

DISASTER RESPONSE EMERGENCY PLANNING



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I. A GUIDE TO EMERGENCY MANAGEMENT PLANNING

DON'T LET AN EMERGENCY SHUT YOU DOWN!

TODAY'S MANAGEMENT does not question the possibility of a disaster, but asks, "What could happen, and when?" Whether it is a natural disaster such as severe storms, floods or earthquakes, or the far more common man-made emergencies, which include fire, smoke, pipe burst, chemical or oil spills, and with the constantly emerging threats of terrorism and related acts, a well-prepared manager/owner is ready to handle the type of problems that will impact the following:

- health and safety of employees, tenants, and customers;
- building owned or operated by the company;
- equipment owned or operated by the company;
- interruption to business operations; and
- future public relations.

PRE-SELECTING A DISASTER RESTORATION CONTRACTOR IS A CRITICAL PART OF AN EMERGENCY RESPONSE PLAN

Partnering with and pre-selecting a multi-faceted restoration contractor is a critical part of any written emergency procedure plan. The day after a disaster, when the management team is under incredible stress, is not the time to search for a restoration contractor or emergency response contractor.

Factors to consider

- emergency management consulting,
- 24-hour emergency response contracting,
- full service property damage restoration,
- national network of leading restoration contractors, and
- pool of experience, expertise and technology.

II. DEVELOPING THE EMERGENCY PROCEDURES PLAN

Before the Disaster --- This is the time to gather information that will be crucial in the event of an emergency and to ensure that all systems are functioning properly. It's also important to know your building's population as well as what equipment exists in a building and how it operates. Specific information to have on hand is as follows:

A. The Emergency Team

1. Communications:

When assessing the types of emergencies your building may sustain, it is important to consider your communications network. An emergency response plan is only as good as your ability to communicate quickly and effectively with your staff and your tenants. Clear and current listings must be kept of home phone numbers, work numbers, beeper numbers, cellular phone numbers, etc. A calling chain and priority list are essential to your success in managing a disaster.

2. Staff Responsibilities and Special Skills:

The assignment of specific emergency responsibilities is another essential element of emergency planning. A well developed plan should clearly identify the roles of your staff during and after-business hours. For example:

- a) Identify the building evacuation director and wardens.
- b) Specify who is responsible for shutting off power and gas supplies, or water if appropriate.
- c) Who is assigned to assist any disabled persons from the building?
- d) Should someone be in charge of protecting or removing computer disks or a critical PC work station?
- e) Who is the designated public relations spokesperson (also called public information officer) to handle the media?
- f) Which staff member will take the Emergency Procedures Manual and move to the designated gathering point to coordinate the flow of people and information?
- g) Similarly, you should survey your staff for:
 - 1) who is certified in CPR or first aid procedures?
 - 2) who is fluent in a foreign language or sign language?
 - 3) the particular needs of your building population and determine if your team possesses any other appropriate skills.

3. Corporate/Commercial/Retail Tenant Information:

An effective emergency procedure plan is developed from the compilation of accurate research and recordkeeping. Comprehensive files should be maintained. In these properties tenancy changes regularly, so it is important that the information in the tenant profile portion of the Emergency Procedure Plan be updated on a monthly basis. Out-of-date information can have a damaging impact on the emergency strategies of building staff and public safety personnel. Vital

information in your records includes:

- a) How many people occupy each suite?
- b) Which suites are occupied or vacant?
- c) Which occupants may need assistance in case of an evacuation, especially occupants with physical disabilities?
- d) Which units house families with children and what are the ages of the children?
- e) Which tenants might use or store potentially dangerous or flammable materials in their units? (e.g. oxygen tanks for breathing assistance)
- f) For commercial buildings, names and home phone numbers of individual office managers or designated contact person for each space.
- g) Types of businesses in the building, and specifically:
 - 1) descriptions of any flammable or hazardous material used in a particular tenant's space – specific chemical/material names are preferable
 - 2) special electrical uses of a particular tenant
- h) Insurance companies – knowing the insurance carrier, broker/agent of each of the tenants will allow you to resolve claims in your property more effectively.

