

Get Us Back In!

A workshop on resolving complex property claims with your insurer.

Presented at PARMA 2017, Anaheim, California

Authors:

Andrew Scott, PE, SE
Principal, Degenkolb Engineers

375 Beale, Suite 500
San Francisco, CA
o: 415-392-6952
d: 415-354-6409
m: 415-716-9176
ascott@degenkolb.com
www.degenkolb.com

Steve Santaguida (CTR), NISTAC, Contractor
Federal Emergency Management Agency,
Public Assistance

1611 Headway Circle (#2)
Austin, TX 78753
m: 415-577-6374
steve.santaguida@associates.fema.dhs.gov

Steve Santaguida
Director of Claims
Leland Saylor Associates

101 Montgomery St., Ste. 800
San Francisco, CA 94104
m: 415.291.3207
s.e.santaguida@gmail.com
www.lelandsaylor.com

Robert Frey
Senior Vice President, Regional Claims Director
Alliant Insurance Services

100 Pine Street, 11th Floor San Francisco, CA 94111
o: 415-403-1445
m: 415-518-8490
CA License # OC36861 rfrey@alliant.com



Note from the authors:

We developed this workbook as a guidepost for Risk Managers embarking on building loss claims. This book is based on our experiences – good and bad – to provide a logical approach, identify common pitfalls, share hard-earned lessons and help you fulfill your duties with more clarity, consistency and effectiveness.

Disclaimer

This Workbook has been prepared for informational purposes for professionals in the insurance industry. It's not legal advice and cannot be relied upon as legal advice.

No liability is assumed with respect to the use of the information contained herein, nor shall the authors, or any employer or entity with which the authors are affiliated be liable for damages or loss resulting from its use, including but not limited to actual, consequential, or incidental damages, whether foreseeable or unforeseeable.

To the best of our knowledge, the information contained herein is accurate as of the date of publication; however, the authors and their affiliated employers/entities do not assume any liability whatsoever for the accuracy and completeness of the information provided herein. All information in this Workbook is provided "as is" with no guarantee of any kind and without warranty of any kind, express or implied.

The hypothetical situations discussed herein are general in nature, and the suggested responses are not meant to be the only solutions to the issues raised and do not encapsulate the universe of possible responses. The Workbook is not to be regarded as providing an opinion about any individual claim as real-world claims will have intricacies not contemplated herein.



OUTLINE

Phase I - Immediate Response

- A. Safety
- B. Report the Claim
- C. Protection of the Asset
- D. Business Interruption & Interim Arrangements
- E. FEMA and CalOES

Phase II – Moving Forward and Assembling Your Claim

- A. Identify Stakeholders
- B. Assembling, Guiding and Empowering Your Team
- C. Assemble Your Insurance Claim
- D. Interfacing with Your Organization
- E. Interfacing with Insurance Experts
- F. Assess Your Position
- G. Contingency

Phase III - Putting It Back Together

- A. Construction Documents
- B. Control and Tracking
- C. Collaborating with Insurance
- D. Dispute Resolution & Decision Making
- E. Permitting
- F. Bidding
- G. Construction

Appendix

- A. FEMA
- B. Organizational Chart
- C. Stakeholder Matrix
- D. Team Must/Want Criteria

PHASE I:

Immediate Response

A
B
C
D
E

Phase I

Why This Matters:

You have responsibility for protection of the asset, safety, aligning the response to your coverage and tracking the response in a way that Insurance can process and fund.

A
B
C
D
E
F
G

Phase II

A. Safety

- a. Implement your Emergency Response Plan
- b. Evacuate and limit access to hazardous areas

A
B
C
D
E
F
G

Phase III

Example: After a fire, localized burned areas can be susceptible to triggering larger collapse areas. Limit exposure until shoring and/or as assessment can be performed by qualified professionals.

A
B
C
D

Appendix

- c. Identify hazardous materials

Notes

PHASE I:

Immediate Response



B. Report the Claim

- a. Maintain an open line of communication between Risk Management and Facilities such that when issues arise, they can be vetted as claims.
- b. Report directly to Insurance Carrier, Third Party Administrator and/or Broker
- c. Establish line of communication and relationship with Claims Adjustor.
- d. Request assistance with critical challenges, e.g. emergency restoration contractors, temporary accommodations, consultants.
- e. Establish cost tracking mechanism and create file structure. Track costs (across the organization) to a single specific code for the claim event (to be parsed later by claims accounting).
- f. Establish lines of communication between Risk Management, Project Management, Facilities Management and Organizational Leadership to coordinate the response.

C. Protection of the Asset

- a. Suspend standard operating procedures that undermine the Immediate Response (e.g. forgo multiple bidders)
- b. Use qualified service providers experienced in immediate response

Pitfall: Using existing facilities staff and equipment subject to limits of manpower and availability, resulting in inadequate response and additional damage (e.g. mold growth) that may be excessively disruptive to the organization, trigger exclusions, and delay recovery.

Tip: Perform a Go/No-Go assessment of existing vendors to determine qualifications, experience, capacity and interest relative to the loss. Existing vendors may be sufficient for portions of the service needs, but may need to be supplemented with specialized providers and consultants versed in complex building losses. The wrong advice can send the process in the wrong direction - invest in proper service providers.

