

# COMMERCIAL LOSS

## Getting Started

Terms like "start sheet" or "authorization to begin work" are used to identify the first piece of paper work presented by a fire contractor to the owner. "Start sheet" will be used when referring to this document hereafter. The signature on the start sheet enables the contractor to begin the standard procedures of reconstruction. The homeowner's signature on this document insures that the customer and the contractor have agreed on record, that the contractor will perform the job. This allows the contractor to proceed in a systematic process. Usually, the standard services agreed upon by this signature are as follows:

- Emergency Services – Any immediate construction required to minimize the loss.
- Isolate Area – To close in an affected area that might be a threat to the health and welfare of the occupant.

During the completion of the above items, the contractor and the adjuster can together establish a scope of work. If in fact the severely damaged area has been isolated and emergency services performed, the occupant (owner) can go about their previous actions in a somewhat normal manner.

Next in the process comes the preparation of the contractor's formal estimate. The insurance adjuster reviews the document before the owner receives any insurance money. This allows both parties – the contractor and insurance adjuster – to mutually agree on a specific cost for the work to be performed. Following this meeting, the insured receives a formal estimate with which he or she can do one of the following:

- Agree as is (no change to estimate)
- Make modifications (see standard letter from DCI files)
  - AWO (additional work order)
  - C.O. (change order)
  - Deletions (omitting an item)

When agreed upon by the insured, the contract will show fixed costs and an approved scope of work to be performed (see D.C.I. procedural paperwork). After the contract is signed, the major work will begin within a given timetable.

## Responsibility of the Business Owner

There are a number of steps that a property owner should take after a loss.

1. The policyholder should give immediate notice of the loss to the insurance company.
2. Protect the property from further damages including reasonable and necessary repairs needed to protect the property. This means holes in the roof should be covered; windows and doors boarded up, and other necessary repairs made that will help keep damage from becoming worse.
3. Receipts should be obtained for all costs incurred by you as a result of your loss.
4. Certain personal valuable items should be taken with you. A driver's license or other identification should be obtained. Valuables such as credit cards, insurance policies, checking and savings books, jewelry, guns, etc need to be taken.
5. Notification of relocation must be given to the insurance agent and adjuster, the employer, the post office, family and friends, and the local police.

### **Tips to Keep in Mind after a Fire Loss**

- Payment on mortgage, utilities, etc should continue.
- Movement in the building should be limited to prevent soot particles from being embedded into upholstery and carpets. Hands should be kept clean because soot on hands can soil upholstery, walls, and woodwork causing more damage. A brush or vacuum can be used to loosen soot particles from upholstery, drapes and carpets. Clean towels or old linens should be placed on rug and carpet traffic areas to prevent more soiling.
- If the electricity is off then the freezer and refrigerator should be emptied completely and the doors left open.
- The policyholder can clean and protect chrome on kitchen and bathroom faucets, trim and appliances with a thin coating of light petroleum jelly or oil. Anti-freeze should be poured into sinks, toilet bowls and tubs if heat is off during the freezing season.
- Houseplants should be washed off on both sides of the leaves.
- The furnace filter needs to be changed.
- Upholstery should be covered with sheets before use.
- A double layer of cheesecloth needs to be taped over all air registers.
- All pets should be removed and relocated to a clean environment.
- The business owner should not try to wash any walls or painted surfaces without first contacting a professional restoration service.
- There should be no attempt to clean any electrical appliances, television sets, radios, etc. that may have been close to fire, heat or water without consulting an authorized repair service.
- Garments should not be sent to ordinary dry cleaners because improper cleaning may set smoke odor in.
- Exposed food items, which have been subjected to excessive heat or smoke, should not be used.
- "Do it yourself" home carpet or upholstery cleaners are not to be used.

- The approval of the insurer must be obtained before contact can be made for estimates, inventories, repairs or restoration services. Damaged goods should not be discarded until after inventory is made.
- No attempt to turn on or reconnect any utilities should be made by the policyholder.
- A list of customer references should be obtained about the contractor considered.

### **General Questions the Business Owner Should Ask Their Insurance Company**

1. How is inventory calculated?
2. How is work in progress calculated?
3. How is business interruption calculated?
4. Do I have an actual cash value policy? If so, how is it calculated?
5. Do I have co-insurance problems? If yes, what is the formula?
6. What are my limits on policy using the above calculation?
7. Should I contact professional help?