July and August— an average of 45 new clients a month. In the month of August, we wrote 71 new clients. In the 90 days following Hugo, we wrote eleven new accounts, seven of which were contractors from out of town. It’s now 21 months after the storm, and I still have two producers who have

forgotten how to prospect. Good people, but they've been dealing with problems and concerns and issues for so long, they're not back into the business of writing new business again. That is a major, major problem, and you need to be aware of it.

**Accepting, managing and communicating the long-term impact** needs to be an integral part of your business. You need to understand it's going to be there, you've got to accept the fact that it's going to be there, you've got to manage it intelligently, and communicate with your people on an on-going basis so everybody understands. Particularly insurance companies. "Bob, it's been six months since the storm and you haven't given us any new business yet." My reply is, "That's right, but I'm not picking on you. I haven't given anybody any new business!" "Bob, it's been nine weeks since the storm, and you haven't entered your September renewals yet." No kidding! Five months after the storm, I still hadn't entered my September renewals.

**Communicate.** Let them know what's happening and how you're dealing with it, and that you're not ignoring it and what you are dealing with and how you intend to get it done. That's very, very important.

## CONCLUSION

I said when we started that I hoped there were two things I would leave with you. First is, it's an opportunity. It's a disaster, but there's also an opportunity in preparing for it by pulling your people together, working as a team, responding to it, selling what it is you promised for so long. It is an opportunity. You need to view it that way, you need to approach it that way, you need to plan for it and deliver when it happens.

Second, there's never a better chance to give a quality product. There's never a better chance to be there when you promised you'd be there. After all, what you sell is a promise to deliver. What you sell is peace of mind. And if you plan for it and if you expect it and if you're ready for it, you can grab that opportunity to deliver what it is you've said you offered all along: the best quality product and best quality service the independent insurance agency system is capable of delivering.

## HURRICANE GLOSSARY

Tropical disturbance	A moving area of thunderstorms that maintains its identity for 24 hours or more.
Tropical wave	A westward-moving trough of low pressure that sometimes produces significant showers along its path and may develop into a tropical depression.
Tropical depression	A disturbance that has developed a rotary circulation at the surface, and a constant wind speed of 38 mph or less.
Tropical storm	Rotary circulation with a constant wind speed ranging from 39 to 73 mph.
Hurricane Pronounced	Rotary circulation, constant wind speed of 74 mph or more.
Small craft warnings	Small craft operators are advised to remain in port and not venture into open sea.
Gail warnings	May be issued when winds of 39 to 54 mph are expected.
Storm warnings	May be issued when winds of 55 to 73 mph are expected. If a hurricane is expected to strike a coastal area, gale or storm warnings usually will not precede hurricane warnings.
Hurricane watch	Issued when there is a threat of hurricane conditions within 24 to 36 hours.

## HURRICANE GLOSSARY, CONT'D

Hurricane warning	Issued when hurricane conditions are expected in 24 hours or less.
Storm surge	An extreme high tide, topped by violent waves, produced by the winds and low pressure associated with a hurricane. Nine out of 10 people who die in hurricanes drown in the storm surge.
Eye	A relatively calm area near the center of the storm, lasting from several minutes to an hour or more, and ending suddenly when winds return from the opposite direction, often with greater force than before.

Source: National Weather Service.

## HOW A STORM'S STRENGTH IS RATED

The Saffir-Simpson scale rates the strength of hurricanes from one to five, in ascending order of severity. That is, a Category One hurricane is weakest; a Category Five hurricane is strongest.

Category 1	Maximum sustained winds of 74 to 95 mph. Damage mainly to shrubs, trees and unanchored mobile homes. No real damage to other structures. Low-lying roads may be inundated.
Category 2	Maximum sustained winds of 96 to 110 mph. Some trees blown down, some damage to roofs, windows and doors. No major damage to buildings, except mobile homes. Most coastal roads under water.
Category 3	Maximum sustained winds of 111 to 130 mph. Large trees blown down, mobile homes destroyed. Some structural damage to small buildings. Windows, roofs and doors damaged. Serious flooding near coast, waves batter coastal structures.
Category 4	Maximum sustained winds of 131 to 155 mph. Roofs blown off many small residences. Heavy damage to roofs, windows and doors. Flooding extends well inland. Major damage to coastal structures from storm surge.
Category 5	Maximum sustained winds greater than 155 mph. Massive damage to windows and doors, roofs blown off many small buildings, some complete building failures. Major damage to lower floors of all oceanfront structures from storm surge. Extensive flooding in low-lying areas.

Source: National Weather Service.

## The History of Naming Hurricanes

For several hundred years, hurricanes in the West Indies were often named after the particular saint's day on which the hurricane occurred. For example "Hurricane San Felipe" struck Puerto Rico on 13 September 1876. Another storm struck Puerto Rico on the same day in 1928, and this storm was named "Hurricane San Felipe the second". Later, latitude-longitude positions were used. However, experience has shown that using distinctive names in communications is quicker and less subject to error than the cumbersome latitude-longitude identification methods.

Using women's names became the practice during World War II, following the use of a woman's name for a storm in the 1941 novel "Storm" by George R. Stewart. In 1951 the United States adopted a confusing plan to name storms by a phonetic alphabet (Able, Baker, Charlie), and in 1953 the nation's weather services returned to using female names. The practice of using female names exclusively ended in 1978 when names from both genders were used to designate storms in the eastern Pacific. A year later, male and female names were included in lists for the Atlantic and Gulf of Mexico. The name lists, which have been agreed upon at international meetings of the World Meteorological Organization, have an international flavor because hurricanes affect other nations and are tracked by the public and weather services of many countries.

The Tropical Prediction Center near Miami, FL keeps a constant watch on oceanic storm-breeding grounds. Once a system with counter-clockwise circulation and wind speeds of 39 mph or greater is identified, the Center gives the storm a name from the list for the current year. The letters Q, U, X, Y, and Z are not included because of the scarcity of names beginning with those letters. Names associated with storms that have caused significant death and/or damage are usually retired from the list.

Source: National Weather Service.

## HURRICANE NAMES

The National Hurricane Center advises the following names will be assigned to hurricanes. Once a name has been given to any storm, the hurricane tracking charts on the following pages will allow you to anticipate its movement. Remember, tropical cyclones are not given names until they reach the storm stage—that is, winds over 39 mph or 34 knots.

### NAMES FOR ATLANTIC STORMS

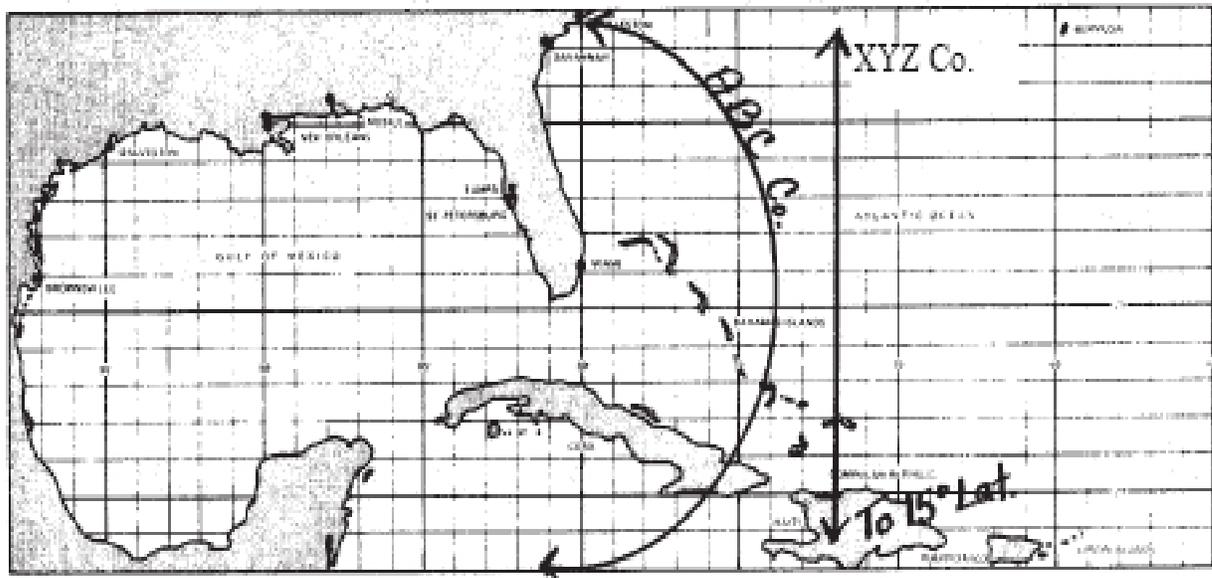
2005	2006	2007	2008	2009
Arlene	Alberto	Andrea	Arthur	Ana
Bret	Beryl	Barry	Bertha	Bill
Cindy	Chris	Chantal	Cristobal	Claudette
Dennis	Debby	Dean	Dolly	Danny
Emily	Ernesto	Erin	Edouard	Erika
Franklin	Florence	Felix	Fay	Fred
Gert	Gordon	Gabrielle	Gustav	Grace
Harvey	Helene	Humberto	Hanna	Henri
Irene	Isaac	Ingrid	Ike	Ida
Jose	Joyce	Jerry	Josephine	Joaquin
Katrina	Kirk	Karen	Kyle	Kate
Lee	Leslie	Lorenzo	Laura	Larry
Maria	Michael	Melissa	Marco	Mindy
Nate	Nadine	Noel	Nana	Nicholas
Ophelia	Oscar	Olga	Omar	Odette
Philippe	Patty	Pablo	Paloma	Peter
Rita	Rafael	Rebekah	Rene	Rose
Stan	Sandy	Sebastien	Sally	Sam
Tammy	Tony	Tanya	Teddy	Teresa
Vince	Valerie	Van	Vicky	Victor
Wilma	William	Wendy	Wilfred	Wanda

