HURRICANE LOSSES

THE BIGGEST FAILS IN DISASTER RECOVERY
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INTRODUCTION

Once a tropical storm or hurricane pops up in the forecast and is tracking toward your location(s) there are a lot of uncertainties and a lot is at stake. After all, it's impossible to know how intense the storm will ultimately be and what kind of damage you will sustain. What's certain is that the planning and preparation that you do prior to the storm will have a significant impact on your recovery—for better or worse. The fact is that in an area-wide disaster like a hurricane, there are all kinds of logistical and communication-related considerations that can have a dramatic impact on recovery time and costs. This short booklet includes some quick examples of how poor planning for hurricanes can make already tense situations even more complicated, costly and stressful. Here are a few scenarios, which are based on recent real-life situations, of what hurricane-related recovery struggles can look like and some poor decisions made that led to even more hardships than needed.
From ferocious wind to torrential rain to storm surges, hurricanes and tropical storms usually pack a wallop in one form or another. Even if an incoming hurricane isn’t considered major (Category 3 or above) your area could still experience extensive flooding along with downed trees or tree branches in roadways, power outages and other circumstances that significantly impact business operations for weeks or even months. And if you wait until the last minute to prepare and don’t have a recovery plan in place, you will likely pay a very high price. Here are a few scenarios, which are based on recent real-life situations, of what hurricane-related recovery struggles can look like and some poor decisions made that led to even more hardships than needed.
BIGGEST FAIL #1:

Prioritizing contractor arrival time over more important considerations

Once you know that your building or facilities are in for a pounding from a hurricane, it’s only natural to want to get things back to normal as quickly as possible. That’s probably why many business owners and property managers associate a fast arrival time with a rapid recovery. In an area-wide disaster, however, the problem is that there are many factors that affect how quickly crews can make it to a site. And just because a provider can get there a few hours or a day faster than others, it doesn’t mean the job will be completed sooner. For example...
One business called multiple contractors while it was in the midst of a hurricane knowing it would need help after the storm passed. The business had sustained a lot of damage. Part of the roof had blown off and most of the windows were blown out and doors were missing. It had also lost power.
Interstate had a quick response team positioned around the storm waiting to respond to clients needing help once authorities reopened roads. Another provider had a representative in town who drove around to business sites seeking work as the storm was winding down.

One business decided to go with that provider and promised them the work.

When authorities reopened the roads, restoration providers, including Interstate, began recovery work on nearby sites. We quickly started the cleanup and providing temporary power and cooling and other important services to help the businesses in the neighborhood recover.
Two days after the hurricane had passed, however, nothing was happening at the site of the business that had gone with the first arriver. It turned out that the provider didn’t have the crews and resources that were needed, even though they had a representative in town. And the likelihood of hiring another contractor at this stage is uncertain because they are taking care of the businesses who planned well in advance of the storm.
As a hurricane is happening, restoration providers have a duty to keep their people safe and out of harm’s way. And after a hurricane passes, crews must deal with downed trees, power lines, flooding and other obstacles as they make their way to a job site.

While a quick arrival might give you temporary peace of mind, it only matters if your provider brings the right resources, expertise and equipment.

That’s why building a trusting relationship with your disaster recovery provider well in advance of a storm is important. It helps with setting realistic expectations about what’s going to happen and when, and also ensures that you will be on your preferred provider’s radar as they are planning their response.
TAKEAWAYS FROM...

Prioritizing contractor arrival time over more important considerations

THE IMPACT OF UNREALISTIC EXPECTATIONS:
- Delayed recovery.
- Extended business interruption.
- More recovery headaches.

LESSONS:
- What matters most in the end is not how fast a recovery effort starts, but how your provider performs once they arrive.
- Giving the job to the provider who can get there first only matters if the provider arrives with the right resources, expertise and equipment.
BIGGEST FAIL #2:

Choosing an inexperienced provider

If you don’t already have a relationship with a restoration provider in a disaster situation, it can be difficult to vet a new provider as you are scrambling to recover. And unfortunately, an inexperienced or shoddy provider can create more problems than they solve. For example...
First, although the owner was insured, he didn’t review his property and business interruption policy to understand what was covered and what was not.

Second, the owner failed to mitigate for secondary damage.

Third, the owner didn’t notify his insurer of the loss for three months. At the time, there was also a huge demand in the area for hotel rooms, so the owner was overwhelmed and focused on reopening usable rooms and wasn’t aware of insurance requirements.

Water incursion damaged nearly 40 rooms in one hotel.

The hotel management found and hired a company which came in and began remediation and some demolition.
As the days passed, the manager was unhappy with many aspects of the contractor’s work. The team was missing anticipated timetables, the rate of progress was dragging and there were issues with quality, day-to-day cleanup and communication. Given the lack of movement and leadership, she called Interstate.

When Interstate arrived, we ran through our standard safety check list before starting work, including testing for asbestos, per Environmental Protection Agency (EPA) requirements.
It turned out that the damaged walls included asbestos-containing materials (ACM) exceeding EPA safety thresholds.

Interstate took immediate action to contain contaminated areas of the hotel and get all of the necessary clearances to complete work before finishing the job to the client’s satisfaction.

Even though the job was complete, the inexperience of the contractor put many peoples’ health as well as the health of the business at risk. That meant ownership and management teams had to deal with extended lawsuits and legal challenges with the previous contractor that could have been avoided.
Area-wide disasters, like hurricanes, can attract contractors from far and wide looking for work. While many of them may be familiar with local code and broader federal regulations, many others will not and thus lack the expertise to safely approach your project.

