



# Running in Place

## Staying Prepared for Disasters

by Kathy Danforth

**O**n your mark! Get set! Get set! Get set... No one welcomes a catastrophe, but preparing for an event that doesn't come can be wearing in its own right. And even the ultimate preparation has to be kept current: batteries expire, technologies change, new people move into a community, key people move on, back-up food and fuel deteriorate, laws and insurance are amended, contact information changes, assets change, lines of credit expire, people requiring assistance change, roadways may be altered, records have to be backed up continually, and more. Meanwhile, forgetting the details of a seldom or never implemented plan forge ahead.

Disaster preparation never gets to stay in the “project completed” column.

Dan Odess, President of East Coast Public Adjusters, stresses, “First of all, it’s vital for every association to have a disaster plan in place that outlines the roles and responsibilities of the board, property manager, and owners. That coordinated approach is essential to minimize losses, obtain insurance money, and repair the storm damage.” While there are other emergencies besides hurricanes that should be considered, the measures needed for responding to a hurricane and the widespread destruction and loss of services it can cause serve as a base for most Florida plans.

Protection of life and limb is the first priority; roofing consultant and insurance adjuster Richard Charbonneau with Charbonneau Roofing and Construction Consultants lists it as first, second, and third. “Your life and safety are more important than anything—cars, condominiums, etc. can be replaced, but you can’t. Don’t make a stupid decision to hold down the fort if the police or fire department say you should leave. And if you are going to leave, start moving at least 24 hours in advance since traffic may stop you from getting out or, even worse, trap you on the highway during the storm,” Charbonneau advises.

An association’s plans to coordinate riding out the hurricane or to clearly recommend evacuation for all will depend on many things, including the location, the age, and the type of building construction. Charbonneau notes, “The

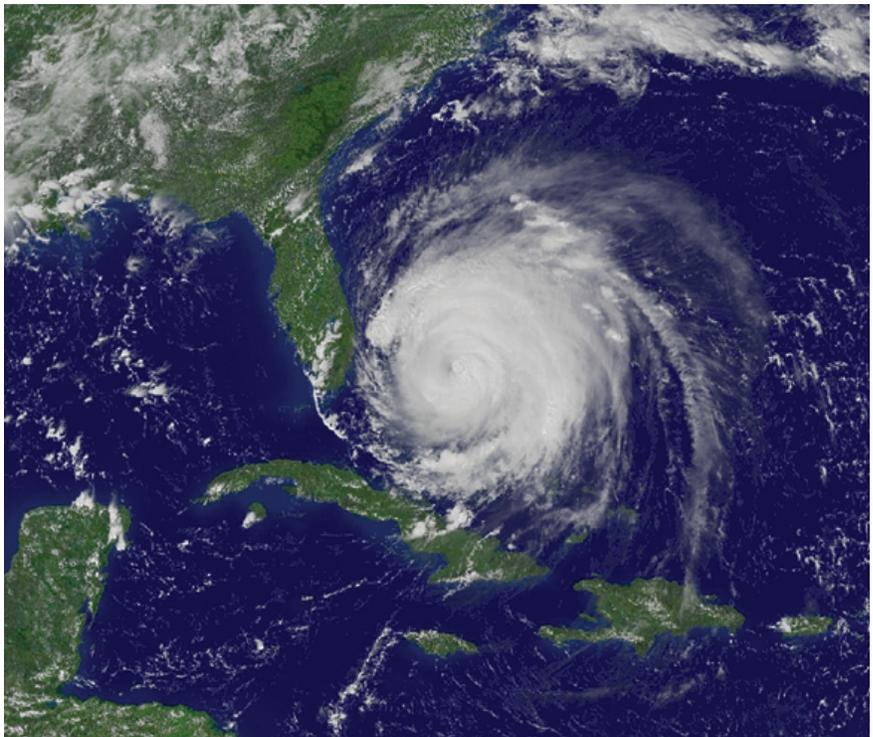
average high-rise built in the last 20 years can take a heck of a beating and not blow away or tip over. That’s not to say the windows or sliders won’t blow out as they did in Hurricanes Charley, Frances, Jeanne, and Wilma. Aside from the glass flying and possibly killing you or cutting you badly, massive water will be coming in.” Likewise, roof failure will also result in invading water.

Loss of power can be indefinite, meaning fuel for generators will run out. Without power, the elevators, air conditioning, pumps for drinking water and sewage, cell phone chargers, and a host of other now-essential conveniences like refrigeration come to a halt.

Charbonneau points out, “For those living on barrier islands, once the police and fire department evacuate the island’s residents, they will also evacuate. This means that after a time you may call the police, ambulance, or EMS, and no one will come.”