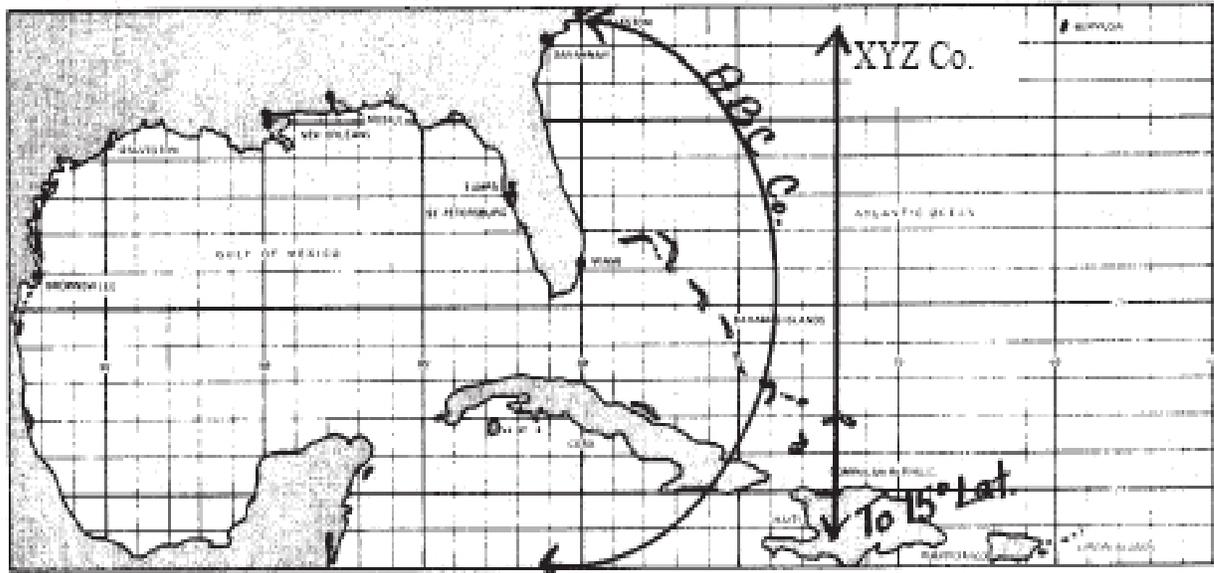
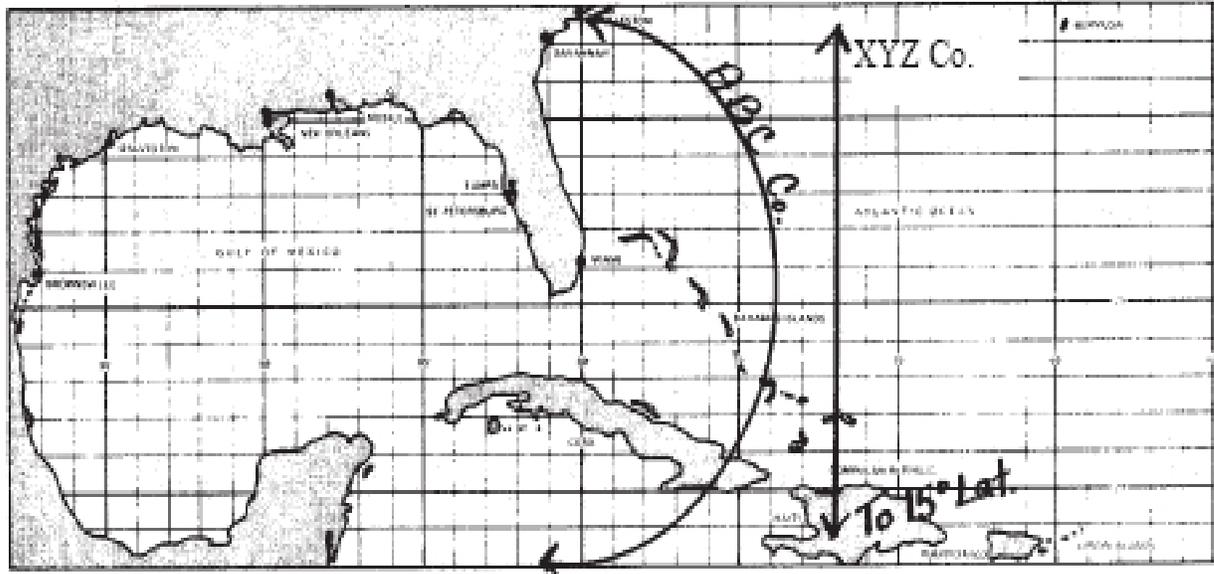
## HOW TO TRACK A HURRICANE

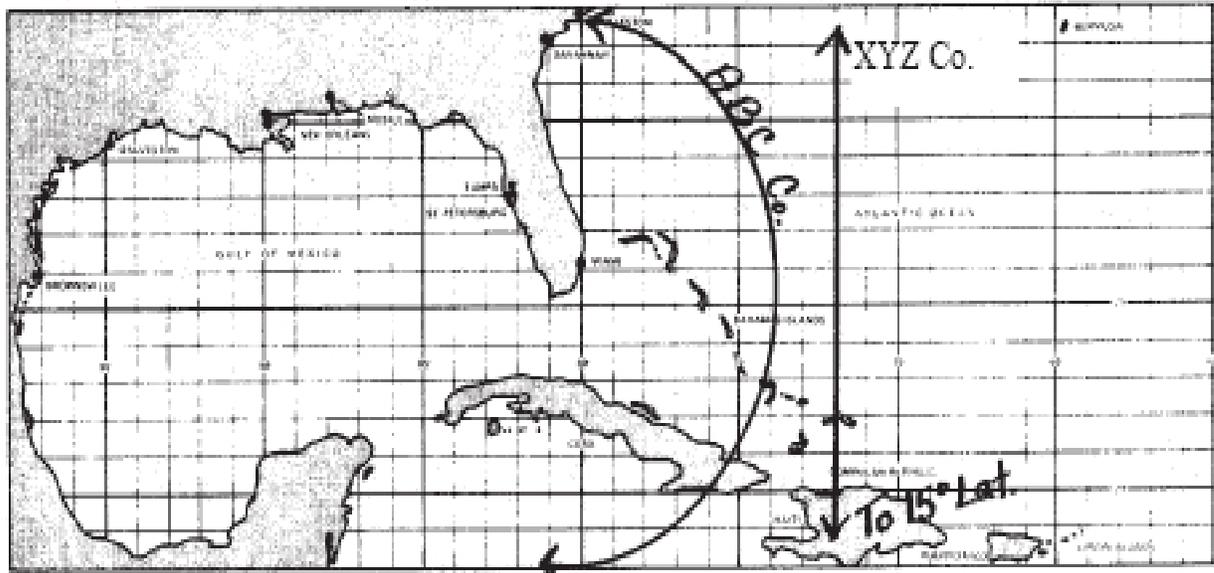
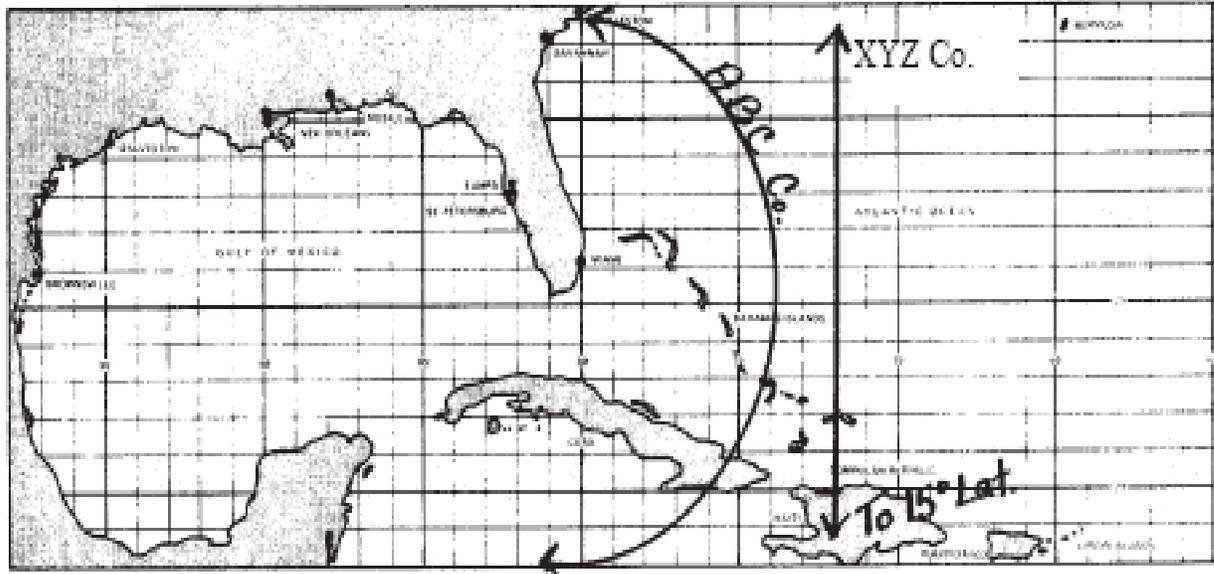
(Visit FAIA's Web site: [www.faiia.com](http://www.faiia.com) for some good hurricane tracking sites)  
Advisories are numbered consecutively for each storm, and describe the present and forecast position and intensity of the storm. Tropical cyclone advisories are issued at six-hour intervals at midnight, 6 a.m., noon, and 6 p.m., Eastern Daylight Time. Bulletins provide additional information. Each message gives the name, eye position, intensity, and forecast movement of the tropical cyclone.