4. Building Systems:

Information on the pertinent building systems should be stored in a secure primary and secondary place (off premises). These include:

- a) sprinkler system – Where are the sprinkler heads? How are they activated? Is it a wet or a dry system? Who services it? Where are the shutoffs?
- b) utility shutoffs – Where do the gas, electric and water enter the building? Are their entry points and control valves well marked?
- c) staff members know how to shut these valves or disconnect the supplies as necessary in different types of emergencies?
- d) security system – Is it tied directly to the police and fire departments or is there an independent monitoring service? What activates the system?
- e) smoke evacuation system – location of fans and controls. Are they isolated individually or wired in series?
- f) emergency lighting/generator – Know where the generator is located and what specifically it operates. How long will that power supply last?

5. Blueprints:

Blueprints are essential for the fire department in locating mechanical equipment, elevators, stairwells, roof accesses, etc. They should be stored in safe locations: primary and secondary (off premises) and for each floor, the following emergency control locations should be noted:

- a) stand pipe,
- b) roof accesses,
- c) shutoffs to water and utilities, and
- d) emergency generator.

6. Keys:

Several sets of keys should be set aside for emergency use. When the fire chief, security staff, etc. arrive at the site, they need immediate access to the building and to all spaces within. Included on these key rings should be:

- a) master keys for the entire building and
- b) firefighters' recall keys for elevators.

7. Service Contractors:

Included in your information package should be the names and phone numbers of the contractors/vendors whom you will need to contact immediately. These include:

- a) utility companies,
- b) plumber,
- c) electrician,
- d) elevator contractor,
- e) *HVAC contractor,
- f) electronic security contractor,
- g) security guard services, and
- h) commercial janitorial/restoration contractors.

Don't wait for an emergency to select your emergency disaster/emergency contractor. Look for the best service and for the contractor who is willing to work with you when your disaster strikes – even if it's Christmas Eve or a Sunday night.

8. Insurance Information:

It's easy to forget your broker's/agent's name and phone number in the heat of the moment. The following information should also be included with your disaster packet:

- a) broker/agent name, business and home phone numbers;
- b) name of insurance carrier;
- c) policy number(s); and
- d) policy coverage, limits and deductibles.

B. Develop a Relocation Plan

Whether it's corporate, commercial or retail, your tenants will need a new place to either sleep or work. Planning ahead will not only make your job easier but will promote good will with your tenants at a difficult time. Be knowledgeable about the market and have the following information available:

1. Residential Buildings:

- a) phone number of the Red Cross,
- b) phone number of the Salvation Army,
- c) names and phone numbers of service agencies which would help in the event of an emergency, and

d) names and phone numbers of hotels, motels and churches located nearby.

2. Commercial Buildings:

- a) names and phone numbers of local real estate brokers/agents and
- b) names and phone numbers of nearby buildings with vacant space.

C. Establish a Chain of Command
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Know in advance who will be in charge during an emergency and the specific responsibilities of all staff. Specifically, assign the following:

1. Building Staff:

List all building staff with names, phone numbers, beeper numbers and an assigned calling order. Determine who makes those phone calls. Is it a chain or is there one specific person assigned to this duty? Do you have an answering service who could assume this responsibility for you?

2. Fire Chief:

Determine who talks with the fire chief. One contact person who is familiar with the building and the tenants will eliminate a great deal of confusion.

3. Public Relations:

Who handles public relations? Depending on the size of your building and the size of the emergency, you can expect the press to cover the situation. Assign one person to field their questions.

4. Who Can Authorize Emergency Work?

Acting quickly and appropriately immediately after the emergency can save time and dollars in the restoration work. CBSG can assist you in obtaining rapid authorization for emergency repairs, mitigation repairs required to prevent additional damage to your facility, contents and intellectual property. Working with a proven restoration contractor can assist you although you'll need to authorize this work. Know who can authorize this work and the limits to which it can be authorized. You may want to talk this over with your insurance broker/agent.

5. Information Liaison:

Who is the public information liaison during the emergency? There should be someone assigned to sit still (at the command post) and merely relay information among all of the parties involved.

D. Identify Your Command Post

It is preferable that the command post is offsite and within view of your building. Perhaps the building across the street has a lobby that could be used. A neighbor may help out.

E. Establish an Evacuation Plan

It is critical that exits be clearly marked and the staff members are trained on their responsibilities. The following should be included in your evacuation plan:

1. Evacuation Routes:

Maps of evacuation routes should be clearly posted in common areas and stairwells. At every landing in every stairwell should be a map of the stairwells in the building and where they lead.

2. Fire Drills:

Regular fire drills, both announced and unannounced, must be a part of every evacuation plan.

