



Are you prepared?

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November 25th, 2009



Topics

- Background
- Immediate challenges
- Planning
- Communication
- Mitigation and business continuity
- Insurance Claim
- Brokers
- Policy specifics
- Opportunities
- Construction challenges

Background

- ☞ Tommy & Lefebvre – background on the company
- ☞ Fire occurred on March 31, 2009 at 12:50 at our flagship store
- ☞ Unknown cause and origin per OMF
- ☞ Building and contents destroyed, remaining structure deemed unsafe
- ☞ Demolished and currently being rebuilt from the ground up



Immediate challenges



- ☞ Delegating responsibility to mgmt team
- ☞ Recovery of key systems:
 - ☞ Point of Sale
 - ☞ Accounting package
 - ☞ Key documents (i.e. minute books, charters, etc)
- ☞ Obtaining office space for executive team to coordinate recovery
- ☞ Obtaining adequate space for temporary retail location
- ☞ Understanding options under the policy

Planning

“He who fails to plan, plans to fail”



- ☞ Do you have a disaster recovery plan?
- ☞ Does everyone know their role in the plan?
- ☞ How will the plan be communicated and how will key people be notified in the event of a disaster?

Communication

“The single biggest problem in communication is the illusion that it has taken place.”



- ☞ How will you communicate with your staff in the event of a disaster?
 - ☞ Will your employees find out by way of the radio or newspaper?
- ☞ How will you communicate your message to your customers?
 - ☞ Will you be conducting business in a temporary location?
 - ☞ Will you push business to your other locations?
 - ☞ Use of internet? Facebook, twitter, customer mailing list?
- ☞ How will you notify key stakeholders
 - ☞ Insurers
 - ☞ Owners
 - ☞ Bank (we know these guys don't like surprises!)
 - ☞ Suppliers
 - ☞ Staff
 - ☞ IT personnel
- ☞ Control the message – video on You Tube within an hour of the fire
- ☞ Make sure the message is clear and consistent!

Mitigation and business continuity

☞ Time is of the essence in a highly competitive marketplace

☞ Will you open a temporary store or wait for the rebuild to finish?

☞ Business interruption coverage will replace lost profits for 1 year but it can't replace lost market share!



Insurance Claim

☞ Who are the players?

- ☞ Insurer
- ☞ Broker – your representation with the insurer
- ☞ Claims adjuster - for large claims this person will likely be contracted by the insurer)

☞ Who will be your point person internally?

- ☞ At T&L our Controller has administered the claim process and is in very close contact with our brokers

☞ Who has appointed your adjuster?

- ☞ You may want to select your own...

Insurance Brokers

Not all insurance brokers are made equal!

☞ Insurance broker

- ☞ Can your current broker handle a client of your size and complexity?
- ☞ Do they have experience in your industry?
- ☞ Do they have access to the appropriate insurance markets?
- ☞ In the event of a catastrophe would you feel confident with your broker negotiating on your behalf?

☞ Your business should be consolidated with one insurance company

- ☞ CGL, Property and Auto policies might be placed with different insurance companies
- ☞ Avoid “finger-pointing” in the event of a significant incident

Insurance Policy Specifics

Review with your broker...

- ☞ Review your values annually and seek professional valuations
 - ☞ Building replacement value vs. Market value
 - ☞ Separate land and building components
 - ☞ Think replacement value - accounting values are irrelevant
- ☞ Coverage for key staff in business interruption?
- ☞ Profits on a blanket basis for multiple location to avoid gaps in coverage
- ☞ Building, stock and contents on a blanket basis to ensure no gaps in coverage
 - ☞ Consider stock on a reporting basis rather than fixed limits

Opportunities

☞ Key opportunities to increase coverage at nominal or no cost:



☞ Bylaw coverage: For changes in the building code (i.e. Hydro, Heritage, etc).

☞ Professional fees: It could cost as much as \$50K to prepare the claim for stock and business interruption. Standard coverage = \$10K but could be increased by your broker.

☞ Extra Expense: Coverage to set up a temporary head-office and retail location. Standard coverage = \$25K but could be increased by your broker.

☞ Debris removal: Demolition comes out of your building limits – if soils contaminated you could be in trouble.

Opportunities (Continued)



☞ Leverage relationships

☞ Media

☞ Suppliers

☞ Staff

☞ Clubs and associations

☞ What doesn't kill you makes you stronger

☞ Were you happy with the “pre-fire” situation?

☞ Starting from scratch has its benefits

Construction challenges

- ☞ Limited time for decision making
- ☞ What are your construction options under the policy?
 - ☞ Rebuild like kind and quality in same location on same footprint
 - ☞ Rebuild like kind and quality in another location
 - ☞ Redevelop and use proceeds for new project
 - ☞ Take actual cash value of building and sell land
- ☞ Location can bring unforeseen challenges
 - ☞ Heritage restrictions
 - ☞ Bylaw restrictions
- ☞ Challenges of building downtown
 - ☞ Building on property lines
 - ☞ Proximity to neighbours
 - ☞ Cooperation of neighbours



Construction challenges (continued)

- ☞ What is the construction environment?
 - ☞ Is the market soft with reasonable pricing?
 - ☞ How will the city treat the project you are about to undertake?
 - ☞ Densification requirements?
 - ☞ Treated as a developer despite the circumstances



Take-away



- ☞ If you haven't done an insurance audit in the past year – have one done!
- ☞ Review IT backups of key systems
 - ☞ Consider offsite hosting & redundancy!
 - ☞ Do you have the appropriate hardware to recover your system from backup tapes?
- ☞ Make sure you know where key documents are located?
 - ☞ What's in your safety deposit box?
- ☞ Be aware of the real estate in your area for a short term solution for customer service