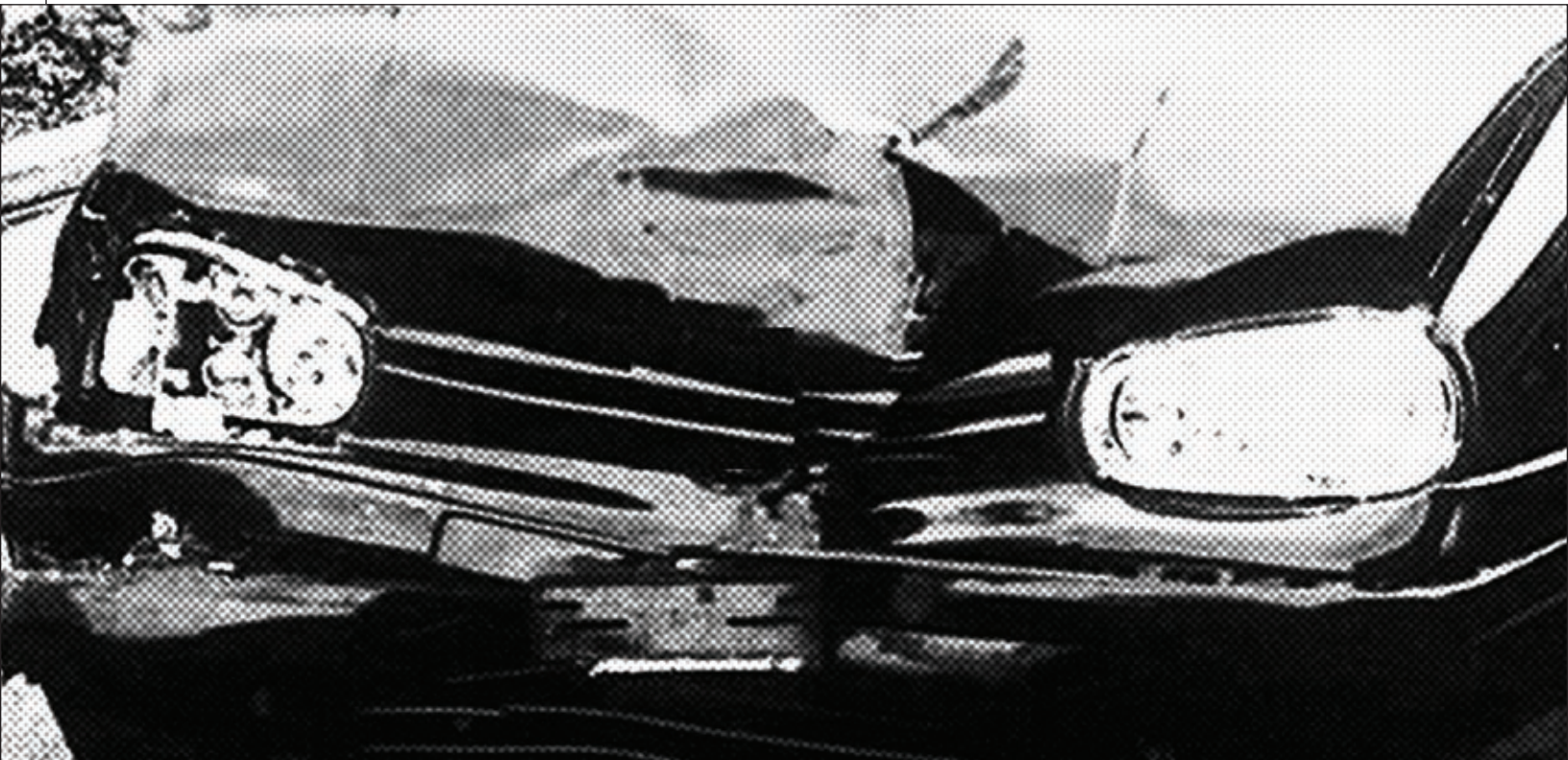


MANAGEMENT

# Staking a Claim

From minor fender benders to major disasters, here's what to do

By Thomas Wing and William Gussis



**B**roadcast and cable operators need to be prepared to handle and manage any type of insurance claim, whether it's a major disaster, an automobile accident, a workers' compensation claim or a lawsuit from a customer who has slipped at a special event.