3. Disabled Individuals:

Know where disabled individuals are located. Have a plan for their evacuation if the elevators are not available. Know the specific disabilities with which you are dealing. Planning for the safe evacuation of someone in a wheelchair will be different than planning for a deaf tenant who will not hear the fire alarm.

III. IMPLEMENTING THE DISASTER PLAN

During the Disaster – Generally, it's best to let the professionals do their work and stay out of the way while they are working. However, there are certain things you should do:

A. Operationalize the Evacuation Plan

Obviously, the most important thing you can do is to make sure everyone gets out of the building safely. Know what floors have been evacuated and be able to update the fire chief of the status of the evacuation immediately upon his/her arrival. You'll save precious time fighting the fire with good information.

B. Establish the Command Post

C. Work with the Fire Company to Assist in any Way Possible

D. Make Important Phone Calls

1. Call the insurance broker/agent and/or carrier's claim office and inform him/her of the loss.
2. Call the owner and inform him/her of the loss. Get permission for emergency repairs to be made if necessary.
3. Call the elevator contractor so that they can operationalize the elevators as soon as possible after the disaster. Having them functional will be a tremendous help in the clean up and restoration work. In most shaft areas, it is only legal for a trained, licensed technician to enter.
4. **CALL CBSG to coordinate restoration services.** There are things that must be done immediately to minimize damage and control losses. They can begin as soon as the building is safe to enter so don't wait until the next day to make this phone call.

E. Operationalize Your Relocation Plan

This needs to happen immediately. If it looks as if the building will be unsafe to re-enter, begin finding temporary shelter for your occupants.

IV. AFTER THE DISASTER

After the Disaster

A. Secure the Building

1. Inspect the property with the CBSG disaster representative and the CBSG referred restoration contractor or fire chief:

- a) Determine which areas are safe.
- b) Identify any life-threatening situations.
- c) Determine whether or not tenants can return.

B. Implement Loss Prevention Techniques

Some of these recommendations will obviously need to be handled by trained and experienced professionals to minimize damage and control losses. However, some items may be handled by your maintenance staff. In all cases, being familiar with the techniques for handling various types of damage will ensure that your building is properly restored.

1. Fire/smoke damage:

Before you enter the affected area:

- a) **Be sure the power is off.** Generally, the power company will have been called to the scene and will have terminated the power. If not, shut off the power to the affected area before entering.
- b) Be sure the natural gas is off.
- c) Conduct a small safety meeting with those planning to enter the area:
 - 1) If there has been any structural or ceiling damage,
 - 2) **DO** wear hard hats.
 - 3) Wear hard soled shoes, not sneakers.
 - 4) If the building is still smoking or smoldering, wear respirators.
 - 5) **DO NOT** enter any affected area and light a match. Light must be provided by non-sparking flashlights. **NO SMOKING!**
 - 6) **DO NOT** enter any area without permission from the fire chief.
- d) Immediately perform the following tasks:
 - 1) Open all windows for ventilation. If available, insert a fire box fan into the window for high power ventilation.
 - 2) Clean and protect metal surfaces (i.e. chrome and brass trim) with a light coating of petroleum jelly or other oil to inhibit oxidation of the metal surfaces.
 - 3) Brush or vacuum smoke particulate from furnishings, draperies and carpet in DRY areas.
 - 4) **DO NOT** attempt to wash walls, ceilings or other porous surfaces.
 - 5) **DO NOT** use electronic equipment or appliances until checked and cleaned.

- 6) **DO NOT** use upholstered furniture.
- 7) Dispose of all food and canned goods exposed to excessive heat. For retail establishments in the food industry, the health department will determine which items can be salvaged, if any.
- 8) All clothing is to be removed from the premises, deodorized and dry cleaned immediately. Improper cleaning may set smoke and odor damage permanently.
- 9) Drain all heating, plumbing and sprinkler systems during the winter in regions where freezing can occur. Pour antifreeze into all traps.
- e) Follow the guidelines described under “Water Damage” below to protect your property further.

2. Water Damage:

Water damage can occur due to fire fighting techniques, burst plumbing lines, a leaky roof, etc. With a fire, often there is more damage caused by the water than the fire itself. Follow the guidelines outlined below to control water damage and minimize losses.