Phase I
A
B
C
D
E

Phase II
A
B
C
D
E
F
G

Phase III
A
B
C
D
E
F
G

Appendix
A
B
C
D

Notes

PHASE I: Immediate Response

- A**
B
C
D
E **Phase I**
- c. Secure the building and perimeter
 - d. Install Emergency Shoring at the direction of qualified/licensed Engineer
 - e. Minimize further water intrusion and exposure to weather
 - f. Prevent mold growth, dry out, neutralize wet finishes
 - g. Protect building systems
 - h. Gather extensive photo/video documentation of conditions

D. Business Interruption and Interim Arrangements

- A**
B
C
D
E
F
G **Phase II**
- a. Assess BI coverage and needs for temporary facilities and relocations
 - b. Establish Program for temporary space
 - c. Get Insurance consent prior to incurring costs for Temporary Space

E. FEMA and CalOES

- a. If a Federal or State Disaster is declared and FEMA and/or CalOES dispatch teams, participate with the teams to:
 - i. Write the description of damage.

Pitfall: If the initial FEMA and/or CalOES survey underestimates the damage, it is very hard to get it expanded later (upon the discovery of additional or more accurate damage extents).

Tip: Conduct extensive damage discovery prior to FEMA/CalOES visit. During the visit, join the FEMA/CalOES teams and actively engage in writing the description of damage

Pitfall: FEMA approval requires NEPA compliance and CalOES approval requires CEQA compliance. Compliance reviews require a full description of project scope and can be very slow.

Tip: The initial scope written by the FEMA/CalOES team provides interim approval of limited steps in advance of submitting the full project scope. Make sure the initial scope of approved work includes (a) hiring Professional Engineers for your consultant team and (b) implementing basic stability and protective measures. This will allow you to move forward with developing the full scope for NEPA/CEQA approval and getting these costs recovered.

Notes _____

PHASE II: Moving Forward and Assembling Your Claim



Why This Matters:

To maximize recovery, the claim must be assembled with input from the appropriate stakeholders by a properly qualified team with the empowerment and organizational structure to be effective

A. Identify Stakeholders

- a. Public Agency/Entity – engage multiple departments and identify individuals that are deputized to make decisions on behalf of their department.

Tip: Assemble a Stakeholder matrix with Stakeholders, point-of-contact, "hot-button issues," and bounds of purview. Work to keep stakeholders within the bounds of their purview

- i. Facilities Management
- ii. Project Management

Pitfall: A complex loss can require significant PM capacity on short notice from a department with limited resources. As such, your claim project may get under-qualified staff from PM or FM departments.

Phase I
A
B
C
D
E

Phase II
A
B
C
D
E
F
G

Phase III
A
B
C
D
E
F
G

Appendix
A
B
C
D

Notes _____

PHASE II: Moving Forward and Assembling Your Claim

A
B
C
D
E

Phase I

Tip: Let your Consultant team limit the burden on the PM/FM group – start with a strong Prime Consultant, allow them to collaborate closely with the PM/FM and include PM/FM-related tasks in their scope of work.

- iii. Risk Management
- iv. CEO - An engaged CEO can quickly eliminate procedural constraints that may seem unavoidable otherwise.
- v. User Group

A
B
C
D
E
F
G

Phase II

Tip: Set Like Kind & Quality expectations early. Clearly communicate that the Insurance process will provide Like Kind & Quality repair (subject to justified Code-upgrade requirements). Limit expectations for upgrades or extensive current code compliance.

- vi. Community
- vii. Elected Leaders
- b. Additional Insureds – if the tenant group is outside your Agency, they may be an additional insured on your policy
- c. FEMA – when the President declares an Emergency, use the Public Assistance program to recover up to 75% of eligible losses that are not insured or not otherwise recoverable. You have 60 days to contact FEMA. See Appendix A for eligibility requirements, eligible categories of work and recovery percentages.
- d. CalOES –

A
B
C
D
E
F
G

Phase III

- i. In the absence of a Federal disaster declaration, but the Governor declares a State disaster, use CalOES to recover up to 75% of eligible losses that are not otherwise recoverable.
- ii. In combination with a Federal disaster declaration, use CalOES to recover up to an additional 18.25% of eligible losses (in addition to the 75% covered by FEMA) that are not insured or otherwise recoverable. Additionally, CalOES will act as your agent for FEMA interface.
- e. Jurisdiction – engage the jurisdiction to identify the review and approvals process, clarify required submittals and identify points-of-contact.

A
B
C
D

Appendix

Notes

PHASE II: Moving Forward and Assembling Your Claim



- i. Department of Building Inspection
- ii. Planning Department
- iii. Historic Preservation
- f. Insurance – engage the Insurance and their Consultants to establish a productive and collaborative relationship with your team. Differences of opinion are inevitable – a strong working relationship is critical to moving the process forward.
 - i. Carrier Adjustor
 - ii. Third Party Administrator Adjustor
 - iii. Broker
 - iv. Insurance Consultants – Architecture/Engineering, Forensic Accounting, Cause & Origin, Cost, Construction
- g. Neighbors

Tip: Three steps to mobilizing a successful team: (1) Assemble a preliminary team organization chart, (2) Identify must/want qualifications for each team member, (3) populate your team and organization chart with leadership positions, points-of-contact, scope and responsibilities.