Janet Romano, Senior Vice President of Florida Shores Bank, recalls an instance years ago: “Some residents on an island moved their expensive vehicles to a garage on the mainland, and then returned to the island to ride through the storm in their 40-year-old building with nothing between them and the ocean. The association manager says, ‘We warn those people that the bridges will close and no one can get to you. Here’s a waterproof

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badge—please fill it out so we can identify your body.’ Some residents expect the manager to stay. If it’s a mandatory evacuation, the manager should go, employees should go, and you should go. People don’t want to accept the reality, but you need to behave as if it will happen, because if it does, you didn’t need to die!”

Other important safety items for associations to secure are keys, contact information, and communication systems. “Be sure to obtain a current set of keys for the units so emergency personnel can enter for health or lifesaving reasons if necessary,” cautions Odess. “Later, the units will need to be inspected for possible damage. It’s essential to determine the total extent of damage before filing an insurance claim.”

Odess also reminds associations, “Both the board and the property manager should have up-to-date contact information, including phone numbers and e-mail addresses for all unit owners. The board should have emergency contact numbers and be able to reach the manager 24/7 before and after the storm.” Good communication with owners is important throughout to prepare the property, evacuate if needed, express emergency needs, and work through damage assessment and repair.

Romano shares a practice she saw used following destructive hurricanes at Sanibel Island. “A lot of managers had board members maintain a website and update information so the owners could see pictures of the situation and know where to send payments. The managers are trying to secure the buildings, so they can’t spend all their time on the phone, and electricity may be out at the site. Some websites have a ‘members only’ section where information they don’t want the general public to read can be posted.”

Preparing a property can be as fundamental as the doors, windows, and roof you have installed. Charbonneau says, “I do all my designs for windows, doors, and roofs to Dade County standards of withstanding 150 mph winds. For window protection, you have the option of roll-down shutters or four-layer windows, though a drawback to the high-impact windows is that they can’t be broken in case of fire. The windows are cheaper for new construction, but for a retrofit the shutters are

usually more economical. A huge benefit is that these can create drastic insurance savings—up to \$300,000 each year for some condominiums. That buys a lot of upgrades!”

At the point when destruction is impending, Odess urges communities, “Act promptly to protect the community from a hurricane threat. It may take several days to secure the common areas, store maintenance equipment, cut back shrubbery, and remove the trash and debris that could become airborne.” And, of course, employees have their personal concerns to also attend to so their flexibility may be limited.

Planning how to get through a catastrophe gives way to preparing to repair. In a widespread event, competition for all professional assistance will be high so selecting firms or individuals for repairs and insurance assistance should already be done. “The contractors will have their phones tied up for weeks. You will not get a contractor if the hurricane is bad, and if you do, you will have to

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pay exorbitant prices. Pre-arranging adjusters and contractors will cost you little, if anything," Charbonneau notes.

Immediate steps may need to be taken to prevent further damage; Charbonneau reminds associations, "You are expected to mitigate your damages, like doing emergency repairs as soon as possible. If you do not mitigate your damages, you may sink your own insurance claim."

These items won't wait on insurance or for a loan to be approved. Romano advises, "Figure out how much cash you'll need after a disaster for the deductible and uninsured items—like sprinkler systems and landscaping. The deductible for most policies for wind damage is three to five percent of the property value. You want to determine how much cash you'll need in the first three to four weeks—what cash you can put your hands on right away."

"In Florida, you can use reserves to protect buildings to prevent further damage," she points out. "In addition, most people now are looking at a line of credit. The benefit is that you can get cash immediately and perform repairs and then do a special assessment later if that is the case. Trying to get a loan after damage has occurred will take two to three weeks so you won't have enough cash immediately."

Romano reminds associations, "It's very important for the association to keep the stream of income from assessments coming in! Use the bank to do your lockbox; you may not have an office. In Sanibel, when Charley

blew through, some management offices were completely wiped out. It's important to have off-site back-up. I recommend sending records out of state or 'into the cloud' so you can get to your computer data as soon as you have power."

Romano assures associations, "Banks are not allowed to remain closed. They're all required to be open and running in 24-48 hours within a certain distance of their original location. Almost any bank has multiple back-ups, with the advent of imaging and not having to physically move checks."

Checks can play an important role in the crucial initial period. "Even though almost all checks are computer generated now, you need to have some manual checks so you can pay someone without computers," she explains. "If the roof is gone and you need to install tarps to prevent further damage and extract water to prevent mold, you need to be able to pay. I know a lot of roofers who have said, 'I'll never do what I did after Hurricane Charley—put on a roof and wait for insurance.' Contractors have been through it and they're not going to wait." Contractors will have their choice of paying customers. Payment by and by will most likely mean contractors bye and bye.

"Another useful tool is to have a credit card in the name of the association so the manager can use that if there's no other way. You want to give them the tools they need," Romano remarks. "Cash is not your friend in a condominium office since you don't want to leave yourself open to fraud, so a credit card is a good emergency option."

Securing reimbursement from your insurance company will require care at every step. "Inspect your property well before a hurricane [or

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other calamity] comes so as to be able to prove to the insurance company what you had and what condition it was in," says Charbonneau.