THESE RESTORATION/MITIGATION TO-DO LISTS ARE BEST DONE BY CBSG INDUSTRY PROFESSIONALS

- a) Before entering the affected area:
 - 1) Make sure the power is off.
 - 2) Hold a small safety meeting for everyone planning to enter the affected area.
 - 3) Beware of plaster falling.
 - 4) Beware of light fixtures falling.
 - 5) Be careful not to slip on wet flooring.
- b) Perform the following tasks immediately.
 - 1) Locate the source of the water and shut it off.
 - 2) Poke small weep holes in wet ceilings to allow the water to drain. Be sure to place buckets underneath.
 - 3) Remove furnishings if possible. Those items most greatly and immediately affected by water damage include:
 - (a) electronic equipment,
 - (b) anything made of wood or cellulose fibers,
 - (c) books, and
 - (d) artwork.
 - 4) Block up furnishings that cannot be moved to a dry location. Pieces of wood or Styrofoam are good for this task. Be careful not to place anything with a dye or color in it on wet carpeting.
 - 5) **DO NOT turn the heat up high. Too much heat can actually accelerate damage.** Try to maintain an even temperature of 72^o F / 20^oC.
 - 6) Begin removing water.
 - (a) extract carpeting,
 - (b) towel dry furnishings with absorbent cloths, and
 - (c) open drawers and doors of furniture to prevent them from

swelling shut but do not force.

- 7) Retail tenants should immediately inventory damaged items. They should then be removed, dried and cleaned. Salvage value is generally assessed by the insurance adjuster.
- c) Prevent potential structural damage.
 - 1) Open drywall at the bottom of walls to allow air movement and drying within the wall.
 - 2) Remove wet fiberglass insulation, if necessary, or dry it if possible.
 - 3) Take care of wet flooring.
 - (a) Lift carpet and install carpet dryers.
 - (b) Remove and discard wet padding.
 - (c) Be sure to wear gloves when removing tack strips. Serious infections can occur from the bacteria inherent with water damage if the skin is punctured.
 - (d) If hardwood floors are covered with carpeting, the carpet must be removed, and the floor beneath it dried.
 - (e) Dehumidification – Ordinary household type dehumidifiers will not properly dry down your building. Professional dehumidifiers use hot gas bypass or desiccant systems to remain operable at any temperature. **Dehumidification combined with air movement caused by using high speed turbo fans will minimize further damage.**
- d) Electronics
 - 1) Spray electronic systems (e.g., elevators, generators, security system control panels) with a recommended critical contact cleaner. This will prevent the corrosion of electronic components.
 - 2) Dehumidification is also important to reduce the risk of corrosion in computer equipment, phone systems, copiers, etc.
- e) Health Issues
 - 1) Access ductwork to dry it. Properly treat ductwork with antimicrobial treatment so that mold, fungi and bacteria do not regenerate in air handling equipment and ductwork systems.
 - 2) Pay close attention to crumbling pipe insulation and ceiling material that may contain asbestos.
 - 3) Apply antimicrobial treatment to any other water-affected areas.

V. HEALTH CONCERNS ABOUT WATER DAMAGE

In today's enlightened era of environmental health, it is clear that proper water damage restoration is imperative. There is more to water restoration than extracting water from the carpet and pad. Controlling and terminating the growth of bacteria, mold and mildew are the primary concerns.

In terms of the interior building temperature, it is important to note that mildew is not active under temperatures of 75°F/24°C. Its most prolific atmosphere is between 75°F/24°C and 85°F/29°C. Above 85°F/29°C, it returns to a dormant state and above 115°F/46°C it dies.

BACTERIA, however, differs in its climatic preferences. Some survive below freezing while others are active to temperatures above 150°F/66°C. It is similar to mildew in that its preferred temperature for growth is 75°F/24°C.

Obviously, water damage restoration must be performed by trained technicians who understand proper procedures and chemical applications. Trained personnel will provide the necessary adjustments to the environment by altering temperature and humidity levels to deter production of mold, mildew and bacteria.

The property manager must remain alert for the following signs of microbial growth:

- musty, stuffy odors
- black/gray patches along the bottom of walls
- deterioration of jute backing on carpeting and/or dust covers on the bottom of furniture

Water damaged building interiors provide a prime environment for the growth and reproduction of mildew and bacteria. Both are parasitic (i.e., they rely on dead or decaying organic matter for food). One of the favorite foods for bacteria and mildew is the decaying organic jute backing of carpets. This, coupled with warm, humid air, creates the ideal environment for reproduction. Mold and mildew may cause allergic reactions such as depression, arthritis, puffy eyes, chronic cough, rheumatism, asthma or headache.