Hurricane eye positions are given by latitude (for example, 24.5 degrees North) and longitude (for example, 70.2 degrees West), to the nearest one-tenth of one degree. When the storm moves within range of the radar fence, eye position may also be given as statute miles and compass direction from a specific point (100 miles northeast of Grand Bahama Island).

When you receive a tropical cyclone advisory, note the advisory number, eye position, intensity and forecast direction of movement. Then mark the eye position on the tracking chart. Because hurricanes change direction very quickly, you should concentrate more on where the storm will go than where it has been.







## SUGGESTIONS FOR LOCAL BOARD MEETING ON CATASTROPHE PLANNING

1. The meeting should take place at least on an annual basis, preferably in May or June, as Hurricane Season starts June 1.
2. Members should be encouraged to bring their FAIA Agency Catastrophe Guide to the meeting, for reference and notes.
3. Invite speakers from local organizations involved in catastrophe planning. Here is a partial list from which to draw 3-5 speakers:
  - American Red Cross
  - National Hurricane Center
  - Civil Defense
  - Insurance Adjusters
  - Telephone Company
  - Power Company
  - Any large industrial firm nearby
  - Railroad
  - Truckline
  - Police Department
  - Fire Department
  - Mayor's Office
  - National Guard

FAIA will be happy to answer any questions on organizing the catastrophe meeting.

Give each speaker SPECIFICS on the nature of the meeting. Without guidance and detailed requests, many will speak only on generalities, or show a film on hurricanes that has nothing to do with the purpose of the meeting. There are at least three main goals of the meeting you should make clear to each speaker:

- (1) To make known what each group's plans are for a catastrophe, so everybody has an idea of what the others are going to be doing;
- (2) To make it known what special services the insurance industry will need in a disaster, such as priority service on electricity and phones, access to some stricken areas, etc.
- (3) Acquaint individuals of each group, so communication will be easier in the event of an emergency

Local Boards may be surprised to learn the extent to which most of the above groups have gone in disaster preparation and planning. The insurance industry is a cog in the wheel, and needs to know what the other cogs will be doing in an emergency!

1. Agencies should be encouraged to bring at least the claims manager, but, better still, as many claims people as they can spare to attend the meeting.

**AGENT'S MEMO OF LOSS**

Phone No: Home \_\_\_\_\_  
Business \_\_\_\_\_

Insured \_\_\_\_\_

Property Address \_\_\_\_\_

Mailing Address (if different) \_\_\_\_\_

Kind of Loss (wind, hail, explosion, etc...) \_\_\_\_\_

Date & Time of Loss \_\_\_\_\_ Probable Amount Entire Loss \$ \_\_\_\_\_

Brief Description of Damage and Property Involved:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Other Insurance: (list agency, policy no., companies and amount)  
\_\_\_\_\_  
\_\_\_\_\_

If emergency handling is requested, give reason hardship exists:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**CHECK!** Did you review the following instructions and information with the insured?

- To prevent further damage, have temporary repairs made and keep records of costs.
- Most adjusters are qualified and authorized to prepare their own estimates of routine storm damage. However, if the damage is severe, or if the insured prefers, he may obtain a detailed estimate from a contractor of his choice and hold it for the adjuster.
- Advise insured if a deductible is applicable and request that he withdraw his claim if he finds the damage does not exceed the deductible amount.
- Advise insured that additional adjusters are on the way and adequate facilities will be available. Severe losses causing hardship will receive first attention.
- In case any question regarding the claim arises, the insured should not hesitate to contact the agent.

Reported by: \_\_\_\_\_

Date Reported \_\_\_\_\_ Hour \_\_\_\_\_ Report Taken by: \_\_\_\_\_

**INSURANCE COMPANY SPECIAL CATASTROPHE INFORMATION**

Company Name	_____
Company Address	_____
Phone Number	_____
Emergency Number	_____
Claims Manager	_____
Property Adjuster (Staff)	_____
Automobile Adjuster (Staff)	_____
Workers Comp. Adjuster (Staff)	_____
Adjusting Company (Local)	_____
Adjusting Company Address	_____
Phone Number	_____
Catastrophe Draft Authority:	
Homeowners	_____
Personal Auto	_____
Commercial Auto	_____
Commercial Property	_____
Hurricane Binding Authority	_____
Limitation or Suspension	_____
Other Information	_____
	_____
	_____

This sample newspaper ad can be run after a hurricane, to announce to insureds that independent agents are working to handle their claims. Camera-ready copy is free to any FAIA local board. FAIA will typeset the name of the local board into the ad. If any artwork is desired for the ad, see the samples included. These come in several sizes, and will be included with the packet.

For further discussion, refer to Chapter 2.

**HURRICANE DAMAGE —  
Special Notice:**

The Independent Insurance Agents of  
\_\_\_\_\_

announce that additional claims adjusters are being sent into our area. Every effort is being made to inspect damaged property as quickly as possible. In the meantime, take reasonable steps to protect damaged property and keep all receipts. Do not contract for repairs until an adjuster has inspected the damage. Contact your agent as soon as possible.

## CATASTROPHE ASSISTANCE VOLUNTEER NETWORK ENROLLMENT FORM

*Statement of Purpose. The FAIA Catastrophe Committee has organized a voluntary network of independent agents who would be willing to provide quantities of office supplies, and/or to personally assist with claims and related duties in the offices of other FAIA members in areas hit by hurricanes or other disasters.*

*This enrollment form is intended to indicate your willingness and desire to help, but it does not imply an obligation to participate in assistance efforts should circumstances not permit. Before you complete this form, please discuss the matter with your staff and give serious consideration to what assistance you can realistically offer. Be sure to keep in mind the following:*

*if you offer agency personnel, be sure you have people who can afford to be away from their family and agency obligations ;*

*if you are the agency in need, please make sure that the contact person listed is the best person to coordinate ALL the assistance for your agency. Also indicate how you will utilize your volunteers and make sure that you will have some way to house them while they are in your area.*

*If you are ever called upon, we hope you will participate. Your level of assistance is entirely up to you!*

Agency: \_\_\_\_\_  
 FAIA Member No: \_\_\_\_\_  
 Mailing Address: \_\_\_\_\_  
 Phone: \_\_\_\_\_ Fax: \_\_\_\_\_ Cellular No.: \_\_\_\_\_  
 Contact Person & Title: \_\_\_\_\_  
 Home Phone: \_\_\_\_\_  
 Type of Computer System \_\_\_\_\_

Companies Represented: \_\_\_\_\_  
 \_\_\_\_\_

Assistance Offered: Office Supplies\* \_\_\_\_\_ Personnel \_\_\_\_\_ How Long? \_\_\_\_\_  
 Assistance Offered: Office Supplies\* \_\_\_\_\_ Personnel \_\_\_\_\_ How Long? \_\_\_\_\_  
 If personnel, how will you utilize them?  
 \_\_\_\_\_  
 \_\_\_\_\_

*Is it important that volunteer personnel be familiar with your computer system or your companies?*  
 YES \_\_\_\_\_ NO \_\_\_\_\_  
*If you are close to a stricken area, could you assist in housing volunteers?*  
 \_\_\_\_\_

*Please return this form to:*  
 Daniel Francis, FAIA, P. O. Box 12129, Tallahassee, FL 32317-2129;  
 or FAX to: (850) 668-2852.

*\*Office supplies would include ACORD loss notices, ballpoint pens, postage stamps, paper clips, staples, toilet paper and similar items. Please list supplies needed/offered, including quantities.*

USE THESE CHECKLISTS TO

PROTECT YOURSELF  
AND YOUR PROPERTY!

HURRICANE  
SAFETY  
CHECKLIST

AND

STORM DAMAGE  
INSURANCE  
CHECKLIST

PROVIDED BY:

This brochure is designed for distribution to clients, to assist them with hurricane preparations and precautions. It is written by FAIA, for use by member agencies. The agency stamp or decal can be affixed to the bottom, or FAIA will imprint the agency's name onto the brochure.

Refer to Chapter 3 for more information about this and other public relations ideas.

To order, [click here](#).



## Hurricane Command Post Supply List

Relative to Supplies, here are some pointers based on my personal experience following Andrew:

Majority of our staff was homeless or affected in a big way. We needed everyday personal supplies like:

- Sundries (shampoo, cream rinse, soap, razor's, toothpaste, toothbrushes, hair brushes,
- shaving cream, lotion, & deodorant)
- Personal feminine hygiene products
- Handi-wipes; any kind of clean up cloths in packaging i.e. pamper or huggie wipes.
- Hand sterilizer products
- Due to the stress, we needed Mylanta, Pepto, Alka Seltzer, Aspirin, Tylenol, etc..
- Paper products (toilet paper, paper towels, paper plates, plastic glasses, plastic ware, tissues)
- Food items that were best consisted of:
  - Dinners in a can like stew, thick soups, chow mien
  - Other canned goods like veggies
  - Crackers and breakfast type foods, breakfast bars for example
  - Water, soda's, instant tea, coffee
  - Sweets like small pre-packaged cookies, twinkies, graham crackers, raisins etc. (must have been the stress!)
  - Packaged chips, pretzels, nuts and snacks (lots of times we didn't have time to stop and
  - eat so these types of things helped tied us over)
  - Peanut butter and jelly (was quick and easy)

When volunteers came to the office it was always a special treat to get anything "fresh" like: (Remember, we did not leave the office for lunch and most of us were here during dinner hour 14-16 hour days for the first month.) We didn't have any take-out or pick up options.

