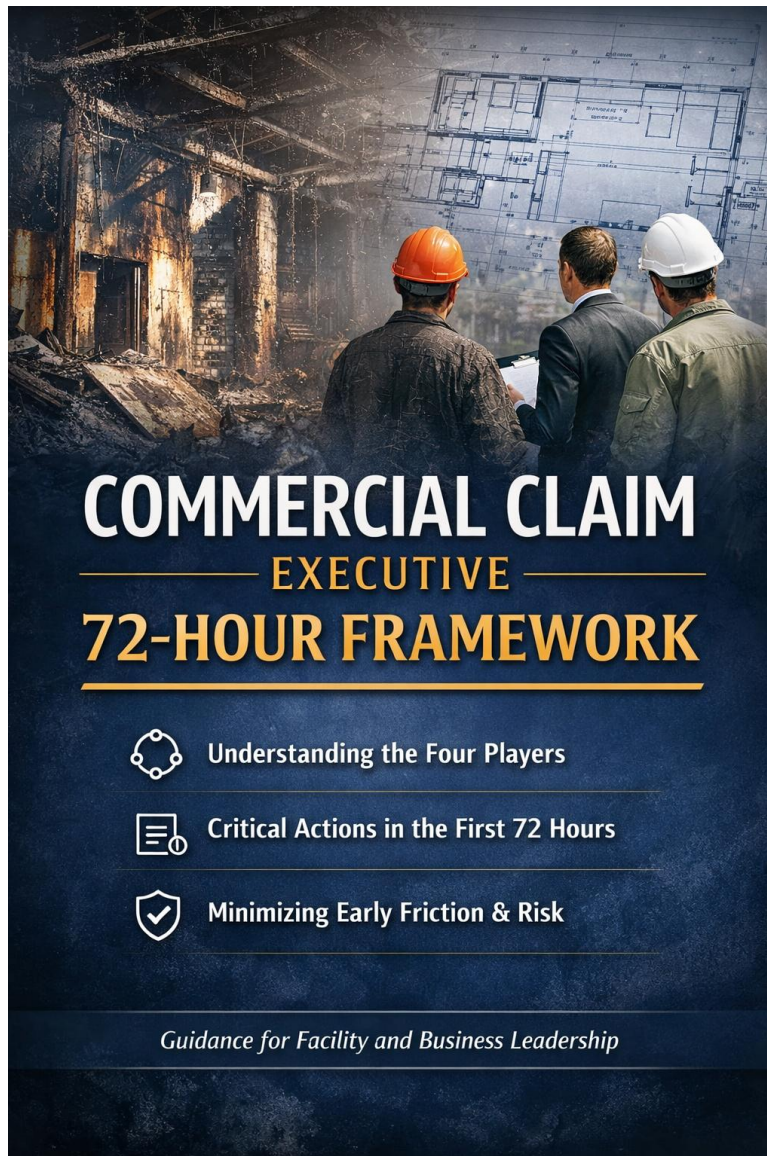


Commercial & Industrial Insurance Claims 72-Hour Stabilization Framework Guide



This document is designed to guide insured business owners, executive leadership teams, facility directors, and operations managers through the first 72 hours following a commercial property loss. The objective is to stabilize risk, protect compliance, preserve documentation, and align all parties involved in the recovery process.



Understanding the Four Major Players and Structural Friction

Executive Context

Commercial insurance claims involve four distinct parties operating under different mandates. The insured is responsible for safety, compliance, and operational continuity. The insurer interprets coverage and controls payment. Governing bodies enforce building code and life safety. The contractor executes stabilization and reconstruction. Friction occurs because urgency, regulatory authority, cost validation, and execution realities do not move at the same speed. Executive awareness of these structural pressures prevents reactive decision-making.

Role of the Insured (Business Leadership)

The insured remains legally responsible for the facility at all times. Leadership must coordinate communication, authorize necessary safety actions, and maintain documentation discipline. Even if payment is delayed, liability does not transfer to the insurer.

Role of the Insurer

The insurer evaluates coverage, verifies scope, and issues payment according to policy terms. Insurers do not manage construction or regulatory compliance. Their review process focuses on validation and documentation.