B. Assembling, Guiding and Empowering Your Team

- a. Assemble a properly qualified Team
 - i. Claims Management Team Lead
 - 1. Qualifications: ability to assemble a team, ability to authorize consultants and issue Purchase Orders, good understanding of organizational goals and decision making process, experience with property loss claims
 - ii. Lead Negotiator
 - 1. Qualifications: empowered to make decisions, understanding of multiple insurance policies in place, ability to interpret the policy vis-à-vis the loss, experience with claims adjusting, strong working relationship with organizational leadership and insurance counterpart.
 - 2. May be CEO, Risk Manager, CFO, Superintendent, Business Manager, Consultant, Broker, Counsel, Attorney, Public Adjustor

Phase I
A
B
C
D
E

Phase II
A
B
C
D
E
F
G

Phase III
A
B
C
D
E
F
G

Appendix
A
B
C
D

Notes _____

PHASE II: Moving Forward and Assembling Your Claim

- A
B
C
D
E
- Phase I**
- iii. Facilities/Project Management Team Lead
1. Qualifications: experience with similar structure type, working knowledge of public bidding process, good understanding of organizational goals and decision making process, understanding of emergency declaration flexibilities, ability to authorize consultants and issue Purchase Orders, strong working relationship with organizational leadership, empowered to make decisions.

- A
B
C
D
E
F
G
- Phase II**
- iv. Consultant Team Lead – Prime Consultant
1. Qualifications: Prime Consultant leadership capabilities, strong written and verbal communication skills, experience with property loss claims, strong technical understanding, expertise with existing buildings and repair project life-cycle through end of construction, respected by Insurance team Consultants.

Tip: Traditionally Architects are Prime Consultants for building-related projects, but for a property loss, the architectural scope may be not warrant an Architectural Prime. Expand your options by considering the Engineering consultants for the Prime role.

- A
B
C
D
E
F
G
- Phase III**
- Red Flags:*
- Stalled progress, e.g. many rounds of opposing memorandums
 - Wide gap in scope or cost of claim
 - Going backwards on decisions
 - Outlier fees
 - Poor relationships with Insurance consultants

- A
B
C
D
- Appendix**
- Where to go for potential team members:*
- Ask Broker
 - As other team members to leverage their network

Notes

PHASE II: Moving Forward and Assembling Your Claim



<ul style="list-style-type: none"> v. Insurance Liaison <ul style="list-style-type: none"> 1. Qualifications: experience settling claims, good rapport with Insurance Carrier, understanding of the Policy and ability to articulate coverage to the team, understanding of Dispute Resolution mechanism 	Phase I	A B C D E
<ul style="list-style-type: none"> vi. Environmental Consultant <ul style="list-style-type: none"> 1. Qualifications: Hazardous materials assessment, lead, asbestos, mold, pest, air sampling, moisture sampling, smoke damage identification 		A B C D E
<ul style="list-style-type: none"> vii. Architect – Forensic, Design, Waterproofing, Expert <ul style="list-style-type: none"> 1. Qualifications: experience with assessment and repair of existing similar buildings, code expertise, historic expertise, envelope expertise, Prime Consultant capabilities, Expert Witness capabilities, licensed in the jurisdiction, able to prepare Construction Documents 	Phase II	A B C D E F G
<ul style="list-style-type: none"> viii. Structural Engineer – Shoring, Forensic, Design, Expert <ul style="list-style-type: none"> 1. Qualifications: shoring expertise, experience with assessment and repair of existing similar buildings, code expertise, historic expertise, Prime Consultant capabilities, Expert Witness capabilities, licensed in the jurisdiction, able to prepare Construction Documents, respected by the Insurance Experts, 		A B C D E F G
<ul style="list-style-type: none"> ix. Mechanical, Electrical, Plumbing, HVAC Engineer – Forensic, Design, Expert <ul style="list-style-type: none"> 1. Qualifications: experience with assessment and repair of existing similar buildings, code expertise, envelope expertise, Expert Witness capabilities, licensed in the jurisdiction, able to prepare Construction Documents 	Phase III	A B C D E F G
<ul style="list-style-type: none"> x. Cost Consultant – estimating, justification, construction proficiency <ul style="list-style-type: none"> 1. Qualifications: experience in the local market, estimating based on narrative scope, good understanding of current bidding climate, development of complete project cost (including soft costs), understanding of contingency justifications 	Appendix	A B C D
<ul style="list-style-type: none"> xi. Planning/Land Use – CEQA <ul style="list-style-type: none"> 1. Qualifications: expertise in obtaining CEQA approval for construction projects. 		

Notes _____

PHASE II: Moving Forward and Assembling Your Claim

- Phase I**
- A
 - B
 - C
 - D
 - E
- xii. Specialty
 1. Historic, Landscape, Corrosion, Roofing, Geotechnical, Civil, Surveyor, Material Experts, Elevator/Conveyance, Food Service, Racking, Medical Systems, Security, Information Technology, Lighting, Interior Design, Furniture

- xiii. General Contractor
 1. Qualifications: Design-Build experience or intensive Pre-Construction Services, self-perform minor work, strong Sub-Contractor relationships, experience in existing buildings, experience with public bidding procedures

- Phase II**
- A
 - B
 - C
 - D
 - E
 - F
 - G
- xiv. Attorney
 1. Qualifications: experience litigating claims, ability to value a position, understanding of bad faith claim

- b. Guiding your Team
 - i. Stakeholders. Clearly identify points-of-contact with Stakeholders and facilitate open communication.

Pitfall: be cognizant that guiding principles and goals may need to pivot during the process in support of timely resolution and an evolving claims process.

- Phase III**
- A
 - B
 - C
 - D
 - E
 - F
 - G
- Create a matrix with Stakeholders, point-of-contact, bounds of purview and key issues related to the specific loss.

- Appendix**
- A
 - B
 - C
 - D
- ii. Charettes. Mobilize charettes (team working sessions with 'green light' knowledge sharing and collaborative development of direction, approach and next steps) with Stakeholders and your Team. Convene at the outset and reconvene at milestones to review progress, confirm direction and mitigate challenges.