Either way, the time to figure out if a provider has the expertise and qualifications you need, and establish a relationship with them, is before you actually need to call them in an emergency situation.

In the end that small step alone could significantly reduce your business interruption and recovery costs. Keep in mind that in widespread disasters, providers will be very busy and will focus on customers they are familiar with and have partnered with first.
TAKEAWAYS FROM...

Choosing an inexperienced provider

THE LACK OF PLANNING IMPACT:

- Created a need to switch providers mid recovery effort.
- Led to avoidable lawsuits.
- Increased recovery time and costs.

LESSONS:

- It’s important to be able to trust that your restoration provider has the right expertise and right resources, or you could end up with a bigger mess on your hands.
- Vetting vendors before you need one and establishing a partnership increases peace of mind in the chaotic aftermath of a big loss.
BIGGEST FAIL #3:

Ignoring the experts in an effort to save money

When you’re trying to recover from a hurricane, it’s only natural to want to keep recovery costs as low as possible while expediting the recovery. If you cut the wrong corners or make poorly informed decisions, however, you could end up with a significantly larger bill—and a much longer recovery time. For example…
A multifamily housing provider sustained roof damage and hired a contractor to put on a new roof. The housing provider wanted the contractor to move quickly and cut costs wherever possible, so many parts of the roof were exposed and vulnerable to water.

As the job was in progress, a large rainstorm moved through the area. Water pooled on the roof and funneled into all of the walls of the building, running all the way to the basement.
The property manager called a restoration provider for air movers to dry the walls but left all of the recovery work to the roofing contractor. He also failed to notify the insurance provider of the loss.

It wasn’t long before mold began growing in the walls, taking over the building.
At that point, the company had to bring in mold specialists and Interstate to complete the job, which ended up costing significantly more than if the water damage had been addressed correctly from the beginning.

Worst of all, the insurance company denied the claim since the company had not met policy requirements.
TAKEAWAYS FROM...

Ignoring the experts in an effort to save money

THE IMPACT OF CUTTING CORNERS:
- Significant cost increase for the job, including mold remediation and temporary housing for displaced tenants.
- Longer recovery time.
- Loss of insurance coverage.

LESSONS:
- Trying to save money by skipping key steps in the recovery process can lead to larger and more costly issues.
- It’s important to rely on experts and get your insurer involved as soon as the loss occurs.
- Having a partnership with a trusted provider can help you prevent costly missteps.
ESSENTIAL HURRICANE RECOVERY CONSIDERATIONS

Whether or not your business or organization has been lucky when it comes to hurricanes, if you have properties in hurricane-prone areas then preparation is essential. After all, we've seen an uptick of landfalling hurricanes in recent years, several of which reached Category 5 status while at sea. And it's impossible to know when your area could be hit. Ultimately, the less prepared you are for recovery, the more stressful and costlier your experience will be. From a high level, the top three things you can do to prepare are:

- Develop a disaster recovery plan (DRP) and update it annually.
- Establish a partnership with a restoration vendor.
- Educate your staff about safety and responsibilities in a disaster situation.
At the very least, here are 7 essential hurricane recovery considerations:

1. **Make safety your top priority.**
   - Make sure employees and customers are safe at all times.
   - Approach your property with caution.

2. **Remember that arrival time may not make a big recovery difference.**
   - What matters most in the end is not how fast a recovery effort starts, but how your provider performs once they arrive.
   - Giving the job to the provider who can get there first only matters if the provider arrives with the right resources, expertise and equipment.

3. **Vet your recovery provider well before a disaster occurs.**
   - Vetting vendors before you need one and establishing a partnership increases peace of mind in the chaotic aftermath of a big loss.

4. **Have a plan.**
   - Align key decision makers and create a detailed disaster recovery plan (DRP). Revisit your detailed plan often and keep it up to date.
   - Work with your provider to establish rates so you are prepared in the event of a loss.
   - Read your business interruption policy.
5. **Always outline goals and priorities.**
   - Work with your restoration provider to outline clear goals and priorities for an expedited recovery.
   - Coordinate with your preferred restoration provider to ensure that they understand your needs and will be ready to meet them.

6. **Bring together all key parties to streamline processes.**
   - Get all key parties, including insurance stakeholders, involved early on to streamline processes and decision-making.

7. **Focus on communication.**
   - Communicate closely with your disaster restoration provider about the evolving situation and what should be done from a safety, efficiency and quality perspective.
   - Execute your external communications plan to update your community on recovery status.

**FIND OUT WHAT THE MOST SUCCESSFUL COMPANIES ARE DOING TO RECOVER FROM HURRICANE DAMAGE FOR A FAST RECOVERY.**

**EMAIL OR CALL US TODAY:**
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ABOUT INTERSTATE

Founded in 1998, Interstate Restoration is an emergency response and general restoration contractor committed to transforming the restoration industry. Through its groundbreaking portfolio approach that combines close partnerships, exceptional customer service, proven processes and transparent communication, Interstate regularly identifies ways to eliminate inefficiencies in the claims process. This approach helps to accelerate property recovery – reducing downtime and overall claim costs by up to 50%. And, with more than 50 locations in the United States and Canada and an extensive partner network, Interstate has the resources and mobility to provide turnkey services anywhere throughout the Americas and Caribbean.