- Lettuce
- Deli lunch meat (mayo & mustard)
- Cheese
- Bread
- Milk
- Fruits

Other items:

- Batteries (AA, AAA, C's)
- Bug Spray
- Flash lights
- Candles
- Lanterns
- Fix a Flat (very helpful)

## Steps for Partners in Recovery Emergency Activation

Before a hurricane is in the picture

- 1) Make contact with your county emergency manager and let them know you are working with the state's Partners in Recovery Program. Most are familiar with the program, but if they are not, please contact Jim McCloy at the Department of Financial Services at (850) 922-3175 or (850) 413-3500 (Mobile: (850) 933-1180). If Jim is unavailable, contact Sam Miller with the Florida Insurance Council at (850) 386-6668 or on his mobile phone at (850) 508-5342 (E-mail: [smiller@flains.org](mailto:smiller@flains.org)). Jim and Sam can explain the program to the county emergency director there is also information located on the FIC Web Site at [www.flains.org](http://www.flains.org). You will need the user ID "Insurance" and the password "red." Click on "Catastrophes" on the home page, then select General Adjuster Catastrophe Information." This page has a great deal of information about how Partners in Recovery is supposed to work.
- 2) If you are a zone coordinator, establish contact with the county liaisons in your zone to discuss coordination of communications and recovery efforts.

When a hurricane watch is issued:

- 1) Call your county emergency office to see if it has been activated for the approaching storm. If so find out when they anticipate landfall. If you have arranged in advance for a desk to be available for your use during emergencies, prepare to have someone at that desk during the crisis.
- 2) If you are a zone coordinator, contact county insurance liaisons throughout your zone to be sure they are aware of the approaching hurricane. Instruct them to contact their county emergency directors to find out if they are activating for the storm and to make arrangements to have an insurance liaison at their county EOC during the storm.

During a hurricane:

- 1) Maintain contact with FAIA Catastrophe Committee staff coordinators and provide them with the latest information on local damages from your county's emergency management director.
- 2) Be prepared to field questions from your local media — when reporters call us in Tallahassee, we will direct them to you.

After the hurricane:

- 1) Be prepared to provide SERT (State Emergency Response Team) badges to agents in your zone who will need them to access stricken areas.
- 2) If circumstances prevent an IDAT team from making a quick aerial survey of damages, you may be asked to provide some assessment of the local situation that we can relay to staff at the State Division of Emergency Management.

3) Most reporters call insurers after a storm has passed to obtain damage assessments so be prepared to answer questions.

## AGENT TRAINING UNAUTHORIZED INSURANCE ENTITIES

### Major Regulatory Premise

State regulation of the business of insurance is in the public interest. The McCarran-Ferguson Act codified this premise into federal law in 1945.

### Unauthorized Entities: Basic History, Overview, and Rationale

One of the main problem areas involving unauthorized insurance has been health insurance. However, unauthorized insurance has more recently invaded other lines, too, including workers compensation insurance.

While the insurance market has always been cyclical (hard and soft), the hard cycles have more recently spawned more fraudulent activity than seen in the past. Making matters worse, the perpetrators have become more sophisticated and have created more complex schemes.

Problems with unauthorized health-insuring entities started in earnest in or about 1974 with the enactment of the Employee Retirement Income Security Act, otherwise known as ERISA (29 U.S.C.A. 1001, et seq).

ERISA gave the United States Department of Labor responsibility for the enforcement of this body of statutory law. Within the Department of Labor, the Pension & Welfare Benefits Administration has direct involvement. ERISA deals with employee health and welfare benefit plans. Stated differently, it deals with matters relating to employer-sponsored health-insurance type plans, and with retirement plans. Insurance regulators' concern is with the health insurance aspect. *This material is limited to that aspect of ERISA.*

Rationale for regulatory concern with unauthorized insurance:

- Ongoing, not isolated, instances of such activity;
- Potential for criminal activity within the business of insurance;
- Adverse economic impact upon authorized insurers and other insurance licensees;
- Potential for large quantity of unpaid claims due to dishonesty and actuarial unsoundness;
- Absence of state or federal guaranty fund to cover unpaid claims;
- Adverse impact on future insurability of participants under statutes mandating guaranteed-issue health coverage (i.e., creditable coverage issue);
- Adverse economic impact upon health-care providers from unpaid claims;

- Lack of comprehensive federal oversight, including licensing and regulation similar to that of state insurance codes;
- Public perception that it is the role of state insurance regulators to protect them from illicit insurance schemes, to ensure that benefits are paid as contracted, and that legitimate insurance is available and affordable.

One of the goals of ERISA was to encourage individual employers to establish employee health plans. It did so, in part, by allowing the employers to fully self-insure the arrangements. That is, it insured allowed a single employer to establish a health plan employer for that employer's employees and dependents.

A self-insured plan is one in which the employer would itself, from its own funds, bear the financial responsibility for the covered health claims of its own participating employees. By self-insuring, the employer could make the benefits more affordable. This is because the employer would not incur the insurer's costs of doing business, including its profits, which are otherwise incorporated into the premium that would be charged for insurance coverage. Other such costs include maintaining statutory reserve requirements, regulatory compliance expenses, etc.

Alternatively, the employer could establish a fully insured health plan in which a insured licensed insurer would license insurer bear the financial risk for the payment of covered claims.

"Association Plans" are not exempt from state insurance regulation for at least two reasons:

- There is no employer-employee relationship;
- They must be fully insured (therefore, at a minimum, the insurer is subject to regulation).

Professional Employer Organization ("PEO") is the current nomenclature for what had been called an Employee Leasing Company. It presents special issues and has been targeted by purveyors of illicit insurance. Although there is purported to be a "co-employer" relationship established between the employer and the PEO, in reality, the PEO handles administrative functions, whereas the original employer continues to control the common law incidents of employment, such as:

- hiring and firing of employees;
- evaluation of employee performance;
- discipline;
- determining compensation;
- hours, location, nature, and method of the work to be performed.

A PEO-sponsored health plan is not exempt from state insurance regulation under ERISA for at not least two reasons:

There is no true employer/employee relationship between the employee and the PEO for the reasons stated above.

Section 468.529(1), F.S., prohibits PEOs from sponsoring self-insured health plans. Because potential exemption from the Insurance Code arises only in the context of a fully self-insured plan, the exemption cannot exist with respect to a PEO-sponsored plan under current law.

If the PEO, or the purveyor of the supposed ERISA plan contends that each employer establishes its own, separate ERISA plan, it must be analyzed under the MEWA criteria stated above.

The keys:

- If there exists risk-bearing activity, including financial responsibility for the payment of claims of the employees and/or their dependents of two or more unrelated employers, the plan is a MEWA or an insurer, and is subject to state insurance licenses and regulation. Stated otherwise, the entity that is financially responsible for the payment of the resulting claims must be licensed by the Department of Financial Services
- If there is commingling of funds of multiple unrelated employers, at any level (primary insurance, re-insurance, or stop-loss insurance), the plan is subject to state insurance regulation.

**Possible Consequences for Aiding and Abetting an Unauthorized Insurer**

- Conviction of a third-degree felony – 626.902(1), F.S.
- Liability for all unpaid claims – 626.901(2), F.S.
- Suspension or revocation of all insurance licenses – 626.621, F.S., 626.611, F.S., and 626.6215, F.S.

**Possible Consequences for Acting as an Insurer without Proper License**

- Conviction of a third-degree felony – 624.401, F.S.
- Liability for all unpaid claims – 626.901(2), F.S.
- Suspension or revocation of all insurance licenses – 626.621, F.S., 626.611, F.S., and 626.6215, F.S.

## Key Considerations in Disaster Planning & Management For Independent Agencies & Brokerage Firms An Agents Council for Technology Report<sup>1</sup>

### Disclaimer

The purpose of this report is to assist agencies and brokers in considering issues relevant to developing their own disaster plans. The report includes only general information, and is not intended to provide advice tailored to any specific agency situations. It was prepared solely as a guide, and is not a substitute for agents and brokers independently evaluating any business, legal or other issues, and is not a recommendation that a particular course of action be adopted. If specific advice is required or desired, the services of an appropriate, competent professional should be sought.

### Overview

We hope this report will inspire you to take steps now that will protect the ongoing viability of your agency or brokerage firm should a disaster strike. A disaster can bring your business to a standstill; it can keep you from servicing the needs of your policyholders when they most need it; and it can jeopardize the ongoing viability of the business you have spent your life building.

Unfortunately, a disaster of some nature can strike any agency or brokerage firm. No one is immune. The disaster can result from fire, wind, ice, flood, hurricane, earth movement, terrorism, hazardous material, spyware, viruses, worms, and other causes. To the affected business, the net result is the same, because it may not have access to its systems, its phones (land lines or cell), the Internet, nor its fax lines, at the very time when hundreds of its policyholders need assistance.

In the aftermath of the multiple hurricanes in Florida and surrounding states during the summer of 2004, a major problem faced by agents and brokers was getting their computer and telecommunication systems back on line to enable the firm to handle the onslaught of claims.