- iii. Guide. Determine and communicate Organizational guiding principles and goals.
- iv. Constraints. Identify organizational-specific constraints and long-lead-time items. Make it clear which constraints are not in effect due to Emergency procedures or extenuating circumstances.

Notes _____

PHASE II: Moving Forward and Assembling Your Claim



<ul style="list-style-type: none"> v. Examples. Provide examples of successful and challenging similar projects. vi. Linkages. Identify others in the organization working on similar or linked projects. vii. Gaps. Monitor progress and identify gaps in the team, trust or outcomes that must be elevated to the team leadership to resolve in a timely manner. 	Phase I	<ul style="list-style-type: none"> A B C D E
<ul style="list-style-type: none"> c. Empowering your Team <ul style="list-style-type: none"> i. Prime. Establish a Prime Consultant responsible for leading the Consultant team, issuing Meeting Agendas, keeping Meeting Minutes and liaising with the Stakeholders. ii. Contracts. Establish hourly not-to-exceed scope and fee contracts with costs for known scope plus reasonable allowances for unforeseen tasks that arise and require timely completion. iii. Meetings. Meet weekly during intense decision making and progress iv. Share Site. Establish an online repository for sharing documents v. Access. Make the site available to the Team vi. Documents. Produce documents related to the building, such as original and modification drawings, previous reports, CAD backgrounds vii. Engage. Stay apprised of Team challenges vis-à-vis your Organization and facilitate resolution. 	Phase II	<ul style="list-style-type: none"> A B <li style="background-color: #d9ead3;">C D E F G
<p>C. Assemble your Insurance Claim</p> <ul style="list-style-type: none"> a. Initial Funding/Reimbursement. To fund the discovery and design phase, secure working capital from Insurance as either: <ul style="list-style-type: none"> i. Actual Cash Value of the loss (based on the value of the asset), noting that this may be a large input of capital that will need to be managed accordingly. ii. Initial working capital, negotiated with Insurance to cover near-term costs. iii. These amounts may be very different from actual repair/ replacement costs and thus require continued diligence to develop the full cost of the claim. b. Consultant team assemble scope of damage, scope of repair/ replacement, Code justifications, and backup calculations within the bounds of the policy. 	Phase III	<ul style="list-style-type: none"> A B C D E F G
<ul style="list-style-type: none"> a. Initial Funding/Reimbursement. To fund the discovery and design phase, secure working capital from Insurance as either: <ul style="list-style-type: none"> i. Actual Cash Value of the loss (based on the value of the asset), noting that this may be a large input of capital that will need to be managed accordingly. ii. Initial working capital, negotiated with Insurance to cover near-term costs. iii. These amounts may be very different from actual repair/ replacement costs and thus require continued diligence to develop the full cost of the claim. 	Appendix	<ul style="list-style-type: none"> A B C D

Notes _____

PHASE II: Moving Forward and Assembling Your Claim

Tip: Maximize your recovery by focusing on a reasonable repair driven by minimum code requirements.

A
B
C
D
E

Phase I

c. Prepare Cost Estimate, including soft costs, contingencies, escalation, and overhead and profit consistent with the complexity of the project.

A
B
C
D
E
F
G

Phase II

d. Cost Drivers. Delineate scope between Like Kind & Quality and Code Upgrade, with additional clarification of expense items that resulted from cost-benefit analysis vis-à-vis constraints.

e. Line of sight. Identify additional scope that is warranted by line-of-sight with items replaced under coverage.

f. Savings. If you opt for concessions on scope to save Insurance money, make sure Insurance is aware of the savings and potentially offsets related unrecoverable costs.

g. FEMA/CalOES. Track costs that are not covered by Insurance to include in FEMA/CalOES recovery.

A
B
C
D
E
F
G

Phase III

D. Interfacing with your Organization

a. Maintain a clear understanding of the bounds of coverage and monitor reasonableness of expectations from the Policy.

E. Interfacing with Insurance Experts

a. Make sure your Project Management process includes consistent interface with the Insurance team as the project develops. Thorough oversight by the Insurance team is critical to maximizing recovery. Do not withhold information related to the claim.

A
B
C
D

Appendix

b. Leverage your Consultants to engage with Insurance Experts. For issues that are not resolved by the technical teams, establish a mechanism to resolve disputes within the leadership teams.

c. Empower a Facilitator to keep discussions focused on issues resolution, to keep Stakeholders within the bounds of their purviews, and to identify when to elevate disputes to leadership.

Notes

PHASE II: Moving Forward and Assembling Your Claim



F. Assess your Position

- a. Perform a Go/No-Go assessment on settling the claim for an offered amount. Identify exposures and risks if Insurance settles out.
- b. Strengths are based on the appropriateness of the project scope relative to the provisions of the policy:
 - i. Consequential damages.
 - ii. Like Kind & Quality.
 - iii. Code Upgrade.
 - iv. Line of Sight.
 - v. Concessions.
 - vi. Justification Bids.
 - vii. Justification soft costs.
- c. Weaknesses:
 - i. Policy exclusions.
 - ii. Additional work outside bounds of claim.
 - iii. Improperly justified technical development.
 - iv. Unjustified delays.
 - v. Opting to proceed with a more expensive approach.

Pitfall: Proceeding with a repair/replacement scope of work that is selected by the Stakeholders but is inconsistent with the insurance-supported scope. Thereby rendering the Insurance scope an academic exercise without the backing of implementation results. Unsupported costs can quickly escalate and supported costs can be minimized by Insurance adjustment.

