

Claims Solutions, Marsh Advisory

# Maximizing Insurance Recoveries From Earthquakes

In a region that is accustomed to experiencing earthquakes, we were given another reminder overnight of the challenges in handling the fallout from yet another powerful 7.3 magnitude earthquake in North-East Japan.

Whilst the impacts are still being determined, Claims Solutions, Marsh Advisory set out below some practical guidance to follow in the event your business has been affected by the earthquake and you wish to make a recovery under your property insurance policy.

## Do's (as soon as practicable)

- **Protect property** - Take reasonable steps to minimize and mitigate the extent of loss, for example, effect emergency works where absent completion could lead to further damage or pose a significant risk to the safety of your staff and the general public. Restoring fire protection measures is an essential item of emergency repairs.
- **Notification** - Enact notification procedures so your insurance company is aware of the loss. This should be done by contacting your Marsh representative and/or claims advocate. Your insurer will likely appoint a loss adjuster (to act in their interests) who will want to conduct a site inspection.
- **Record the damage** - Document the extent of the damaged property by way of photographs and video footage. Failing that, take a written record of the damage.

## Do's (after the initial incident response)

- **Salvage process** - As soon as safe, begin properly identifying damaged property (certain damaged items will only come to light upon detailed inspection). Separate undamaged goods from damaged ones and begin to segregate what can be repaired.
- **Retain damaged property** - Insofar as is reasonable and practicable, refrain from disposing of damaged property until it has been inspected by a loss adjuster (see below).
- **Track claim costs** - Set up special work orders, job numbers, and other accounting procedures which will enable you to identify and capture all claim costs.
- **Permanent repairs or replacement** - Attempt to obtain the loss adjuster's agreement, with our assistance, on the scope of repairs and this should feed into the approval of repair costs. As to the costs of repairs and/or replacement, obtain competitive quotations for repair work. We recommend obtaining 3 quotations from contractors if repair work is likely to exceed JPY10M.

## Don'ts (note: we will assist in obtaining consent)

- Do not unreasonably delay reporting the incident to your head office and/or us.
- Refrain from disposing, insofar as practicable, of any damaged property without your insurer's consent.
- Do not commence non-emergency repairs/ replacement without your insurer's consent as this may lead to disputes over the monetary value of your claim.

## Role of Marsh Claims Solutions

Our Asia Claims Solutions Forensics team are seasoned experts in preparing property damage and business interruption claims from Nat Cat events. Thereafter, our Forensics team excel at supporting our clients during the negotiation phase of the claim with insurers and their representatives (including loss adjusters as mentioned above), off the back of the claims preparation work they have undertaken.

When an earthquake event occurs, it is a fact that insurers appoint large teams of experts to scrutinize and often adjust downwards the claimed amount. With our breadth of expertise, we level the playing field for our clients by preparing claims using our experienced forensic accountants. Our number one objective is to maximize the claim payment based on the terms and conditions of the policy.

**The latest earthquake again highlights the need for preparedness and recovery plans to address your risks around the world. The above steps will assist your business in minimizing losses and maximizing your recovery through insurance.**

**Claims Solutions Japan has an impressive track record of unmatched success. We are on hand to urgently assist with any query or claim emanating from this earthquake or future.**

## For further information please contact:

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