



Andrew Sall

The Business Interruption Guy

Episode 709

This week we welcomed Andy Sall of Complex Claims Resolution, LLC for a show on Business Interruption. What would happen to your business if there was a fire, flood or cyber attack that wiped out your income overnight? Would your insurance cover you? Are you confident that you can submit a complete claim for damages? What do you do if you are denied?

Andrew helps policy holders prepare, present, and defend their business interruption / business income claims and has been doing so for more than 20 years. His success stems from his ability to understand and communicate the quirks and nuances of his clients' businesses using both numbers and words. He has turned paltry claim offers and complete denials from insurance carriers into substantial claim settlements badly needed by his clients to rebuild their businesses. On social media Andrew is known as "Business Interruption Guy."

Nuggets mined from today's episode:

According to FEMA, 40% of businesses fail after a disaster, another 25% fail within one year and 90% fail within two years of being struck by a disaster (US Small Business Association). Andrew specializes in helping businesses prepare and submit their claim for business interruption aka business income loss component of their overall property damage claim.

After graduating college, Andrew worked for large consulting firms. Working behind the scenes, he would prepare the client's financial case for presentation by a 'spokesman'. His case preparation method included reinforcing his opinion by 'telling the client's story' in a convincing way. Handling the business interruption part of a client's insurance claim piqued his interest in this business specialty. Andy fell in love with Business Interruption claims.

Andy's cases commonly are the result of: sprinkler systems, wildfire, hurricanes and floods.

Andy never hopes for repeat business from any client. His business is built on referrals.

Unlike visual property damage (charring, water staining, mold, etc.), Andy refers to business interruption as an *invisible loss*. Many insurance adjusters formerly worked as roofers or general contractors and are not skilled and experienced in compiling a business interruption claim. Andy readily admits to being averse to climbing ladders and not knowing the difference between different types of roofing shingles and fasteners; however when it comes to knowing about business interruption he is the guy.

Empathy. Andy views a business as 'the member of the family, the breadwinner who generates the cash and income needed for purchasing supplies, payroll, return on owner's investment, etc.' Andy knows the difficulties involved in building a successful business.

Leveling the playing field. Independent adjusters, company adjusters and general adjusters all are paid by the insurance company. The insurance company has the resources to hire specialized experts to minimize various facets the claim. Don't expect the insurance to always act in the policyholder's best interests. If the insurance company owes you money, are you comfortable allowing them to solely determine how much they owe you?

Telling their story: It's not just the numbers, Andy views each new claim as a blank canvas. He wants to understand his client's business. Examples:

- 1) A claim involved a motel that allowed smoking in rooms and was favored by oil platform workers who liked to smoke indoors.
- 2) A claim at a tank farm that stored petroleum products and an edible product (molasses). The special handling requirements for handling molasses were 8 times more costly than handling petroleum products.
- 3) Insurance offered -\$0- and the client received \$250K.

Is there a financial limit on Business Interruption? It depends on the policy, and there may be more available funds than you think. Some policies pay the amount of Actual Loss Sustained.

Attorneys and Public Adjusters often charge a percentage of the recovery, how do you bill? A blended hourly rate for clerical and professional services. So, Andy doesn't have any incentive to inflate the claim. His invoice may be covered by the policy in three ways.

1. Some property policies specifically state they will pay for claim preparation
2. Many property policies will pay for professional fees.
3. Andy's invoice may also be submitted as an "extra expense".

If one of these three options exists under the policy, the policy holder is at least partially reimbursed for the cost of his service

Know what you're buying. Ask your agent to explain the available options regarding Business Interruption Insurance some policies provide coverage for just income others provide coverage for continuing expenses such as payroll.

What are the most important documents to you? The most important documents are financial statements.

What happens if important business records are destroyed? It happens, Andy reconstructs what he needs (in spreadsheet form) by using monthly bank statements for last 2 years and understanding of the expenses: vendors, credit cards, linen service, pest control, etc.

Continuing Expenses vs Discontinued Expenses? An example of continuing expense is still paying a mortgage after the building burned to the ground. A discontinued expense example is stopping electrical service in building that was destroyed.

Experience. Knowing how to format the claim. Ensuring the submitted claim is defensible. Knowing insurance company's defensive tactics. If the claim is at an impasse, invoke the Policy's Appraisal provision if applicable.

Time isn't your friend. The minute a loss occurs, Andy advises that clients create a separate general ledger account to keep track of all loss-related expenses. The business may not have the necessary time to properly prepare, file and negotiate

their Business Interruption claim. Don't wait to file the business interruption part of your claim a year later.

Should my Public Adjuster handle the Business Interruption component of the claim?

Maybe, maybe not? Large insurance brokers may provide business interruption experts to help their clients. Some large Public Adjusting firms have Business Interruption experts. Public Adjusters often feel that they can leverage and negotiate the amount of Business Interruption claim to obtain a larger property damage settlement. In these situations the client may be losing twice. They may get a slightly larger property settlement, but most likely this small increase will be more than offset by receiving far too little on the business income portion of the claim.

Round Up:

Pete Consigli- Global Restoration Industry Watchdog

How do you relieve financial apprehension on the part of policyholders regarding fees? Some insurance policies provide added coverage for Professional Fees, Extra Expenses or Claim Preparation.

How do you deal with restoration contractors? Andy loves restoration contractors because they are first onsite. Andy does not pay finders fees for referrals nor does he accept them

Pete invited Andy to attend the RIA Convention in Dallas in April. Z-Man concurs that this would be a mutually great opportunity for Andy and the Restoration Industry.

Andrew Sall - Final Comments

Andy doesn't sell insurance, he uses insurance.

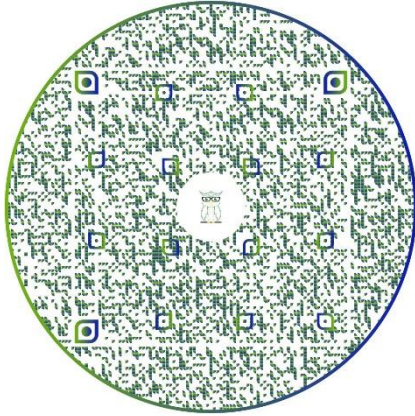
Policy language regarding cyber-attacks may trigger policy coverage for business interruption.

When you hire Andy, you get him and his professional network and connections.

The Andy Sall difference, commitment to the necessary time and energy to tell the story.

Andy Sall's contact information:

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Z-Man Signing Off

TRIVIA

Name the edible substance that spilled and was responsible for killing 21 people and injuring 150 others in Boston, MA 104 years ago and for devastating marine life in Honolulu Hawaii in 2013?

Answer: Molasses

Answered by: Bob Spielvogel