



When a Loss Occurs

First response checklist

The following is designed to identify actions that should be taken in the event of a **first-party property loss**. The checklist is not all-inclusive; it is intended only as a guide and may be modified to fit your business operations and the type of property claim sustained.

Contact your Lockton claims service team below for additional information.

A. 5 STEPS OF NORMAL CLAIMS PROCESS IN OVERVIEW:

5 Claims Settlement & Payment

4 Claim Adjustment-Loss Adjuster

3 Provide Complete Claims Supporting Documents-Insured

2 Site Survey-Loss Adjuster

1 Claim Notification-Insured

B. PRE-LOSS AND POST LOSS ACTIONS TO BE TAKEN:

1. Pre-loss actions

- Identify a facility first response team that will be responsible to make an immediate determination of the plan of action for loss prevention, repairs and restoring operations after a loss occurs.
- Maintain a list of emergency contacts and emergency service vendors, including but not limited to restoration contractors and utility companies.
- Maintain a complete employee list with emergency contact numbers.
- Maintain schematics for utility services (electrical, gas and water).
- Notify the safety manager of impending events such as flood or heavy storm.
- Corporate property risk control manager notified by location manager or other person of impending events such as a flood or heavy storm.

2. Post-loss communication

- Notify the safety manager of any property damage.
- The safety manager or other person notifies the corporate property risk control manager.
- The corporate property risk control manager notifies finance and other relevant corporate parties.
 - Risk management will assist with the determination and access of appropriate resources.

3. Post-loss actions — property damage

- Think safety first — if applicable, board up the premises and correct unsafe conditions.
- Secure area of loss to prevent unauthorized access.
- All nonemergency personnel should remain outside of the building until the damage has been evaluated and it is deemed safe to return.
- Do not disturb the scene where the loss originated (such as point where the fire started) until the appropriate experts are able to inspect.
- Complete necessary temporary repairs to protect the affected property. Otherwise, do not start the cleaning process until the risk department gives the okay to do so.
- Inspect the loss to determine the extent of the damage.
- Notify restoration/remediation contractors if needed.
- Proceed with emergency measures to prevent continual or additional damage.
- Prepare a list of steps required to promptly resume operations to the fullest extent possible. Contact internal and external suppliers to make appropriate adjustments.
- Verify that sprinkler and alarm systems are operable. Contact the proper authorities if necessary.

- Shut off power/water/gas in the damaged area when necessary. Do not restore them until it is safe to do so.
- Safety hazards, such as downed power lines, exposed electrical wires, gas leaks, etc., could be present. Identifying these hazards may require a phone call to local utility companies prior to returning to the facility.
- Buildings should be evaluated for structural damage or undermining of building foundations. Contact appropriate personnel to assist with this process.
- Notify all civil authorities as appropriate, such as fire, police, health department, building inspector etc. Maintain records of contact information and communication.
- Record any communications received regarding a civil order to evacuate. Who provided notification of the order, verbally or in writing? Did someone hear it on the radio? Save any written orders or flyers received to document the claim.
- Complete current incident form (if applicable).
 - Identify any contributing or potential secondary cause of loss; this is very important for recovery against negligent third parties if such a circumstance exists.
 - Take photographs prior to removal of any debris to document damage.
- Caution should be exercised when opening fuel control valves. A check should be performed to ensure that piping and equipment is intact, properly supported and not leaking. If problems are noted with the piping or equipment, the valve(s) should not be opened, and professional assistance should be obtained. Purging of systems should follow the appropriate codes.
- Any unnecessary ignition sources should be eliminated, and no smoking regulations enforced.
- Strict precautionary measures should be required for any cutting, welding or hot work that will occur in or around the buildings. Any hot work permit processes must be followed.
- Any damaged doors, windows and skylights should be covered immediately. Coverings should be substantial enough to resist expected wind, rain or snowfall, and should not allow moisture penetration.
- Damaged utility-owned electrical service equipment and downed power lines should be cordoned off until the utility's representatives can complete repairs and restoration.
- If water has contacted electrical system components, or if there has been significant wind and flood damage to the building structure or foundation, the electrical system should be de-energized at the service entrance until inspection, cleaning, drying and testing are completed.

4. *Post-loss actions — machinery and equipment*

- Root Cause Analysis (RCA) by independent expert is essential for Machinery Breakdown claim
- Complete any necessary temporary repairs to protect the affected equipment.
- Secure a listing of the equipment impacted.
- Identify any affected critical equipment to operations and lead time for replacing.
- Determine feasibility of use of rental equipment, boilers, compressors, chillers, etc.

5. *Post-loss actions — inventory*

- Identify all areas of inventory loss and segregate damaged from undamaged.
- Where possible, preserve any damaged items. Do not destroy or discard until the insurer has reviewed and approved the disposal. Take pictures of the damaged inventory.
- Be prepared to document and demonstrate the physical damage that has occurred.
- Secure any regulatory agency reports or other documentation verifying destruction of damaged goods.
- Identify any opportunities for salvage and agree up front with the adjuster on how this will be handled.

6. *Post-loss actions — Salvage*

- Don't dispose of the salvage without insurer's instruction/advice.
- Keep all salvage in safe place for insurer/Loss adjuster's inspection.
- Find local salvage buyers to quote for salvage bidding urgently to keep salvage value.

7. *Post-loss actions — business interruption/extra expense*

- Identify opportunities to transfer production to other production lines or facilities.
- Can production be made up through overtime? How long will it take?
- Assign the team responsible for tracking estimated cost of loss.
- To track the loss, close out the books as of the date of loss and maintain an accurate separate record of the operating expenses that continue during this period. Remember that the insurance adjuster will probably want to verify these expenses as part of the claim process.
- If the business interruption involves the loss of electrical power, document to the best of your knowledge when it went off and when it was restored. If any written information was received regarding the power interruption, be sure to save it as documentation for the claim.

8. Post-loss documentation — *business interruption/extra expense*

- Invoices/documentation for all costs and extra expenses associated with incident (repairs, parts, labour, property modifications, extra transportation expenses, etc.).
- Production reports by product if applicable (monthly, weekly, etc.).
- Sales reports (dollars and pounds) by product if applicable (monthly, weekly, etc.).
- Pre-loss expected operating schedule.
- Profit and loss statements.
- Payroll reports.
- Inventory reports.
- Production/sales data for other affected locations (if applicable).
- Other information as requested by adjuster.

Finally, it is also important to note that the insurance premium must be fully paid at the time of claim. The insurers will hold the claims payment if the insurance premium is pending.

Lockton Claims Service Team: Property & Casualty Claim

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