

## Burned to the Ground

April 2011

Jeff Pray, an insurance broker in South Dakota, has written a compelling story, "Burned to the Ground," about a client fire in December 2008. He has generously offered his story as an eye-opening guide to others.

The client was a polystyrene insulation manufacturer, and their building was completely destroyed. Jeff got the call at 4:00 AM on a Saturday in the dead of winter. He says, "Despite my 26 years in the commercial insurance business ... I felt ill-prepared."

**This story is compelling** – because of all the complexities and wrinkles that are often overlooked and not part of any contingency planning. For example:

- Weather (and natural disasters) can add significant complications and delays to any loss – from freezing winters in South Dakota to floods, hurricanes, or tornados; from earthquakes to wildfires, or a destructive tsunami;
- Neighboring businesses can be shut down for months with severe smoke and soot damage and create potential, high-limit liability claims;
- Business Interruption Insurance limits can be inadequate to cover payrolls for long periods and save key employee jobs;
- The myriad delays – from investigations, permits, etc. – can mean it takes much longer to rebuild than expected.

**It's also thought provoking** – because of the detailed steps that are outlined as Jeff led his client through almost a year of temporary facilities, managing key customer relationships, safety and security issues, and the maze of insurance coverage, limits, rights and restrictions in the complex re-building process.

### **A total loss is rare and devastating ~**

It's exactly the kind of risk situation – like the BP oil spill or the "perfect storm" of Japanese earthquake, tsunami and nuclear meltdown – that humans are terrible at understanding and preparing for. As Elizabeth Kolbert writes in The New Yorker (March 28, 2011) about the Japanese disaster, "...people have a hard time planning for events that they don't want to imagine happening."

This should be required reading for all commercial insurance professionals and especially for insureds who have never had the opportunity to think about – and plan for – all that can go wrong.

Go to the article, "Burned to the Ground" on the [RiskSmart Solutions website](#) or download a [PDF copy](#).

If you have any questions or would like to discuss a particular concern, I'm only a phone call away! The number is 510-685-3883.