Role of Governing Bodies

Municipalities and regulators determine permit requirements, inspections, engineering mandates, and occupancy rules. Their authority supersedes insurer timelines and must be treated as mandatory.

Role of the Contractor

The contractor stabilizes hazards, documents site conditions, coordinates trades, and executes repairs. A strong contractor aligns execution with compliance requirements and produces defensible documentation.



Section 1 – Secure Safety Immediately

Executive Context

The first 72 hours begin with life safety and hazard stabilization. Executives must ensure that structural compromise, electrical risks, fire system impairment, water intrusion, and access hazards are controlled immediately. Delaying action while awaiting insurer approval increases liability exposure and often worsens loss severity.

Role of the Insured (Business Leadership)

Leadership must authorize emergency mitigation, restrict unsafe access, and document why actions were necessary. Decisions should be recorded in writing with date, time, and observed conditions.

Role of the Insurer

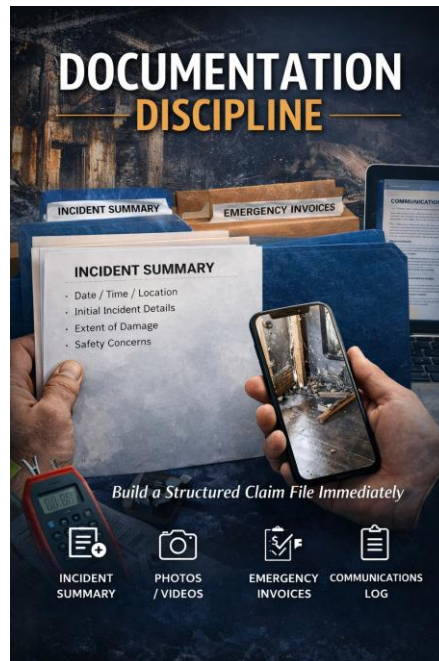
The insurer opens the claim file and prepares for inspection but rarely authorizes emergency work in real time. Later payment review will depend heavily on documentation of necessity.

Role of Governing Bodies

Authorities may issue restricted occupancy orders or require immediate stabilization. These directives must be documented and followed.

Role of the Contractor

The contractor performs emergency stabilization such as temporary protection, board-up, water extraction, shoring, and containment. Thorough daily logs and photo documentation are critical.



Section 2 – Documentation Discipline

Executive Context

Early documentation establishes claim defensibility. The first 72 hours should include photo documentation before cleanup, written incident summaries, moisture readings if applicable, and organized digital recordkeeping. Documentation gaps often create payment delays later.

Role of the Insured (Business Leadership)

The insured should centralize documentation, assign a communication lead, and ensure that incident timelines are clearly recorded.

Role of the Insurer

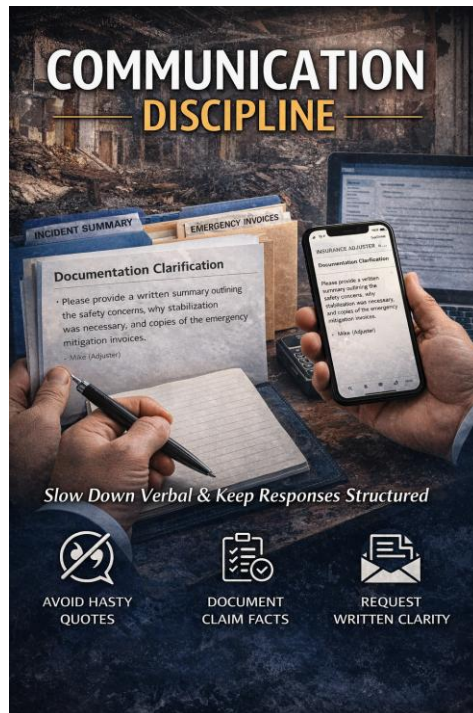
The insurer relies heavily on inspection notes and documentation to determine coverage and pricing alignment.

Role of Governing Bodies

Regulators may require documentation tied to compliance, environmental impact, or system impairment.