Odess recommends, "Make copies of key documents, including by-laws, unit owner information, property and casualty (P&C) policies, and windstorm policies. Also, prepare an updated account of the association's assets, such as computers, desks, other furniture and office supplies, landscaping equipment, and pool supplies, since they can be included in an insurance claim. Store those documents in two waterproof bags—one at the community and another at an off-site location."

Charbonneau also recommends securing records of all board meetings, records of all maintenance and inspections, all equipment warranties, and bills of sale. "If you don't have hundreds of photos of everything you can think of and inspections of major items, there will be a dispute as to what the condition was before the hurricane. The biggest instance of that is your roof(s). If you haven't had a recent professional inspection including a moisture survey, how can you prove your roof wasn't up-lifted and wet prior to the hurricane?"

Charbonneau recommends a roof inspection once each year at a minimum, and twice is better. "This will benefit associations more than just for hurricane issues," he notes. "If you have inspection and maintenance twice a year, the roof may last 30 years. Otherwise they won't last 10 years. It's pennies compared to the replacement cost. Some people are skeptical, but I have roofs that have been maintained and recoated every 10 years with silicone and they are coming up on 50 years old!"

Charbonneau points out, "Insurance for casualties is a two-part proposition, one of which is that you'll have reasonable maintenance to protect yourself and your property. If you've done nothing, they're not going to pay anything."

Filing a large insurance claim is a project in itself, with significant consequences. Odess notes, "Because assessing storm damage, filing insurance claims, and making property repairs are complex tasks, the support of a trusted professional is invaluable."

Geoffrey D. Ittleman, P.A., explains that the role of a property damage insurance law firm is to review your insurance policy and advise you regarding what your insurance policy will cover. "Property damage insurance law firms may also provide you with counsel regarding the individuals or companies that your association should rely on to ensure that the insurance claim is properly handled from the time of the presentation of the insurance claim through and including the decision from the insurance company regarding your claim," Ittleman adds, including any litigation the association may pursue for a denied claim. He observes, "Most claims are 'won or lost' before a complaint is filed," so the association's preparation and initial steps are critical.

In considering what legal counsel you want available after an emergency, Charbonneau points out that not all lawyers are created equal, and your perfectly fine foreclosure or association lawyer may not be the best to put up against a 'claims denied

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Charbonneau stresses that communities should understand that your insurance company adjuster is not your adjuster. He clarifies, "He's the adjuster for your insurance company. He works for them, and his job is to not pay you or pay you as little as possible. It is not to pay you a pile of money."

"I meet people all the time who say, 'Our adjuster was just here and he was so nice,'" Charbonneau relates. "Talk to

your own lawyer and your own adjuster, but don't run your mouth with anyone else. They take what you say and use it against you. For example, I've had people say, 'Yeah, we kind of expected that roof to blow off because it has had problems for years.' Now you've got no insurance because you knew you had a problem and didn't do anything about it. Let your attorney and your adjuster deal with it. When your insurance company comes, don't sign anything and don't let them record you. During their visit, advise all your residents to remain silent. We have seen multiple-million dollar claims be denied because of self-inflicted wounds. This is probably the only time I'll recommend doing what it says on TV: don't talk to anyone about your claim except your adjuster [not the insurance company's] and your lawyer; they will be working on your behalf."

Charbonneau cautions, "During the claim, be very careful what you e-mail to each other. E-mails from board members are discoverable by the other side, and they will read every one of them. Don't post legal strategy on the bulletin board, and don't have public meetings for litigation planning."

Odess reports that the state legislature has shortened the timeframes for filing sinkhole and hurricane claims. "In addition, carriers can withhold full payment until the work is performed," he states. "Now the carrier is only required to pay the actual depreciated cash value of the loss minus the deductible, unless the property is a total loss."

"Under the new law, it's essential for associations and managers to be able to substantiate when a loss occurred," Odess advises.

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“However, it’s also important not to file a claim too quickly. Even if a hurricane, tornado, sinkhole, or fire causes a total loss, you don’t have to contact the insurer immediately. It’s much better to take photographs, collect any police or fire department reports, and fully document the damage. Be sure reports are accurate, because even a simple mistake can seriously delay your claim.”

According to Odess, “In our experience, it’s best to report a loss within two weeks of its occurrence. That gives you time to gather the evidence and have a construction expert or public adjuster look at the damage as well. Public adjusters are compensated on a contingency basis, so clients have to pay nothing out-of-pocket.”

If a claim is denied, Merlin Law Group recommends associations not just assume ‘no’ is final. “If your claim is legitimate, fight back,” they advise. The firm suggests requesting a written explanation of the rejection if that has not been provided, which can then be compared to your policy. Your agent, a public adjuster, attorney, or Division of Consumer Services within the Florida Department of Financial Services (1-877-MY-FL-CFO) may be able to help. “Be persistent,” Merlin Law Group advises. “Phone the company regularly and document all calls with the date, time, and name of the people you spoke with. Ask for written responses. Keep copies of all correspondence.”

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