VI. ASSESSING RISK AND PROTECTING THE INVESTMENT

The most critical tasks that the property manager needs to perform must occur prior to the emergency. The manager has a duty to assess and minimize risk to the building, the owner and the tenants. To this end, a manager should set up an emergency contingency plan that is both proactive before the potential crisis and reactive during the crisis.

A. Commercial, Corporate, Retail and Residential Buildings: Review of Tenant Leases

The first step in implementing a proactive emergency contingency plan should be a comprehensive review of all the leases. This lease assessment should help to define the relationship between you and your tenants. There are many threshold questions that must be answered as a part of this analysis. The following are several of the more important questions:

- 1. Who is responsible for ensuring the leased premises?**
- 2. Who is responsible for ensuring the building?**
- 3. Who is responsible for ensuring the contents of the leased premises?**
- 4. What are the insurance amounts called for in the lease?**
- 5. How much damage does there need to be before the leased premises are considered uninhabitable?**
- 6. What duty does the tenant have to continue to pay rent if the leased premises are uninhabitable?**

The answers to these and other pertinent questions should form a written report that will help you assess the disaster risk for the building.

B. Determining Appropriate Insurance Coverage

Most well drafted leases specify insurance types and amounts that each party is to provide. In addition, usually, leases obligate tenants to provide certificates of insurance to the property owner on a regular basis. As part of a disaster plan, a manager should collect these certificates in a timely manner to ensure that coverage is being maintained. Listed below are some of the questions to consider when reviewing your tenants' certificates of insurance:

- 1. Are the insurance carriers reputable?**
- 2. Are the coverage amounts as agreed upon in the lease?**
- 3. Are the amounts sufficient to cover the risk that is being insured?**

Once all of this research has been completed, a meeting with your attorney and insurance carrier will help to determine if all risks inherent in operating the building are being covered. Between you and your tenants, are the policy amounts sufficient to cover potential building damage, loss of rents or potential personal injury damages?

C. The Manager's Concern During a Crisis

All of the planning as described here can only make a disaster less costly. Once a disaster occurs, a manager must have the ability to react to a variety of difficult situations. A competent point person must be on call at all times, with the ability to assess a crisis situation and make instant decisions. This person must have the authority to close a building if necessary.

Obviously, the safety of the persons and property in a building is paramount. In the long run, it will be much less expensive to look to your insurance carrier for several days of rent loss than to look to your carrier for liability coverage if people are injured in the building. Being well prepared in advance will preclude negligence during a crisis situation.

D. Repairing the Damage

After the disaster has been abated and the building has been stabilized, it is the property manager's responsibility to have the building repaired and operational as quickly as possible. By working with your restoration contractor and the insurance adjuster, prompt decisions regarding the scope and value of the loss can be made. Once the scope has been agreed upon, the work can begin.

A manager should not let the determination of fault delay getting the building back in operation. Generally, the insurance company will approve the repairs, even if caused by the negligence of a tenant and subrogate the claim later with the responsible party. The manager, of course, should assist the insurance company in such a claim by providing all relevant information. However, the main goal is to repair the damage.

E. Conclusion

One of the property manager's primary responsibilities is to make sure that his building is adequately insured against risk. Determining the nature of these risks, as well as the types and amounts of coverage necessary, must be an ongoing process. Review of tenants' leases and stated insurance requirements will alert the manager to any changes that must be made. These tasks must regularly be completed so that when a disaster strikes, costs can be minimized and the building reopened as quickly as possible.

VII. DETERMINING SCOPE AND VALUE OF THE LOSS

A. Notifying the Insurance Company

The insured (owner/manager) or the agent for the insured should notify the insurance broker/agent or the carrier directly to inform them of the loss. In cases of theft or vandalism, the police should also be notified. Generally, the insurance company will require a copy of the police report before processing the claim.

Immediately after a loss occurs, the insured should take whatever measures are necessary to protect from further damage (e.g., temporary repairs, water extraction, securing damaged entrances, windows and shoring). The insured should keep accurate records of all emergency repairs and expenses incurred to be turned over to the adjuster.

B. Determining the Scope of the Loss

The scope and value of the loss will be determined by the insurance carrier's adjuster working closely with the property manager and the manager's designated restoration contractor or technical consultant. In preparing to meet with the adjuster, the manager should prepare a brief description of the events that transpired prior to the loss. He should also gather information concerning the losses of the tenants affected by the loss.

Material and equipment specifications for components of the building will also be important to assist the adjuster in properly valuing the loss.