### (Footnotes)

<sup>1</sup>The Agents Council for Technology (ACT) is an association of agents, brokers, users groups, carriers, vendors, and industry associations dedicated to encouraging and facilitating the most effective use of technology and workflow within the Independent Agency System. ACT is part of the Independent Insurance Agents & Brokers of America, Inc. (IIABA). See the ACT web site at [www.independentagent.com/act](http://www.independentagent.com/act) for more information about ACT and its initiatives.

Copyright 2005 ©, Independent Insurance Agents & Brokers of America, Inc. All rights reserved. Permission to reprint is granted to ACT members.

Many agents did not know where to turn for help. An increasing number of vendors, user groups, associations, and consultants offer defined services to agencies to help them in these situations. Where the agency will turn for help in such a crisis needs to be established in advance and made a part of the continuity plan.

The critical things are for the agency or brokerage firm to think through how it will manage the disaster in advance, and to develop a continuity plan where its employees understand their role in the emergency, and regularly practice responding to the various contingencies. This report focuses on the key, strategic issues agents need to be aware of and take action on to implement an effective disaster plan. In addition, agents will find the catastrophe planning tools available on the market to be very helpful as they structure their plans. These are listed under “Additional Resources” at the end of this report.

The following report is divided into three major sections: Steps to Take Well Before a Disaster; Steps to Take When a Disaster is Imminent; and Steps to Take After a Disaster Strikes. As you plan, remember that with some disasters, you will not have any warning to take the steps outlined in the “Steps to Take When a Disaster is Imminent” section, so try to be as prepared as possible in these areas on an ongoing basis. Also, keep in mind that you will make your disaster plan in today’s world, with today’s technology, and that world may very well be significantly changed or gone after a disaster strikes. For example, you may decide to rely on cell phones as a back up, but after the disaster, when the phone lines are down, the cell towers also may be inoperable or the cell phone circuits overwhelmed by all of the traffic. Most important, be ready to be flexible, because you will need to adjust your plan to the situation you find yourself in following the disaster.

### **Steps to Take Well Before a Disaster**

#### **Developing, Instilling, & Practicing the Disaster Plan**

Have a staff team develop a disaster plan which assigns roles to each staff member. This plan should contain the specific triggers which when met will begin the plan’s implementation. Each staff team handling an aspect of the disaster plan can have a coordinator who reports to the agency’s president/CEO. The plan can be reinforced regularly in staff meetings, and the staff can brainstorm regarding possible disasters and the steps that should be taken in each situation. The plan should be reviewed and updated at least annually.

- When a staff member leaves the agency’s employ, his/her duties under the disaster plan need to be reassigned.
- Prepare a list of employees and their contact information that includes their work assignments related to a disaster for the period leading up to the event and after.
- Producers/sales people should be involved in greeting clients who come in after the disaster.
- Develop a phone tree system to contact all employees before and after the disaster. Document this and make sure all employees know their role. Update your call list and telephone numbers frequently (cell and all other numbers).
- Investigate what services are available to assist the agent with disaster planning, as well as dealing with the aftermath of an event, such as the agent’s user group, vendors, association, or computer consultant. (Also see the “Additional Resources” at the end of this report.) Perhaps most important, the disaster plan

- should spell out specifically where the agency or brokerage firm will turn for help to get each aspect of the business operations back up and running.
- A hard copy of the disaster plan, including a list of all employee, carrier, vendor and emergency numbers and contact information (addresses and faxes), should be kept in a designated place in the agency known by all employees, in case a disaster occurs and the information cannot be accessed electronically.
  - In addition, You may want each employee to have a hard copy of the disaster plan at home, including this same list of employee, carrier, vendor and emergency contact information.
  - Different aspects of the disaster plan should be tested and practiced regularly. This should be part of the plan.
  - The plan should foresee that when the disaster occurs, the agency or brokerage firm will not be dealing in an environment where some or all of the existing services continue to be available. Plan to be flexible and ready to adapt to the unique situation the disaster is likely to create for you.
  - Make a list of all active clients, which should include active policies with the policy number, billing and issuing company, and expiration date of policy. You may also find it helpful to have an expiration list of policies to be processed for the next six months.
  - Make a list of all vendors which can help you get your computers, software, phone systems, phone and Internet lines, and any other systems and equipment up and going again after a disaster. You may want to print these lists as well as export them to a portable storage device of one or more senior staff of the agency or brokerage firm, and even copy them onto a disc that can be retained by appropriate senior staff. It is critical that special steps be taken to protect the security of this vital agency information that is taken off-site.
  - Incorporate, as a part of your regular, ongoing communications with your policyholders, information spelling out what they should do in the event of a disaster and whom they should contact.
  - Be prepared to communicate with your policyholders via newspapers and radio ads with pre-designed ads. You may need to direct them to a new phone number or to a specific location.
  - Consider whether an automated outward bound calling service, using “Reverse 911” technology, might provide your agency with another tool to communicate a specific message to your policyholders shortly before or after a disaster. If you plan to use such a service, set up the database and the likely script for the message in advance. Have a contingency plan to access additional staff resources to relieve your regular staff during a disaster because typically the normal agency workload dramatically increases when dealing with a disaster situation.
  - Consider a financial disaster reserve to deal with the added costs the agency may encounter as well as the possible losses due to business interruptions.

Find out if insurance companies with which you do business will provide the agency with drafting authority for claims if not already permitted under the agency appointment agreement, and if so, set up the workflows for that processing, and include it as a part of the plan.

### **Protecting Agency Data & Systems & Preparing to Access Them after the Disaster**

Listed below are some key steps you can consider taking to protect your data and systems:

- Not only does your most current data need to be backed-up and stored off-site in a secure way, you must be able to access it from off-site. Contact your agency management system vendor to see what it can do to make sure you have access to your management system remotely after a disaster.
- Develop a relationship with your current agency management system vendor or other third party to back-up your data out of your region where you can access it and your agency management system following the disaster from a secure Internet site.
- Make sure your staff are assigned passwords and are trained on accessing policyholder information remotely from this off-site source.
- Some off-site sources will perform authorized functions for the agency, if the agency is unable to access its systems locally. These contingency arrangements should be established in advance so that the appropriate agreements can be put in place, covering such things as scope of the third party's authority to act on the agent's behalf, agency notification before certain actions are taken, and the privacy and security protections the third party will employ to safeguard client and agency information.
- If possible, load your management system on one or more office laptops since these are easier to power up or recharge than a desktop.
- Consider a relationship with a technology firm that has the capability to provide the agency with emergency services, such as a help desk, on-site assistance and equipment to help the agency get back up and running after a disaster.

### **Protecting Internet Access**

- If you use an ASP over the Internet, find out what they can do for you in the event you have no Internet connection.
- If resources allow it, consider having a redundant Internet connection. For example, if you use DSL, get satellite or an Internet wireless service (WAN). Using a combination of WAN and satellite, the Florida Association of Insurance Agents was able to keep Internet access most of the time as it set up in areas affected by the hurricanes in 2004.

## Protecting Equipment & Providing for Continued Electrical Power

Listed below are some important steps you can consider to protect your equipment and continued access to power:

- Have a UPS (uninterruptible power supply) on all equipment. This not only allows a controlled shutdown, it also affords a conditioned electrical circuit when power is restored or you use a generator. Never connect a computer directly to a generator due to the power fluctuations.
- Consider a UPS with a power rating that is able to provide continuous power to the workstation for a minimum of 15 minutes, and the servers for a minimum of 30 minutes.
- This will allow for enough time to properly close all open files and properly turn off the systems, preventing data loss or corruption. Note: Most UPS systems come with software and cables that allow for the automatic closing of files, applications, and the powering off of the workstation/server, if power is lost for a period of time.
- UPS units should be tested at least quarterly. This is best performed when the workstations and servers are in an idle state and not being accessed, and allows enough time for the UPS to recharge (end of business day or weekends). Remove the UPS input power plug from the electrical socket, and record the total time that it takes for the UPS to quit supplying output power to the workstation/server. If the total time is not within our expectations, replace the UPS batteries or entire unit.
- Purchase a generator that can run all mission critical equipment. Don't forget your phone systems. Look into whole office generators. In 2004, 100-200 amp generators cost in the range of \$4,000– \$7,000. Carefully assess differing power needs in winter and summer. An alternative approach is to contract with a firm that will drop off and activate a generator in the event of a loss of power. The agency should have a high confidence that the firm will perform before taking this approach.
- Test the generator and check the oil and fuel levels according to the directions with the unit, and at least on a quarterly scheduled basis. Make sure to test the generator under an electrical load to assure that it is producing electricity (rather than the motor just running).
- Have a licensed electrician wire your electric panel for a clean cross-over to generator.
- Don't try to do this yourself unless you are a licensed electrician.
- Make sure the generator is located out of the building and away from its windows and doors, since fumes and carbon monoxide can make staff ill or be lethal. Also consider the impact of the elements on the generator, since you may be experiencing a lot of rain after a storm or ice conditions.

- If the agency has a rented office, find out what plans the landlord has made to power the building in the event of a disaster.

