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### Pre-loss Policy Issues

- Read your policy
- Know the limits of policy coverage
- Ask questions regarding coverage
- Look at the exclusions first
- Provide as much documentation as possible
- Ask broker/pool staff to assist in analyzing coverage



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### The Policy

**All Risk Perils**—subject to policy exclusions and limitations.

**Coverage includes but is not limited to:**

- Real & Personal Property
- Business Interruption, Revenue Bond Payments (as scheduled)
- Boiler Explosion & Machinery Breakdown (as scheduled)
- Course of Construction
- Unscheduled Infrastructure such as Tunnels, Bridges, Dams, Roadways, Highways, Streets, Sidewalks, Culverts, Lights and Traffic Signals, etc.

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**The Policy**

Additional coverages with sub-limits:

- Accounts Receivable
- Property in Transit
- Valuable Papers
- Extra Expense
- Errors & Omissions
- Fine Arts
- EDP Media & Extra Expense
- Accidental Contamination
- Unscheduled Business Interruption and Contingent Business Interruption
- Specially Trained Animals

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**The Policy  
Major Exclusions**

- Aircraft, Watercraft and Rolling Stock
- Standing Timber, Growing Crops and Animals (except special trained)
- Dams, Piers, Docks, etc. (unless scheduled)
- Land and Land Values
- Ocean Marine in Transit
- Contractors Equipment (unless scheduled)
- Licensed Vehicles (unless scheduled)
- Computer Virus/Cyber Exclusion

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**The Policy**

**Do you know your deductibles?**

- Percentage
- Dollar Amount
- Agreed Amount

**Coinsurance ?**

**Is it all one loss or multiple losses with more than one deductible?**

**Will your deductibles shared with other pool members?**

**Is your coverage ACV or Replacement Cost?**

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### Assumptions

**Is every property listed?**

- Vacant buildings included
- Title and bonding secured
- Contents are properly valued
- Properly classified as historical or otherwise

**Is Loss Control optimal?**

- Security has been reviewed
- Building systems minimize exposure

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### Pre-Loss Controls

**Loss control**

- i.e., break-proof windows
- Sprinkler systems
- Alarms



**Identify resources**

- Backup services
- Management team
- FEMA procedures for recovery
- Resources from other entities

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### Pre-or Post-Loss Planning

**Have an identifiable chain of authority**

- Who will lead, lines of communication
- Govt. Code provision for emergency response

**Select a contractor**

- Through PW, General Services, OES or peers
- Insurance adjuster's role
- According to specialty
- Which has managed a similar-sized loss



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## Post-Loss

### Resumption of Operations

#### Management & Communications

- Key staff member / regular updates

#### Resources

- In-house vs. contractors
- specialty

#### Ancillary issues

- Personal property
- Non-owned property
- Ownership
- Security

#### Leadership Opportunity

#### Valuation of loss

- Challenge coverage issues
- For FEMA, adjusters, accountants
- Partial Proof of loss and payment terms
- Advances on the Loss

#### The politics of recovery



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## Contra Costa Courthouse Losses

- \$14.5 million cost
- 1 court burned down, 2 courts completely shut down, 1 partially shut
- \$5.5 million in valuable records restoration
- Problems with contractors, personal property, security, credibility, accounting, and safety



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### Firestorm 2003

- Five separate fires
- First fire started 10-21-2003
- Burned over 374,000 acres in the unincorporated areas of San Diego County
- Cedar Fire largest wildland fire in the history of California
- Took over 11 days to contain and not fully extinguished until December 4<sup>th</sup>

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### Firestorm 2003

- 15 civilian deaths , 1 firefighter death
- Destroyed 5,677 structures
- Largest loss to San Diego County was to County Parks
  - 15,000 acres of parkland burned
  - 23 properties affected
  - 6 bridges, 3 playgrounds 6 vehicles, over 50 miles of trails

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### Firestorm 2003

- Fire started by a lost hunter
- Fire driven by high winds plus extremely low humidity
- Cedar Fire initially traveled at the rate of 9 football fields per second
- Erratic/unpredictable behavior

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### Firestorm 2007

- Started exactly four years to the date of 2003 fire – 10-21-2007
- During the course of next several days nine separate fires would be burning in our County and 22 throughout the state
- At start of fire wind was gusting up to 100 miles per hour
- Cal Fire report determined that cause of fire was arching of power lines

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### Firestorm 2007

- Over 2,600 structures destroyed
- Five civilian deaths
- Major damage to county facility – San Pasqual Academy
- Smoke damage to numerous facilities
- Class action suits filed against our local utility company and cable companies

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### FEMA – vs - Insurance

- If it's not covered by insurance will it be covered by FEMA ??
- Project worksheets required by FEMA will have to list any insurance coverage and deductibles
- The process is slow and uncertain
- Documentation is key
- For additional information go to <http://www.fema.gov/>



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FEMA – vs - Insurance

- Public Assistance Grants are an important part of any Disaster Recovery Plan for Public Entites
- However, insurance and/or self funding is still needed (three prong approach)
- FEMA has made several attempts over the last decade to change the administration of their program
- Stated goal “to reduce dependence”
- Fact Sheet issued in 2008 describes a more restrictive program

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FEMA – vs - Insurance

- No aid to be provided until the entity commits to purchasing insurance to protect the location against further loss from the same peril.
- Limited aid for future losses to same locations by same type of disaster based on prior loss
- Actual impact unknown
  - Fact Sheet was not the result of an amendment to the Stafford Act
  - FEMA's position is that the fact sheet simply describes what the Stafford Act has always called for

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CONCLUSION

- Negotiate the broadest coverage possible and know your policy
- Plan ahead and have resources lined up prior to a loss
- Respond to the loss as quickly as possible
- Make someone responsible to manage the loss
- Communicate and document
- Explore all avenues of recovery; Insurance, State OES, FEMA
- Share your experience at a future PARMA!

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Questions



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