Tip: Keep the entirety of the project scope within policy coverage.

Phase I	A	
	B	
	C	
	D	
	E	
	Phase II	A
B		
C		
D		
E		
F		
G		
Phase III	A	
	B	
	C	
	D	
	E	
	F	
	G	
Appendix	A	
	B	
	C	
	D	

G. Contingency

- a. Understand the Dispute Resolution mechanisms in the Policy

Notes _____

PHASE III: Putting It Back Together

A
B
C
D
E

Phase I

Why This Matters:

To fully recover from the loss and get the facility back in use, the repair work must be designed and constructed by your organization in an effective and efficient manner under the oversight of Insurance. The team must vision the process to completion and then collaborate to achieve the final milestone – occupancy.

A
B
C
D
E
F
G

Phase II

A
B
C
D
E
F
G

Phase III

A. Construction Documents – Construction Documents are the backbone of the contract with the Contractor and will convey scope, limitations, expectations and oversight. They will include drawings and appropriate sections of project specifications. CDs should convert the insurance-sanctioned repair scope into biddable details and instructions.

Pitfall: adding outside scope to a project (i.e. not covered under insurance or FEMA) can cause delays in approvals, challenges with separating costs and confusion with preparation of Construction Documents and Bidding.

A
B
C
D

Appendix

Tip: If outside scope is required, track costs completely separately and prepare as a separate bid package or a bid alternate to the main package.

- a. Milestones. Develop CD's on a milestone schedule, e.g. 25%, 50%, 95% and 100% complete. Allow for review and resolution of issues with Insurance oversight at each milestone.
- b. Issues Log. Maintain an issues log to track progress on resolving review comments. Add a rating system to both comments and responses.

Notes _____

PHASE III: Putting It Back Together



- i. Comment rating. Rate comments according to their severity, allowing for some comments to be classified as “suggestion only.” This allows the design team to focus on critical comments that will have significant impact on downstream progress.
 - ii. Response rating. Rate responses according to their degree of opposition to the comment, allowing for some responses to be classified as “disagree, further discussion required.” This allows for quick identification of gap issues that require facilitated resolution and/or leadership engagement.
 - c. Packages. Consider breaking portions of the scope into early packages (subject to FEMA approval, where appropriate). E.g. areas of the building that are incurring heavy Business Interruption costs may be fast-tracked ahead of other areas.
- B. Control & Tracking** – monitor changes to remain in alignment with stakeholders, project goals, insurance coverage and FEMA eligibility. Maintain focus on insurance-covered scope to prevent distraction and delay.
- C. Collaborating with Insurance** – make sure the insurance team is engaged in the process and reviewing progress. Set expectations that the design team is expected to justify their design decisions vis-à-vis the project constraints (e.g. like kind and quality, code upgrade, line of sight).

Tip: prepare a project schedule (e.g. Gantt Chart) that includes review periods for insurance. Get buy-in from Insurance team on durations and timing, such that expectations are acceptable.

Phase I	A
	B
	C
	D
	E
Phase II	A
	B
	C
	D
	E
	F
	G
Phase III	A
	B
	C
	D
	E
	F
	G
Appendix	A
	B
	C
	D

Notes _____

PHASE III: Putting It Back Together

A
B
C
D
E

Phase I

D. Dispute Resolution and Decision Making

1. Dispute resolution. Establish a mechanism to resolve disputes that engages your Lead Negotiator and the appropriate leadership from Insurance. Make sure the team understands how to mobilize dispute resolution and then document and adhere to the decisions.

Pitfall: Don't allow lingering technical disputes to undermine the collaborative working relationship of the technical teams and/or slow the process.

A
B
C
D
E
F
G

Phase II

Tip: Allow the technical team to elevate disputes to the leadership team for quick resolution and decision making.

2. Facilitation. Identify facilitators within the team and make sure their scope includes facilitation of dispute resolution and decision making.

A
B
C
D
E
F
G

Phase III

- E. Permitting** – permitting is very late in the process and can expose significant gaps in scope relative to jurisdictional requirements. Mitigate these risks by (1) requiring the team to develop clear justification for code-relevant decisions and (2) engaging the permitting entity as early as possible in the process.

Tip: Convene a pre-submittal meeting with the Building Department to review Code interpretations and clarify expectations. Expand the focus beyond the base scope to include ADA, energy efficiency, and fire suppression.

A
B
C
D

Appendix

- F. Bidding** – make you team fully accessible to the bidders to clarify scope and reduce unknowns. Allow sufficient time for proper bid preparation, submittal and response of bid RFIs and a pre-bid project walk.
- G. Construction** – leverage the expertise of the Contractor to further refine the implementation of the project, subject to the project constraints.

Notes _____

APPENDIX A

Appendix A: FEMA

Purpose: This appendix is for Risk Managers for public entities who may encounter the need to understand and help prepare grants from FEMA through the Public Assistance (PA) program.

Outline:

1. How FEMA grants work.
2. Eligibility for FEMA grants.
3. How FEMA grants interface with insurance.

1. How FEMA grants work

The Public Assistance (PA) program is structured to reimburse qualified applicants for eligible work that arise from emergencies or disasters. FEMA steps in to fund losses that are not insured or otherwise not recoverable from other sources.

The President is authorized to provide Federal assistance when the magnitude of an incident or threatened incident exceeds the affected State, Territorial, Indian Tribal, and local government capabilities to respond or recover. Today's workshop addresses State and local government entities and does not address the subject of FEMA and Territorial or Tribal disasters.