### **Alternative Communications**

Listed below are some important steps you can consider to maintain communications during and after a disaster:

- Understand the phone company's restoration procedures to give priority to businesses such as insurance agencies because of their vital role in handling claims for the public.
- (Note: Depending on the outage, it's not always a matter of being on the priority list.
- From a safety standpoint, the phone company may have to restore certain service first to avoid dangerous spikes in power or more outages.)
- If there is a risk that your phone system can lose programmed data, follow the recommended back-up procedures for the system and store the back-up in a safe offsite location, as well as on-site location.
- Know in advance how to switch your incoming telephone calls to another line both at the switch in your office and via your telecommunications provider remotely (in case your office is without power or your staff is unable to get into the office).
- Consider having an alternative telephone answering service such as a call center, a branch location (far enough away so as not to be likely to suffer the same disaster), etc.
- A remote phone call center service could handle the agency's calls after hours as well as during emergencies. In many cases, these vendors have access to the agency's data to answer questions and can provide referrals to carrier claims centers, if so authorized by the agency.
- Cell phones may not be a reliable alternative system, given that the sheer volume of cell calls following the disaster may overwhelm the system or the cell towers may be down because of the disaster.
- Make sure those handling your calls have been given appropriate scripts and have the most up-to-date carrier claim phone numbers. Have an escalation procedure for when specific agency personnel should be contacted to respond.
- Buy some inexpensive phones that you could use to bypass your phone system's master PBX in the event you get phone service before electric service. You should route an alternative phone line from where it enters the building directly to a phone jack, to which a simple phone set can be attached.
- Have the vendor who installed your phone system develop a crossover for your regular phones to an alternative phone line. Document and test it.

## **Provisions to Have On Hand**

Listed below are some provisions you may want to have on-site:

- Fans, extension cords, batteries, flashlights, battery-powered lamps and radios, and low heat, low-energy lighting available to use with your generator.
- Sufficient bottled water to handle employees' needs for two weeks.
- Canned or dry food goods that do not require refrigeration or cooking.
- Can openers, paper/plastic utensils, plates and cups, trash bags, bleach, paper towels and cleaning supplies, and hand wipes.
- First aid supplies and blankets.

## **Steps to Take When a Disaster is Imminent**

### **Implement Disaster Plan**

- If the triggers to activate the disaster plan are met, begin implementation. Do not delay.
- If the disaster occurs during the work day, and you have warning about it, take appropriate steps to assure that your employees and office remain as safe as possible.
- Confirm that your employees know their role. If it is after-hours or you have employees who telecommute or work from remote locations, you may need to use your phone tree.
- Activate the central number employees can call after the disaster to get instructions and to learn about next steps. This line can include a recorded message with this information. A secondary "backup" number can be added, further mitigating the chance of lost communications.
- Direction should include what staff should do if they are unable to meet their assignment.
- Communicate with customers as to what they should do if a disaster strikes and how they should communicate with you in such an event. Include toll-free numbers provided by insurance
- Carriers for claims and/or customer service and numbers for back-up call services if the agency has contracted for this resource.

### **Protecting Agency Data & Preparing to Access It After the Disaster**

If a disaster is imminent, double-check these data and systems issues from your Disaster Plan (See above section on data and systems protection). Also, consider these steps with your work in progress:

- Be sure your data is backed-up and secure, per the disaster plan you developed.

- Make sure your data is properly backed-up with your agency management system vendor or the third party you developed a relationship with prior to the disaster. You should have at least two backups that are kept securely in separate off-site locations.
- Be sure your list of all active clients is complete, per the disaster plan you developed.
- You can also run an expiration list of policies to be processed for the next six months and contact those renewals that are coming up for action around the time of the predicted disaster.
- Staff should complete processing of all work that is outstanding (consistent with carrier directives), especially that which relates to coverage for the disaster. This includes outstanding endorsement requests; any policies that are not an “automatic” renewal such as E & S placements (paperwork sent in and premiums paid); following up on any policies that are pending cancellation due to non-payment (depending on agency policies for handling such pending cancellations); etc.
- Be sure your list is current with all insurance company addresses, phone numbers and fax numbers with which your agency or brokerage firm does business. Be sure your list is current regarding all vendors that can help you get your computers, software, phone systems, phone and Internet lines, and any other systems and equipment up and going again after a disaster.
- Print all of the above lists as well as export them to a portable storage device that is kept in a secure and safe location by one or more senior staff of the agency or brokerage firm. Also consider loading this information onto the laptop of a senior staff member, provided special attention can be paid to safeguarding the laptop and protecting the security of the sensitive agency information contained on the laptop.
- Disconnect all electrical equipment.
- Make sure all surfaces are clear of paper and that work in progress is wrapped in plastic to protect against water damage, if possible, placed in boxes bearing the employee’s name, and put in as safe a location as possible. Before packing desks up, make sure all outstanding work that relates to coverage for the disaster has been processed and sent, as discussed above.

### **Protecting Equipment & Providing for Continued Electrical Power**

Consider these important steps to protect your equipment if a disaster is imminent:

- Make sure your generator has fuel and oil enough to run for days, and possibly weeks. (We have seen agents without power for extended periods of time. It depends on the magnitude of the disaster.)

- Test the generator under an electrical load to make sure it is producing electricity (in addition to the motor running).
- Disconnect all electrical equipment from the wall.
- Take reasonable steps to protect all equipment. Some people put plastic over it, or store it in an area away from the windows where it may be less likely to suffer water or other damage.
- Double check to make sure all equipment is disconnected from power sources to eliminate possible heat damage.

### **Alternative Communications**

- Redirect your phone numbers in the event you would like to have them go to another number. Do this before the disaster, because after the event the telephone companies will be focusing on other issues, such as restoring service based on priority of need. Phone companies will focus on emergency services, hospitals, and other key support mechanisms first, so be prepared to be without power for some time.
- Call your phone vendor and Internet provider to advise them that they should put your agency on the priority list; since after the storm you will be servicing clients who need immediate recovery help.

### **Provisions to Have On Hand**

Listed below are some provisions you may want to have ready to use during and after a disaster:

- Prepare your office to be without power and phone service. Strategically place lighting and fans around the office since you may not be able to easily find them when you come back. This includes stairwells and entry/exit areas.
- Fill coolers with ice, water, and Gatorade-type products (better than sodas for electrolytes).
- Make sure you have plenty of non-perishable food and snacks for your staff. Sweets work well since they provide immediate energy. Fresh fruit is also a treat if available. Provide for a method to make hot coffee or tea, if possible.
- Fill your refrigerator with other products if you have the power to run it.
- Have enough cash on hand to meet needs following the disaster for a few weeks, since banks and ATM's may take time to come back on line because of infrastructure damages in your area.
- Review your disaster plan as a checklist for all other supplies that may be needed and replenish or purchase whatever is needed.
- Check for full first aid supplies and adequate blankets.

## **Steps to Take After a Disaster Strikes**

### **Implementing the Disaster Plan**

Listed below are some suggested steps to consider taking after a disaster:

- Do an assessment of the damage to your office and equipment. Determine what can be done to bring your office back on-line.
- Assess the personal and financial impact of the disaster on your employees, and make sure their needs are being met, so that they can focus on agency operations. Assist them in any way that you are able, since they are your number one asset!
- Make your office area as safe as possible to accommodate walk-in traffic. If it is not safe, identify another location to meet policyholders and post a sign to direct them. Have the alternative location information posted on your website and included on a message callers hear. Set aside an area of the office to greet clients and start the information gathering. Remember you may have children present so have some toys/activities/ snacks to keep them occupied and comfortable.

### **Provisions**

Have things in place for your policyholders such as water and other beverages, snacks, and most of all...friendly faces. They want you to help them and are there to make a claim. Treat each policyholder as if this were the only claim you received that day because it is their only one. Ask your staff to put on their game face to focus on the policyholder's needs, even though they too are likely to have been affected by the disaster in some way.

### **Some Final Thoughts**

Be sensitive to the pressures on your staff in the aftermath of a disaster. There is a high probability that your staff will be taking thousands of claims from a myriad of different personalities—each having their own feelings. Your employees will be dealing with their own emotions and losses as well. In this environment, schedule shifts that will give your staff time to rest, take care of their personal needs, and rejuvenate themselves.

Unfortunately, disasters can strike in many different forms and levels of magnitude. People's reactions to disasters vary greatly as well. Some people can handle them, others cannot. The key is for you not to be complacent, because disasters do happen. If you plan for the possibility, work your plan, monitor it, and modify it when you need to, you will be prepared both personally and professionally, and you will guide your agency through the disaster successfully.

### **Additional Resources**

IIABA has released the Best Practices of Crisis Management—A Step-By-Step Business Recovery Planner. This tool includes both a written manual and an interactive CD designed to enable you to create an in-house, fully customized plan to lead your agency

step-by-step through the disaster recovery process. This guide is available for \$99.95—shipping and handling included. ([www.independentagent.com](http://www.independentagent.com), click on Best Practices, then click on Best Practices Product Catalog.)

The Institute for Business and Home Safety (IBHS) has a free “Disaster Planning Toolkit for the Small Business Owner” on its web site which includes a lot of helpful forms. In addition, free single copies of a “Disaster Recovery Folder” are available from IBHS. This tool contains planning advice and can hold the agency’s important papers. These tools also make good hand-outs for the agency’s policyholders. To access the tools, go to [www.ibhs.org](http://www.ibhs.org) and click on “Open for Business.”

The National Institute for Occupational Safety and Health (NIOSH) web site contains an excellent list of emergency preparedness resources and emergency contact information at: <http://www.cdc.gov/niosh/topics/prepared/>.

A search of “Insurance Agent Disaster Planning” and “Small Business Disaster Planning” on [www.google.com](http://www.google.com) displays several additional resources to consider.

The members of the ACT Disaster Planning Work Group, which produced this report, include:

Ed Higgins, Thousand Islands Agency (chair)

Donna Barr, Marsh, Inc.