C. Assessing Damage and Loss

In determining the scope of the loss, you usually begin in the room that was the source of the loss. It is here that damage will be most severe and the scope of the repair most complete. The scope determined for this room will be used later as a guideline for determining the work to be done elsewhere.

Each portion of the room or task to be completed is itemized by size, description of damage and units of measurement involved. For example, you may determine that 17.15 meters/75 sq. yds. of carpeting is saturated or 150 sq. ft./14.9 meters of ceiling has collapsed. A decision is then made to repair, replace or restore the damaged area.

This decision is usually made between the adjuster and the restoration contractor and is contingent upon several considerations:

- type of material to be used,
- installation and application of that material, and
- type of finish.

In most cases, restoration is preferable to replacement unless the cost of restoration far exceeds replacement cost. Restoration is also preferred when the element of the construction is unique or no longer readily available. For example, restoring the finish of handmade arbor/support-styled hinges on a church entry is preferable to replacement because the costs of recreating the original product would be excessive.

When considering any scope of work, the material to be used must be of like kind and quality to the original construction. This will ensure that the finished product is as similar as possible to the original.

Damaged contents must be either replaced or cleaned and restored, depending on the severity of the damage. Your restoration contractor will be able to inventory, pack and transport the contents to a storage facility until the work is complete. Items that require dry cleaning can be inventoried and sent to be deodorized and cleaned before odor sets in. Damaged furnishings can be removed, restored and warehoused until restoration is complete.

The adjuster will provide inventory sheets for content items damaged beyond restoration. These total loss items will be listed along with a description of the item, brand name, serial number, model number, age and quantity.

Keeping a prepared inventory sheet on file for all content that includes this information could eliminate costly hours trying to remember all of the items that were completely destroyed by fire.

D. Historic Properties

Owners and managers of historic properties have special responsibilities to ensure these building and contents are:

- accurately documented and
- adequately insured.

Building materials throughout the property should be thoroughly documented by videotape and/or photographs. This will provide critical information about woodwork, floors, plaster, etc. if ever there is a loss. The documentation, along with information about the building's restoration—such as original or recent blueprints, building surveys and architect's name—should be stored in a separate location.

With historic properties, it is imperative to document conditions and present detailed cost information to ascertain restoration issues with the adjuster. Most adjusters will not be familiar with preservation or restoration concepts. The average adjuster may have only a working knowledge of the typical suburban tract house. **OWNER BEWARE!**

E. Conclusion

The more information that you can bring to the table in your meetings with the adjuster, the better are your chances of receiving an equitable settlement. Proper organization of information prior to any loss will make claims resolution swifter and easier. Be well prepared; be knowledgeable about your lease requirements and related insurance requirements.

Having a plan for coping with disaster will permit you to minimize any loss to your owner as well as minimizing frustration and anguish with your tenants and your staff.

VIII. KEY TERMS AND PHRASES

The property manager must be familiar with key components of the insurance policy to be communicative with and understanding of the adjuster and should be familiar with the following key terms.

ACTUAL CASH VALUE – replacement cost of the property less accumulated depreciation. This is physical depreciation, not cost recovery.

AGENT – a person who actively represents insurance services to the insured.

ALL RISK/OPEN PERIL CONTRACT – the policy covers all perils EXCEPT for those that are specifically excluded.

BROKER – represents a number of different licensed insurance companies and their services.

COINSURANCE CLAUSE – specifies the amount of recovery you will receive on a partial loss if the property is not insured for a specified amount of the property's cash value.

DEPRECIATION – an adjustment to value based on physical age and deterioration, obsolescence and geographic market value.

DIRECT LOSS – physical destruction of property.

EXTRA EXPENSE – additional costs incurred because you are unable to use the property. This may include extra mileage on your car if you are forced to live farther away from your employment due to a loss at your home.

LOSS OF INCOME – lost economic gain due to loss of utility of the property. An example would be rental income.

PERIL – the cause of the loss. Usual insurable perils include fire, explosion, wind, burglary, negligence, collision, accident, sickness and death. Policies often cover more than one peril.

PROXIMATE CAUSE OF LOSS – the direct or effective cause of the loss.

REPLACEMENT COST – the cost to replace the damaged property with like kind and quality.

SALVAGE – property, equipment, etc. that the insurance company retains to attempt to reduce the total dollar loss.

SPECIFIED PERIL CONTRACT – the policy identifies the particular perils that are covered.

SPOILAGE – caused by particular perils.