A Governor must request a declaration from the President within 30 days of the incident. For FEMA to respond and provide assistance, the President must declare that an emergency or major disaster exists. The declaration establishes the criterion under which FEMA can respond.

2. Eligibility for FEMA grants

Determination of eligibility for grants is based on 4 tests:

1. Is the Applicant a State government, local government, or eligible Private non Profit? If so, the Applicant is eligible for FEMA grants. Agencies under the purview of federal control are not eligible.
2. Is the facility eligible? A facility is a building, works, system, or equipment (built or manufactured) or improved and maintained natural feature and these are eligible facilities for grants. Unimproved property, like a hillside, a forest, or land used for agricultural purposes are not eligible facilities.
3. Is the work eligible? FEMA provides grant funding for 7 categories of work:
 - A. Debris removal
 - B. Emergency protective measures
 - C. Restoration of roads & bridges
 - D. Restoration of water control facilities
 - E. Restoration of buildings/equipment
 - F. Restoration of utilities
 - G. Restoration of parks, recreational, and other facilities.

Phase I
A
B
C
D
E

Phase II
A
B
C
D
E
F
G

Phase III
A
B
C
D
E
F
G

Appendix
A
B
C
D

APPENDIX A

A
B
C
D
E

Phase I

There are additional criterion for eligible work—the work must be required as a result of the declared incident, the work must be located within the designated area, and the work must be the legal responsibility of an eligible Applicant.

4. Is the cost eligible? The “reasonable test” applies here. Costs must be:

- Directly tied to eligible work;
- Documented;
- Reduced by any applicable credits (salvage, discounts, insurance settlements);
- Authorized by the Applicant and in compliance with laws and regulations;
- Consistent with the Applicant’s existing internal policies and regulation—purchasing agreements, personnel policies, labor policies, etc.;
- Necessary and reasonable to accomplish the work.

A
B
C
D
E
F

Phase II

3. How FEMA Grants Interface with Insurance

The categories of work that the Public Entity Risk Manager is most interested in:

- A. Debris removal costs (Category A)
- B. Emergency protective measures (Category B)
- C. Reimbursement of insurance deductible (Categories C thru G)

A
B
C
D
E
F
G

Phase III

Debris removal costs are limited in most property insurance coverage; the sublimit is frequently \$10,000. A flood or fire disaster can create large amounts of debris that require immediate removal to eliminate threats to lives, public health, and safety.

The removal and disposal of debris can form the basis for a FEMA grant. FEMA encourages Public Entities to promptly remove debris to eliminate immediate threats of damage to improved public or private property and ensures economic recovery of the affected community.

Debris includes vegetative debris, construction and demolition debris, sand, mud, silt, gravel, rocks, boulders, and vehicle and vessel wreckage. Removal of debris from public property and public rights-of-way is eligible.

Emergency Protective Measures conducted before, during, and after an incident are eligible if

- The measures eliminate or lessen immediate threats to lives, public health, or safety or;
- Eliminate or lessen immediate threats of significant additional damage to improved public or private property in a cost-effective manner.

These efforts can include transporting and pre-positioning equipment, flood fighting, Emergency Operations Center cost, medical care and transport, evacuation and sheltering, and safety inspections. It also includes animal carcass removal, demolition of dangerous structures, search and rescue, fire fighting, security, and temporary equipment costs.

A
B
C
D

Appendix

APPENDIX A

Reimbursement of insurance deductible

The good news: FEMA grants can enable a public entity to recover 75% of their insurance deductible. This is especially important when high deductibles are a part of the entity's insurance coverage. FEMA grants can also provide funding for costs that do not have coverage, like debris removal, emergency protective measures, and for land assets like parks.

Insurance Deductible The insurance deductible may be recoverable up to 75% of the deductible in most cases. FEMA's grant to the Applicant will measure the value of eligible work, as measured by FEMA regulation, and will fund up to 75% of that amount.

Earthquake insurance can have a differing deductible structure that other Property or All Risk policies. Many policies are written so that the deductible is based on the insured value of the risk.

Example: "The Shady Oaks ISD has earthquake coverage that includes a deductible of 10% of the insured value of each scheduled building or asset. Under this type of policy, a building with a Replacement Value of \$10,000,000 will incur a \$1,000,000 deductible. If this facility has \$900,000 in damage, there will be no proceeds due to the policy holder. FEMA may, however, grant the ISD 75% of their loss providing the insurance in place at the time of the disaster period."

"This can be particularly important if the ISD has multiple properties scheduled for coverage in different areas that are damaged over a series of days—like damage from aftershocks—that may constitute separate events under the terms and conditions of their insurance."