Amy Batson, Afni Insurance Services

Robin Bergum, MetLife Auto & Home

Madelyn Flannigan, IIABA

Mele Fuller, Safeco

William McCarthy, Liberty Mutual RAM

Carl Moll, Head-Beckman Amerinsurance

Paul Peeples, Florida Association of Insurance Agents

Sue Putnam, SCA Insurance

Bob Slocum, The Slocum Agency

Tim Woodcock, Courtesy Computers

Jeff Yates, ACT Executive Director

Debra Perkins, IIABA Executive Vice President and General Counsel also provided input into this report.

For more information, contact Jeff Yates, ACT Executive Director, at [jeff.yates@iiaba.net](mailto:jeff.yates@iiaba.net).

## Get Involved with the FAIA Agency Buddy System

Your Catastrophe Task Force has been in the process of actively seeking ways that we can be more effective before and after a catastrophe. It is with this fact in mind, that we created the buddy system. Please continue to read about the logistics of this program. It will give an idea as to how your agency will play a role in this system.

### **The Way It Works**

Since we can never predict where a storm may actually hit, each of your agencies will be notified (prior to and after a storm making landfall) of areas that have a high risk of potentially being hit. Upon landfall, you will be notified of any agencies that were affected by the storm. You will be given the contact information for these agencies so that you can find out what relief assistance they need (as well as define what relief assistance you can provide). Upon completion of the relief efforts, you hopefully will have established a relationship with the agency (or agencies) you have assisted. By doing so you are able to create long-lasting relationships with one another whereby you can depend on one another in times of need. The example below will better define the set up of this situation.

### **Example**

A storm is set to make landfall around the Daytona Beach area. Three days prior to the storm making landfall, The Catastrophe Task Force will notify all Buddy System participants that the Daytona Beach area is at high risk of being severely affected by the storms. Agencies A and B are located in the Daytona Beach area and are at great risk of being affected. The storm makes landfall and destroys agency A and minimally damages B. The Catastrophe Task Force is notified that agency A has been completely destroyed and that Agency B suffered minimal damage. The Catastrophe Task Force notifies all Buddy System participants about the conditions of agencies A and B. Agency C (located in Jacksonville) now knows that agency A and B have been affected and would like to help. Agency C contacts agencies A and B to see how it can be of assistance to both agencies. They coordinate relief plans and execute them accordingly. The three agencies have now established a valuable relationship with one another.

### **How to Make the Buddy System Grow**

If you have provided assistance to someone, please encourage them to formally join the Buddy System if they haven't already done. All they need to do is fill out this form or send an email to [dfrancis@faia.com](mailto:dfrancis@faia.com).

IT DISASTER RECOVERY PLAN

**Enter Company or Department Here**

Version: [#]

**Prepared By:**

Enter Author's Name Here

Enter Author's Title

Enter Company and/or Department Name

December 15, 2008

**CONTACT INFORMATION**

Name  
Title  
Company  
Department  
Location  
Phone  
Email

**IT DISASTER RECOVERY PLAN**  
Enter Name of Department or Company

**TABLE OF CONTENTS**

<b>SECTION 1.0 STATEMENT OF GOALS AND OBJECTIVES .....</b>	<b>1</b>
<b>SECTION 2.0 DISASTER RECOVERY PLANNING ASSUMPTIONS .....</b>	<b>2</b>
2.1 REQUIREMENTS ASSUMPTIONS .....	2
2.2 RECOVERY ASSUMPTIONS .....	2
<b>SECTION 3.0 PLAN ACTIVATION CRITERIA.....</b>	<b>3</b>
3.1 PLAN ACTIVATION CRITERIA .....	3
3.2 PLAN ACTIVATION PROCEDURES .....	3
<b>SECTION 4.0 SCENARIO AND RESPONSE STRATEGIES.....</b>	<b>4</b>
<b>SECTION 5.0 DISASTER RECOVERY REQUIREMENTS .....</b>	<b>5</b>
5.1 TECHNOLOGY REQUIREMENTS .....	5
5.2 OPERATIONAL REQUIREMENTS.....	5
5.3 COMMUNICATIONS REQUIREMENTS .....	5
5.4 BACKUP REQUIREMENTS.....	6
5.5 DOCUMENTATION REQUIREMENTS.....	6
5.6 SUPPLIES REQUIREMENTS .....	6
5.7 TRAINING REQUIREMENTS.....	6
<b>SECTION 6.0 DISASTER RECOVERY PROCEDURES.....</b>	<b>7</b>
6.1 COMMUNICATIONS PROCEDURES .....	7
6.2 REMOTE ACCESS PROCEDURES.....	7
6.3 TECHNICAL IMPLEMENTATION PROCEDURES.....	7
6.4 BACKUP AND DATA RECOVERY PROCEDURES.....	7
6.5 TEMPORARY ACCESS PROCEDURES.....	7
6.6 TECHNICAL SUPPORT PROCEDURES .....	7
6.7 ALTERNATIVE OPERATING PROCEDURES.....	8
<b>SECTION 7.0 ROLES AND RESPONSIBILITIES.....</b>	<b>9</b>
7.1 ORGANIZATIONAL CHART .....	9
7.2 RESOURCE ROLES AND REQUIREMENTS.....	10
<b>SECTION 8.0 PLAN ADMINISTRATION .....</b>	<b>10</b>
8.1 PLAN APPROVAL PROCEDURES.....	10
8.2 PLAN DISTRIBUTION PROCEDURES.....	10
8.3 PLAN MAINTENANCE PROCEDURES .....	10
<b>SECTION 9.0 SUPPORTING DOCUMENTATION.....</b>	<b>11</b>
<b>APPENDIX A: DRP APPROVAL .....</b>	<b>12</b>

## **SECTION 1.0 STATEMENT OF GOALS AND OBJECTIVES**

As this section is documented, the following questions should be considered:

What are your disaster recovery planning goals?

- To provide operational continuity and quick recovery for all critical systems impacted by a technology related disaster event.
- To ensure that the disaster recovery program is properly communicated to all staff, clearly identifying all essential roles and responsibilities.
- To ensure adherence to established safety procedures, exit plans and related emergency requirements.
- To maintain an orderly process for business resumption and systems recovery.
- To ensure that disaster recovery activities and strategies are continually tested and revised as needed.

How will this plan be used and distributed within your organization?

How will this plan be integrated with other business recovery and employee safety plans?

Why is this plan important and valuable to your organization?

## **SECTION 2.0 DISASTER RECOVERY PLANNING ASSUMPTIONS**

As this section is documented, the following steps and issues should be considered.

### **2.1 Requirements Assumptions**

- State your technology assumptions (identifying the systems and services to which this plan applies).
- State the business locations and operational units to which the plan applies.
- State your planning and recovery “priorities” assumptions:
  - Identify critical business operations and functions.
  - Identify critical systems and related IT services.

### **2.2 Recovery Assumptions**

- List the systems covered and the capacity to be restored, as in this example:
  - 50% of critical functions will be restored within 24 hours.
  - 100% of critical functions will be restored within 48 hours.
- List the scenario conditions covered by the plan. (i.e. Business Site Down, Tech Site Down, All Sites Down, Technology Down).
- Specify the outage duration addressed by the plan. (i.e. This plan applies to disaster events lasting no longer than 60 days).
- List the dependencies. (Vendors, external support providers or internal support groups upon which the plan relies).
- List the exclusions. (Identify any disaster conditions not covered by the plan. Example: “This plan is not designed to address disasters occurring in international locations”.)

## **SECTION 3.0 PLAN ACTIVATION CRITERIA**

As this section is documented, the following questions should be considered:

### **3.1 Plan Activation Criteria**

- What types of events will trigger plan activation?

### **3.2 Plan Activation Procedures**

- How will these events be evaluated to ensure that plan activation is appropriate?
- Who will be involved in this event assessment process?
- How will assessment recommendations be escalated to the appropriate decision makers?
- Who must approve plan activation?
- How will the plan be activated?
- How many approvals are required?
- How will plan activation be communicated?

### **3.3 Communications Procedures**

- Emergency contact information for employees, customers, vendors and any other groups or individuals as needed for plan support (including primary and alternate contact designations).
- Communications Step-by-Step: detailing the “disaster-related” use and availability of telephones, wireless devices, voicemail, email, intranet and the company web site.
- Escalation procedures to be followed in the event of a disaster condition.
- What is the “disaster” chain of command?
- How will disaster issues be escalated through the established chain of command?
- Ongoing “how-to” information during the crisis event (to keep staff informed on current status, and day-to-day business procedures).

## SECTION 4.0 SCENARIO AND RESPONSE STRATEGIES

This section should be used to identify the disaster scenarios covered by this plan, and the response strategy associated with each.

Scenario Description	Planned Response Strategy	Expected Response Results	Post-disaster Expectations
Describe the scenario: i.e. Temporary loss of access to main office site.	Describe the planned response: i.e. Move to the hot-site.	Describe the expected response result. i.e. 75% of all critical functions will be active at the hot-site in 4 hours.	Describe expected post-disaster activities. i.e. Once the main office is again accessible, data entries created at hot-site will be restored to production systems.

## **SECTION 5.0 DISASTER RECOVERY REQUIREMENTS**

As this section is documented, the following questions should be considered:

### **5.1 Technology Requirements**

- What types of systems are currently in place?
- How are these systems configured?
- Where are these systems located?
- What role do these systems play in business operations? (how are they used, by whom, and for what purpose?)
- Which systems can be deemed critical and essential to business continuity?

What types of hardware and software devices (including data) will be required to establish and maintain critical business operations in the event of a technology related disaster?