There are some basic steps you should take if your business suffers a potentially insured loss. For example:

- File the claim promptly with your agent and your insurance carrier, either by phone or using an online claims form.
- Have certain information on hand, such as the name of the policyholder and the policy number.
- Be prepared to describe the nature of the loss, the location and list any individuals who may be involved.

- Assist the insurer, upon request, in the enforcement of any right against any person or organization that may be liable.

But claims management is more than just following a few simple steps after a loss. Broadcasters and cable operators must carefully document their losses, maintain accurate records and have a clear understanding of their insurance contracts.

## Documenting claims

Documentation is a vital part of claims management. In most instances, management's immediate reaction is to get back up and running and deal with insurance issues later. What managers should do is track all loss-related expenses as they are incurred.

Business owners should keep track of everything: What you're doing, why you're

doing it and where it's being done. When expenses are incurred, invoices should be cataloged for easy reference, with notes explaining what the expenses were for and exactly what type of work was performed. Too often, managers attempt to reconstruct their recovery activities weeks or months after the event, when memories have faded.

Incomplete documentation can create problems once an insurance claim is submitted. Your carrier must be able to match the expenses and other claims for loss with the terms and conditions of the broadcaster's insurance policy.

Documentation of all equipment-related losses is equally important. If damaged equipment is replaced, records should be kept that provide details about what was replaced, as well as what it was replaced

with. Most insurance policies will respond to claims for replacing damaged equipment with an identical piece. If management takes the opportunity to upgrade a piece of damaged equipment, only a portion of the replacement costs may be insured. Costs to upgrade are generally not insured and should be deducted from the claim when it is submitted. However, it's important for the claims handler to clearly understand the cause of loss to adequately assess the scope of insurance provided for the loss within the insurance policy.

Other factors also may be considered. For instance, it may cost \$3,000 to repair a \$15,000 piece of equipment. But how long would a repair take? If a lengthy repair leads to downtime that would affect a broadcaster's ability to generate revenue, replacement may be the better option. This should be discussed with your claims handler.

When possible, damaged items also should be preserved – untouched and unaltered – especially when another party may be held responsible for the damage. Preservation of damaged equipment as evidence in a subrogation case (litigation against a third party for all or part of the damage and losses) may mean the difference between a successful recovery of costs or failure. The results can mean significant savings for the insurer and the insured, which could lead to recovery of the deductible, in whole or in part.

### **Dependent business premises**

Immediate documentation can be particularly crucial in the case of dependent business premises – losses brought about by damage to businesses other than the primary insured. For example, in the event of a significant storm or hurricane that causes damage across a broad geographic area, a broadcaster's immediate losses are created by the inability to transmit a signal, even for a short period of time.

But over time, losses also may be incurred when advertisers are forced to cancel contracts because of their own damage and losses. Therefore, damage to an advertiser translates into a storm-related loss for the broadcaster. Documentation of depen-

dent business premises losses may be even more difficult to recreate when too much time has passed, reinforcing the point that immediacy is key.

With any claim, both the insured and the insurer need to understand what caused the loss. It doesn't matter whether it's a direct, first-party loss or a dependent business premise loss.

Without information on damage to dependent business premises, a claims handler may have to ask the insured – weeks or months after the fact – to determine the damages to a dependent business premise. Often, because these businesses are consumed with their own recovery, helping to document an outside claim is a low priority. And when too much time has gone by, it becomes too difficult to retrace those steps. Without that information, it becomes difficult or impossible to process the claim.

What businesses do before a claim arises is as important, if not more so, than what they do afterward.