Phase I
A
B
C
D
E

Phase II
A
B
C
D
E
F
G

Phase III
A
B
C
D
E
F
G

Appendix
A
B
C
D

APPENDIX B

A
B
C
D
E

Phase I

PARMA 2017

A
B
C
D
E
F
G

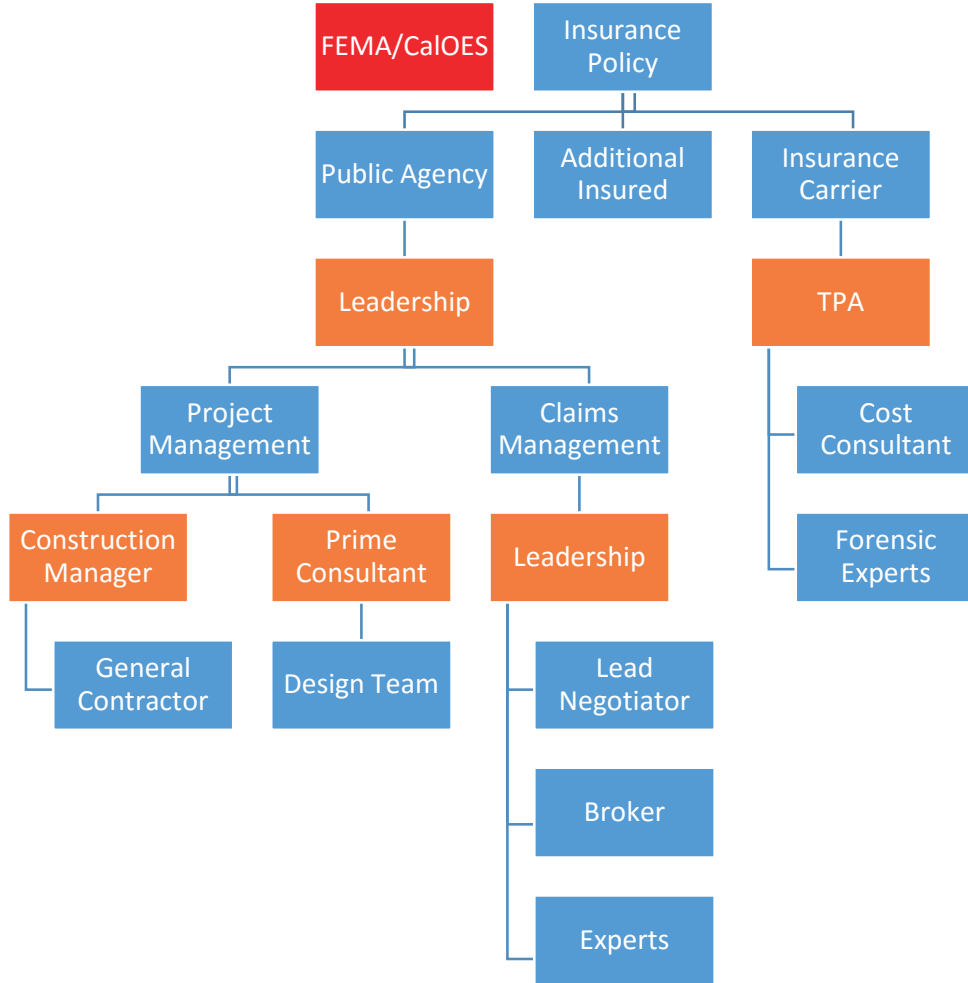
Phase II

A
B
C
D
E
F
G

Phase III

A
B
C
D

Appendix



Appendix B: Organizational Chart

APPENDIX C

PARMA 2017

Stakeholder	Lead	Contact Info	Purview	Key Issues
Public Agency	CEO		Represent organizational constraints, resolve high level disputes	
Risk Management	Risk Manager		Clarify Policy coverage, maximize recovery	
Broker	Claims Director		Liaison with Insurance	
Project Management	Project Manager		Deliver Project within constraints	
User Group	Facility Director		Represent constraints, requirements, unique aspects of usage	
Additional Insured	Tenant Rep		Represent constraints, requirements, unique aspects of usage	
Operations & Maintenance	Facilities Manager		Represent constraints, requirements, unique aspects of O&M	
Planning Department	Planner		Represent constraints, requirements, unique aspects of Agency Planning	
Building Department	Plan Checker, Fire Marshall		Represent Code	
Prime Consultant	Lead Consultant		Assemble and monitor constraints, Lead the development of Project Documents within constraints	
Design Team	Project Managers		Deliver expertise in their discipline within constraints	
Construction Team	Project Manager		Deliver the Project within constraints	
Elected Leaders	District Rep			
Insurance	Senior Adjustor		Minimize waste	
Third Party Administrator	Adjustor		Fair adjustment of the claim	
Insurance Experts	Experts		Review Project for adherence to Policy (LK&Q + Code Upgrade)	
FEMA			Fund eligible unrecovered expenses, adhere to NEPA	
CalOES			Fund eligible unrecovered expenses, adhere to CEQA	

Phase I
 A
B
C
D
E

Phase II
 A
B
C
D
E
F
G

Phase III
 A
B
C
D
E
F
G

Appendix
 A
B
C
D

Appendix C: Stakeholder Matrix

APPENDIX D

- A**
B
C
D
E
Phase I
- a. Claims Management Team Lead
- i. Must:
- Good understanding of organizational goals and decision making process
 - Empowered to make decisions within RM purview
 - Ability to assemble a team, authorize consultants and issue Purchase Orders
 -
 -
- A**
B
C
D
E
F
G
Phase II
- ii. Want:
- Experience with property loss claims
 - Strong working relationship with organizational leadership
 -
 -
- b. Lead Negotiator
- i. Must:
- Empowered to make decisions
 - Understanding of multiple insurance policies in place
 - Ability to interpret the policy vis-à-vis the loss
 - Experience with claims adjusting
 - Strong working relationship with organizational leadership and insurance counterpart
 -
 -
- A**
B
C
D
E
F
G
Phase III
- ii. Want:
- -
- A**
B
C
D
Appendix
- c. Facilities/Project Management Team Lead
- i. Must:
- Empowered to make decisions
 - Working knowledge of public bidding process
 - Understanding of emergency declaration flexibilities
 - Ability to authorize consultants and issue Purchase Orders
 -
 -
- ii. Want:
- Experience with similar structure type,
 - Good understanding of organizational goals and decision making process
 - Strong working relationship with organizational leadership
 -

APPENDIX D

d. Consultant Team Lead – Prime Consultant

i. Must:

- Prime Consultant leadership experience and capabilities
- Strong written and verbal communication skills
- Expertise with existing buildings and repair project life-cycle through end of construction
-
-

ii. Want:

- Experience with property loss claims,
- Strong technical understanding related to the loss issues
- Respected by Insurance team Consultants
-
-

e. Insurance Liaison

i. Must:

- Experience settling claims
- Good rapport with Insurance Carrier
- Understanding of the Policy and ability to articulate coverage to the team
- Understanding of Dispute Resolution mechanism
-
-

ii. Want:

-
-

f. Environmental Consultant

i. Must:

- Hazardous materials assessment and remediation experience with lead, asbestos and mold
- Immediate response availability
-

ii. Want:

- Experience with additional factors, e.g. pest, air sampling, moisture sampling, smoke damage identification
-
-

Phase I
A
B
C
D
E

Phase II
A
B
C
D
E
F
G

Phase III
A
B
C
D
E
F
G

Appendix
A
B
C
D

APPENDIX D

A
B
C
D
E
Phase I
A
B
C
D
E
Phase II
A
B
C
D
E
F
G
Phase III
A
B
C
D
Appendix

g. Architect – Forensic, Design, Waterproofing, Expert

i. Must:

- Experience with assessment and repair of existing similar buildings
- Code expertise
- Licensed in the jurisdiction
- Experience with preparation of Construction Documents
-
-

ii. Want:

- Experience with getting a building permit in the jurisdiction
- Historic expertise
- Envelope expertise
- Prime Consultant capabilities
- Expert Witness capabilities
- Respected by the insurance experts
-
-

h. Structural Engineer – Shoring, Forensic, Design, Expert

i. Must:

- Experience with assessment and repair of existing similar buildings
- Code expertise
- Licensed in the jurisdiction
- Experience with preparation of Construction Documents
-
-

ii. Want:

- Shoring expertise
- Historic expertise
- Prime Consultant capabilities
- Expert Witness capabilities
- Respected by the insurance experts
-
-

APPENDIX D

i. Mechanical, Electrical, Plumbing, HVAC Engineer – Forensic, Design, Expert			A
i. Must:			B
<input type="checkbox"/>	Experience with assessment and repair of existing similar buildings	Phase I	C
<input type="checkbox"/>	Code expertise		D
<input type="checkbox"/>	Licensed in the jurisdiction		E
<input type="checkbox"/>	Experience with preparation of Construction Documents		
<input type="checkbox"/>	Current Title 24 Energy expertise		
<input type="checkbox"/>	Field reconnaissance expertise		A
ii. Want:			B
<input type="checkbox"/>	Prime Consultant capabilities	Phase II	C
<input type="checkbox"/>	Expert Witness capabilities		D
<input type="checkbox"/>	Respected by the insurance experts		E
<input type="checkbox"/>			F
<input type="checkbox"/>			G
<input type="checkbox"/>			
j. Cost Consultant – estimating, justification, construction proficiency			
i. Must:			A
<input type="checkbox"/>	Experience in the local market	Phase III	B
<input type="checkbox"/>	Experience estimating based on narrative scope		C
<input type="checkbox"/>	Experience with repair of existing buildings		D
<input type="checkbox"/>	Good understanding of current bidding climate		E
<input type="checkbox"/>	Ability to develop complete project cost		F
<input type="checkbox"/>	Understanding of contingency justifications		G
<input type="checkbox"/>			
<input type="checkbox"/>			
ii. Want:			
<input type="checkbox"/>		Appendix	A
<input type="checkbox"/>			B
<input type="checkbox"/>			C
k. Planning/Land Use – CEQA			
i. Must:			C
<input type="checkbox"/>	Expertise in obtaining CEQA approval for construction projects		D
<input type="checkbox"/>			
ii. Want:			
<input type="checkbox"/>			
<input type="checkbox"/>			

APPENDIX D

A	Phase I	I. Specialty - Historic, Landscape, Corrosion, Roofing, Geotechnical, Civil, Surveyor, Material Experts, Elevator/Conveyance, Food Service, Racking, Medical Systems, Security, Information Technology, Lighting, Interior Design, Furniture	
B			
C			
D			i. Must:
E			<input type="checkbox"/>
		ii. Want:	<input type="checkbox"/>
A			<input type="checkbox"/>
B			<input type="checkbox"/>
C			<input type="checkbox"/>
D	Phase II	m. General Contractor	
E			i. Must:
F			<input type="checkbox"/> Design-Build experience or intensive Pre-Construction Services
G			<input type="checkbox"/> Self-perform minor work
			<input type="checkbox"/> Strong Sub-Contractor relationships
	<input type="checkbox"/> Experience in existing buildings		
	<input type="checkbox"/> Experience with public bidding procedures		
A			<input type="checkbox"/>
B			<input type="checkbox"/>
C		ii. Want:	
D	Phase III	n. Attorney	
E			<input type="checkbox"/>
F			<input type="checkbox"/>
G			<input type="checkbox"/>
			i. Must:
	<input type="checkbox"/> Experience litigating claims		
	<input type="checkbox"/> Ability to value a position		
	<input type="checkbox"/> Understanding of bad faith claim		
A	Appendix		
B			
C			ii. Want:
D			<input type="checkbox"/>
			<input type="checkbox"/>
	<input type="checkbox"/>		