

Ownership

Tips for getting the most out of insurance claims

16 APRIL 2018 8:28 AM

With large-scale storms causing widespread physical damage and the ever-looming possibility of cyberattacks and data breaches, having a well-thought-out strategy for approaching insurance claims is more vital than ever.



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LEESBURG, Virginia—Dealing with insurance can often be more difficult than hoteliers are expecting, as insurance companies often require specific information presented in a set format before they're willing to pay out, and even when they do their goal is often to cut as small of a check as possible, according to an insurance expert.

Speaking at the Hospitality Asset Managers Association's 2018 Spring Conference, Robert Glasser, managing director of insurance claim services and forensic investigations for Berkeley Research Group, said hoteliers need to have well-planned strategies for dealing with claims for their various insurance policies, including business interruption, cyber and fidelity, which covers employee theft.

He said one of the keys is doing your own thorough research when presenting a claim so that you're not hit by a lower-than-expected payout from insurance.

Insurance companies "are very good at what they do," he said. "They're very smart, and they're good at finding the lowest trend to put together claims that look reasonable but are very low."

He said it's important to remember that the relationship between the two sides is "friendly but adversarial."

Here are some tips Glasser offered on dealing with insurance claims.

Do your own research that you can defend with solid data:

Glasser said it's not uncommon for hotel management to go through and do their own math on a claim and see the insurance company come back offering a check that's a fraction of the expected size. He said in these circumstances it's always key to have something more than just basic estimates of why you should get a certain amount. He said there should be solid research backing up your evaluation of the situation.

He said one example of this was a "complicated loss" he worked on at a hotel in Santiago, Chile. Because of various factors over the years leading up to a period of business interruption, the hotel and the market as a whole had seen annual drops in performance metrics causing the insurance company to expect a similar drop.

But the period of closure coincided with major city-wide events that would push performance metrics up significantly. To prove this, the hotel management compiled statistics on their definitive bookings before the closure to show they were up significantly compared to prior years then showed insurance adjusters the performance of the hotel's comp set, which Glasser said had "increased dramatically over the prior year."

Ultimately, all of that convinced the insurance company to pay out based on a 15% increase as opposed to a revenue drop.

Cyber coverage is still new, so examine it carefully:

Glasser said the rules are still being written for the world of cyber insurance, so hoteliers need to go over their policies with a fine-tooth comb and note what the policies do and do not cover.

Language varies greatly from policy to policy, and he noted it's difficult to prove damages with cyber issues compared to physical damage, especially when it comes to loss of business or business interruption.

He also noted a lot of the language in cyber insurance policies is ambiguous and could cause problems down the road.

Glasser said he reviewed a policy that said an issue had to be "directly caused by failure of computer security."

"What does that mean?" he asked. "Does it mean that if you have below-standard systems (your claim) can be denied? It's very vague. Who determines whether your security was adequate?"

In cases of damage, connect with insurance early, and keep your adjuster in the loop:

Glasser said his top piece of advice for people going through some sort of catastrophic loss, like those seen [during last year's rash of hurricanes](#) in Texas, Florida and the Caribbean, is to "get with your adjuster as soon as possible."

He said immediate and constant communication will help ease some of the pain of dealing with your insurance, as adjusters are often more amenable to things if they're included in the initial discussion as opposed to being caught by surprise after the fact. He said the insurance company should be at the table for discussions like what emergency restoration firm to bring on.

"Restoration companies can be extremely expensive," he said. "If you call one on your own and have to spend half a million dollars, you may have an issue with the insurance company, but if you get the adjuster to agree on a company, you can even ask for (that \$500,000) in advance."

He said it's a good regular practice to have weekly calls with your adjuster so they're aware whenever big changes arise.