- Desktop Computers
- Desktop Printers
- Fax Machines
- Network Servers and Devices
- Specific Software Applications
- Data Files and Databases
- Telephones and Voice Mail
- E-Mail Access
- Internet Access
- Videoconferencing

### **5.2 Operational Requirements**

- How does your business/organization operate?
- What are the most critical business operations?
- What are the most critical job functions?
- How is technology used to support critical these business operations and job functions?
- What types of services does IT provide to the organization?
- What role do these services play in the disaster recovery and business resumption process?
- How will these services be maintained during a disaster condition in terms of the number of resources required, how those resources will be contacted, and what specific skills will be required?
- Will external or temporary resources be required to maintain IT support services during a disaster condition?

### **5.3 Communications Requirements**

- How will effective communication be maintained take place during and after a disaster event?
- How will communications systems (telephones, wireless, email, internet, intranet) be used to communicate during and after a disaster event?

#### **5.4 Backup Requirements**

- What types of backups will be required?
- What is the required backup schedule?
- How will backup medium be rotated for re-use?
- Where will backups be stored?
- How much time is required to restore critical data?

#### **5.5 Documentation Requirements**

- What types of documents will be required to support the disaster recovery process?

#### **5.6 Supplies Requirements**

- What types of business equipment (non-computing) and office supplies will be needed to support the disaster recovery process?

#### **5.7 Training Requirements**

- What types of training will be provided to IT staff to support the disaster recovery process?
- What types of training will be provided to non-IT staff and employees to support the disaster recovery process?
- What types of training (and/or information) will be provided to external service providers and customers (if applicable) in support of the disaster recovery process?

## **SECTION 6.0 DISASTER RECOVERY PROCEDURES**

This section should be used to specify “step-by-step” procedures to be followed in the event of a covered disaster event:

### **6.1 Communications Procedures**

- Emergency contact information for employees, customers, vendors and any other groups or individuals as needed for plan support (including primary and alternate contact designations).
- Communications Step-by-Step: detailing the “disaster-related” use and availability of telephones, wireless devices, voicemail, email, intranet and the company web site.
- Escalation procedures to be followed in the event of a disaster condition.
- What is the “disaster” chain of command?
- How will disaster issues be escalated through the established chain of command?
- Ongoing “how-to” information during the crisis event (to keep staff informed on current status, and day-to-day business procedures).

### **6.2 Remote Access Procedures**

- What types of job functions and internal operations can be performed from a home office location?
- What type of hardware and software will be required for this type of access?
- Will end-users require any special training?
- How will alternate systems and remote access procedures be activated and communicated to end-users?

### **6.3 Technical Implementation Procedures**

- How will systems be installed, configured and administered during a covered disaster event?

### **6.4 Backup and Data Recovery Procedures**

- How will backups be retrieved in the event of disaster plan activation?
- How will data backups be restored for access?

### **6.5 Temporary Access Procedures**

- How will access be provided to “backup” systems? (user ids, logins, passwords, applications and data)?
- How will access be provided to any alternate office/business resumption sites?

### **6.6 Technical Support Procedures**

- Who will be responsible for technical support during a covered disaster event?
- What types of technical support will be provided?

- What are the hours of support?
- How will support requests be made?

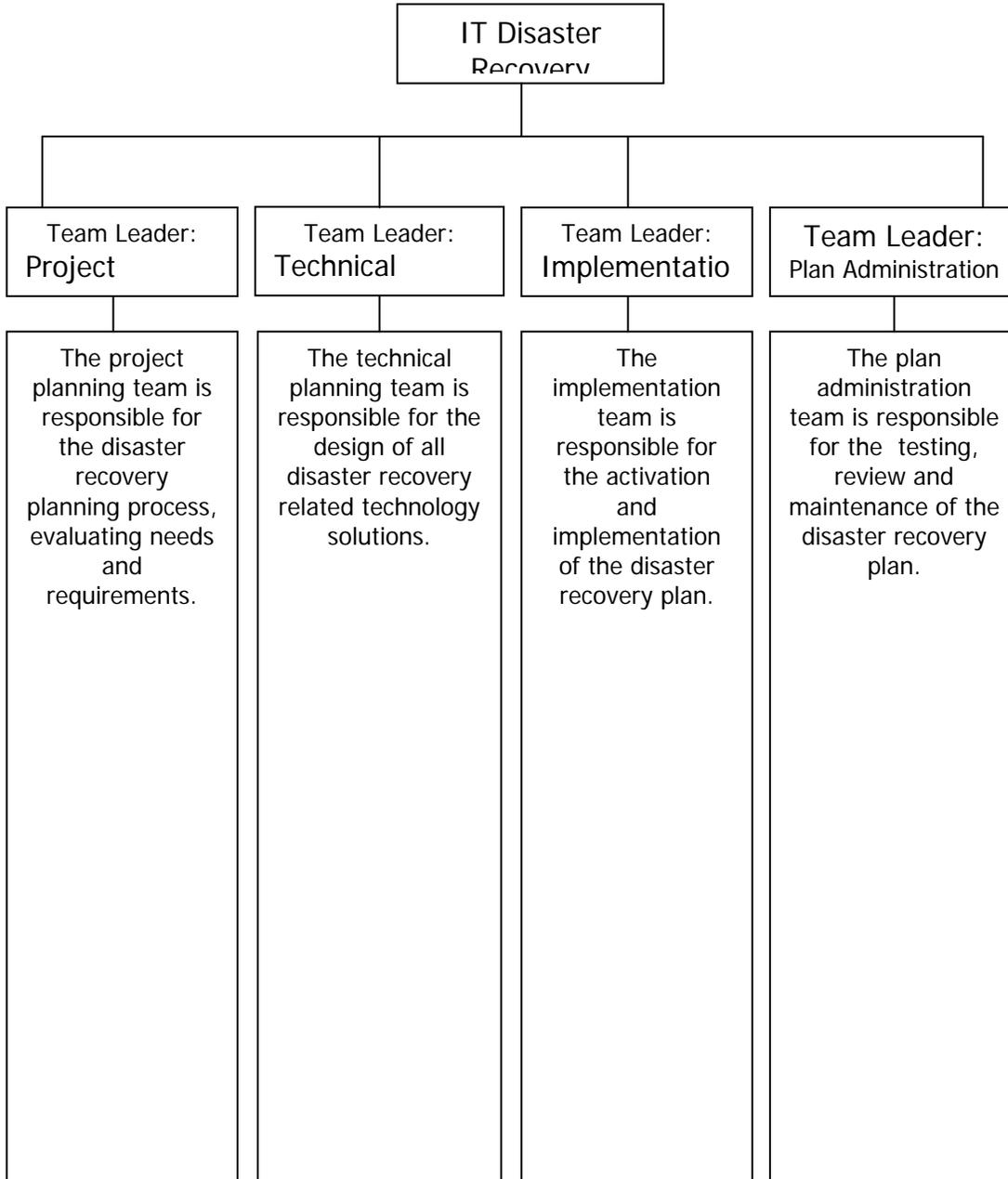
### **6.7 Alternative Operating Procedures**

- Which business operations can be met with the use of standalone computers?
- How long can these standalone operations be used to serve temporary business needs?
- What steps will be required by IT staff and end-users for transition to standalone operations?
- How will critical data files be made available during the crisis period?
- Which business operations can be met with the use of manual operational procedures?
- How long can these manual operations be used to serve temporary business needs?
- What tools will be required to maintain these manual operations (i.e. forms, information, policies and procedures)?
- What are your standalone hardware and software requirements in terms of...
  - Desktop Hardware and Software
  - Telephones and Wireless
  - Laptops
  - PDA's
  - Peripherals (modems, printers, fax)

## SECTION 7.0 ROLES AND RESPONSIBILITIES

This section should be used to identify the structure of the DRP Team:

### 7.1 Organizational Chart



## **7.2 Resource Roles and Requirements**

- What types of resources and skills are required to properly plan and support disaster recovery activities?
- How many staff resources (in numbers and/or hours) are required to plan, develop and test your disaster recovery program?
- How many additional staff resources (in numbers and/or hours) are required to manage and maintain systems in accordance with disaster recovery and business resumption requirements?
- What are the required DRP roles and responsibilities?
  - DRP Leadership
  - DRP Planning
  - DPP Technical Design
  - DRP Activation
  - DRP Support
  - DRP Compliance
  - DRP Verification
  - DRP Maintenance
- Who will fill these DRP roles and responsibilities?

## **SECTION 8.0 PLAN ADMINISTRATION**

As this section is documented, the following questions should be considered:

### **8.1 Plan Approval Procedures**

- How will the plan be approved?

### **8.2 Plan Distribution Procedures**

- To whom, and how will the plan be distributed?

### **8.3 Plan Maintenance Procedures**

- How will the plan be maintained and updated?
- How should questions and feedback be submitted?
- How will the plan be tested and verified?



## APPENDIX A: DRP APPROVAL

To: [Name of the individual collecting approvals]

Date: [Enter approval date here]

### **[DRP Title and Version] Approval Terms:**

1. I have read and understood all test conditions and specifications as documented in this DRP.
2. I believe that DRP is an accurate reflection of all disaster recovery planning goals, requirements and deliverables.
3. I understand and accept all planning assumptions.
4. I understand and accept all DRP scope inclusions and exclusions.
5. I understand and accept DRP risks.
6. I agree to any and all assigned roles and responsibilities.
7. I understand and approve all DRP costs.
8. I understand and approve all DRP activation criteria and procedures.

Additional Terms and Comments:

Name:

Title:

Phone:

Email: