

To Preserve and Protect

>> BY ROB GARLAND



HOW SECURITY AT A DISASTER SCENE IMPACTS YOUR POLICYHOLDERS—AND YOUR PROFIT MARGINS.

Remember the devastating F2 tornado that ripped through Vaughan, Ontario last August, seriously damaging 600 houses?

Broker Sam Ciccolini of Masters Insurance does. He was on the scene looking after people, and making sure that security was dispatched to protect his clients' interests. He saved a lot of business in the neighbourhood that August—and probably made a lot more.

When it comes to disasters like this, on-site security after the incident is no longer a luxury. It is a mandatory 'must-have' to ensure preservation of evidence for admission in court and protection from further loss, theft and damages. Although it is ultimately the insurance company's call to bring in security following a fire or disaster, a good broker can and arguably should play a major role in the proceedings.

Preserving Continuity of Evidence

"Boarding up the scene is not enough," says John Coull, a fire investigator with Origin and Cause. "Without security on-site, continuity of the property after a fire is in jeopardy—and this could ulti-

mately lead to civil litigation and severely impact the speedy resolution of a claim."

"If the scene is left unsecured, even for a matter of hours, the continuity of legal evidence is lost. This means if we subsequently find a gas can on the site, it will have no weight in court because of the possibility it was planted after the event."

According to Coull, security can significantly protect both your clients' interests and your own business profit margins, whether you are an insurance company or a brokerage. And with an average of 485 fire losses in the last five years in Canada, with a property value over \$200,000, these claims are no rarity.

Broker's Loss Ratio at Stake

It's a fact that adjustor evidence may be subject to civil litigation if continuity is not maintained by proper security after the loss. And if the insurance company cannot successfully recover damages from a liable third party, the broker stands to lose as well. This outcome could affect the broker's loss ratio, reducing their contingent profit commissions from that insurance company.

"The insurance broker is a gate-keeper of their clients' needs," says

How Security Mitigates Loss

PRESERVATION OF EVIDENCE CONTINUITY

- Eliminate site and evidence contamination
- Speed claims resolutions
- Reduce risk of bad faith claims

CONTROLLED ACCESS

- Initiate sign-in procedures to restrict access to authorized persons
- Set up single ingress and egress points to the site

PREVENTION OF THEFT AND FURTHER LOSSES

PUBLIC SAFETY

- Initiate an initial perimeter inspection for dangers
- Identification of any hazardous material and additional liabilities (e.g. propane, broken glass)

DOCUMENTATION FOR PIPEDA

- Maintenance of original log notes in a PIPEDA-approved facility for 15 years in case it needs to be submitted to discovery

Ciccolini. “When there is a claim, it is a time when an insurance broker can really shine.”

Bad Faith Claims

The issue of evidence protection is a relatively recent concern—but a serious one. Several court cases in Canada have penalized insurance companies for a lack of due diligence, which ended in bad faith judgments against insurers.

One example of this is the recent award against Pilot Insurance of \$1 million in punitive damages for bad faith in refusing to pay out on a Halliburton, N.S., family’s home. This was in part due to the company’s failure to produce credible evidence to support its suspicion of arson.

Losses, Public Safety and Liabilities

Public safety, losses and liability issues are equally important reasons to retain security to guard the scene once authorities wrap up. When it comes to liability, it’s a no-brainer. If there’s been a fire and someone falls through the floor, the insurance company could be liable for not taking appropriate mea-



ASAP Security Mobile Command Centre

Clients experiencing an emergency or loss can call on A.S.A.P. Insurance Services Division professionals to respond within two hours anywhere within broad geographic regions.

Trained security personnel bring protection in more ways than you might imagine. Most recently, they have added very visible “Mobile Command Centres” to their arsenal of powerful disaster scene crime deterrents. These virtual offices help insurance adjustors gather evidence, conduct meetings, and settle claims faster right at the site, while also powerfully advertising security presence and thus deterring would-be thieves from approaching the area.

security on-site, the broker’s business could be tarnished by bad publicity in the community—even though it is not legally their fault.

Then there is the professional excellence issue, well understood by Ciccolini:

“We owe it to the client to give them all they pay for and a little bit of serenity. Most people are confused by insurance language and are not aware of all the risky ins and outs of a claim.”

The cost of good security on a site (usually covered under an ‘adjustor’s expense’) following a fire or emergency situation can range from \$2,000 to \$3,000 for a few days on a residential site, up to \$15,000 for several weeks on a large commercial loss. But it’s a small price to pay for having your client protected from additional losses, and incurring potential reputation damage to your own brokerage.

“During the Vaughan tornado I heard people saying ‘I have not seen that other broker for days, but Sam has been here the whole time,’” says Ciccolini. “The more you do the right thing when disaster strikes, the more everyone comes out on the better side of a claim.” ■

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asures to protect the scene.

Protection from Theft

One compelling success story involves a huge blaze in downtown Chatham, Ont., where a safe containing millions of dollars of jewelry had crashed through the floor. Professional security was retained by the mall operator to protect both pedestrians from harm and the valuable safe full of jewels buried in the rubble. They swung into action setting up single ingress and egress points to the site. If an insured returned to the scene to recover belongings, their every move was authorized and recorded so that due diligence could be demonstrated in court.

“Unfortunately when people have fires, the vultures come out,” says Coull. “And if items are found missing when the claim is catalogued, the insurer might think your client is padding the claim. One more reason to get security there fast.”

Brokers Get the Call First

The reality is that most people call their broker first, hoping they will take action to help mitigate the loss—and so they should. After all, if the claim is handled poorly, premiums will be cancelled and business will go to another broker. Or worse, if there is additional loss with no