### **Your insurance contract**

Broadcasters and cable operators should be familiar with the terms and conditions of their insurance policies before a loss puts them in contact with their carrier's claims department. You may be required to file a claim within a short time period following a loss. Failing to do this may make the claims experience difficult.

You should know where to go to report a loss. You can report losses directly to your insurance carrier, but you should also let your agent or broker know you've made a claim. Does your carrier have a toll-free telephone number or a Web site for reporting claims? How quickly can you expect a response from your carrier? It's important to know this information beforehand.

Policies generally require the insured to mitigate loss or damage as much as possible. The insured should respond to any loss or damage as if there were no coverage in place. Managers should not sit idly by and wait for the insurance company to respond.

Simple, isolated losses are likely to be processed quickly. But in catastrophic situations, insurance companies may be

required to respond to hundreds of different claims daily, or even hourly.

### **Keeping records**

Broadcasters and cable operators should keep detailed records of their property, which includes automobiles, equipment and satellite structures, such as transmission towers. Descriptions of buildings and grounds should be accurate and up to date. Maintain a photo record of your facilities, which you can show to a claims adjuster after a loss, and maintain records that show the cost of equipment at purchase and its estimated current value.

You should maintain an up-to-date inventory of equipment, supplies, records



and media. Important records and recorded media should be duplicated – at least one time, if not more – and kept at an off-site location, so that if fire destroys a media storage room, back-up copies can be retrieved. Electronic data should be backed up regularly and stored remotely.

Maintaining records also is important in case you need to submit a liability claim. If a customer is injured on your property or is hit by one of your service vehicles, it may help to have current records on how you've maintained your buildings and grounds and your vehicle fleet. Are your broadcast towers behind locked fences and inaccessible to curious children? Are your sidewalks maintained or do they have numerous uneven joints that could trip pedestrians? Are your ser-

vice vehicles in good condition? Do your drivers have clean driving records? This kind of information may help reduce your liability exposure.

### **Business recovery plan**

Broadcasters and cable operators should have a sound business recovery plan that goes beyond mere record-keeping. Companies can reduce their losses – and insurance claims – if they can resume operations quickly after a business interruption. Your insurance carrier may require you to have a business recovery plan to secure favorable premium rates. Your agent or carrier may be able to provide loss control advice to help you develop such a plan.

A broadcaster's business recovery plan might include developing relationships with other stations so in the event an antenna is damaged or lost, operations can be shifted to a working antenna. Cable operators that rely on a vast infrastructure spread out over entire neighborhoods,

communities or regions should make similar arrangements.

### **Managing your claim**

Broadcasters and cable operators should closely monitor their claims to mitigate future losses. Workers' compensation claims, in particular, need to be managed actively, because those types of claims may drag on for a long time, even after the employee returns to work. You should have a clear understanding about how your insurance carrier manages lawsuits. This often is detailed in the language of your policy. If your business is sued, will your carrier recommend counsel? Does the policy give your insurer the right to settle a lawsuit instead of going to trial depending on the likely outcome of the case? You should work closely with your agent and carrier to understand your rights and help determine what the best course of action is.

You and your agent should also be able to analyze your claims history in an effort to mitigate losses. A high loss experience may

make your business a less-preferred risk and may lead to higher premiums or policy cancellation. You may want to seek loss-control advice from your insurer or agent.

### **Selecting a carrier**

Finally, when selecting an insurance carrier for your broadcasting or cable operation, look at the insurer's claims-handling reputation and the services it provides. Does the carrier have a strong financial rating? How well does the carrier know your industry? An insurance carrier with other broadcasting and cable clients is more likely to understand your insurance needs and will be better prepared to help you with a claim in the event of a loss.

*William Gussis is an executive general adjuster and assistant vice president for Chubb & Son ([www.chubb.com](http://www.chubb.com)). Thomas Wing is vice president of Chubb & Son and broadcast segment manager for Chubb Commercial Insurance in Whitehouse Station, N.J.*