Role of the Contractor

The contractor must photograph concealed damage before removal, document measurements, and log labor and materials used in emergency response.



Section 3 – Communication Discipline and Verbal Positioning

Executive Context

All claim communication may become part of the formal record. Casual or minimizing statements can unintentionally undermine necessity arguments. Leadership should maintain calm, factual, and structured communication centered on safety, mitigation duty, and compliance.

Role of the Insured (Business Leadership)

Executives must avoid statements that minimize damage or question necessary actions prematurely. Written communication is preferable where possible.

Role of the Insurer

The insurer documents conversations and may rely on early statements during scope validation.

Role of Governing Bodies

Regulators focus strictly on code compliance and life safety, not insurance disputes.

Role of the Contractor

The contractor should align messaging with documented necessity and avoid inconsistent explanations.



Section 4 – Align Contractor Presence at Inspection

Executive Context

The initial insurer inspection establishes the baseline for scope and pricing discussions. Contractor presence prevents misunderstanding regarding concealed damage, sequencing complexity, and compliance requirements.

Role of the Insured (Business Leadership)

The insured should personally coordinate inspection timing and ensure all affected areas are accessible.

Role of the Insurer

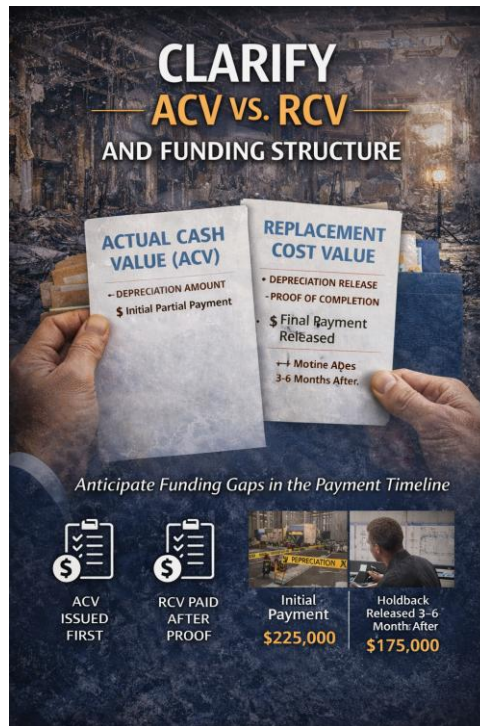
The insurer verifies causation, coverage triggers, and visible damage conditions.

Role of Governing Bodies

Governing authorities may identify permit or engineering triggers during inspection.

Role of the Contractor

The contractor should explain execution realities and document areas of concern.



Section 5 – Clarify ACV vs. RCV and Funding Structure

Executive Context

Most commercial claims operate on staged payments. Initial payments are often issued as Actual Cash Value (ACV), with depreciation withheld until repairs are completed. Executives must understand this structure immediately to prevent funding gaps.

Role of the Insured (Business Leadership)

Leadership should request written ACV/RCV breakdowns, depreciation amounts withheld, and conditions for release.

Role of the Insurer

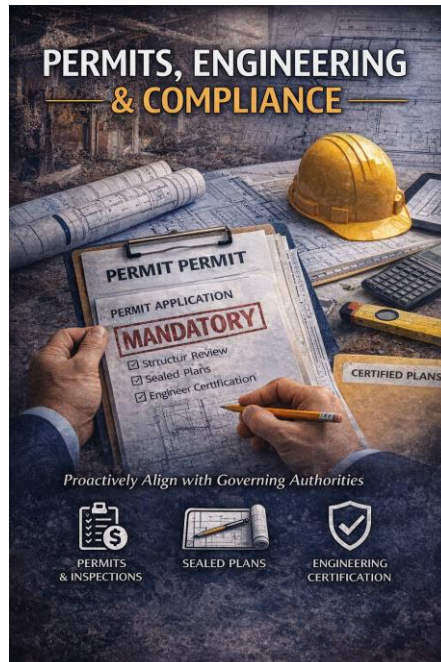
The insurer issues payments according to policy terms and requires documentation before releasing recoverable depreciation.

Role of Governing Bodies

Regulatory inspections proceed regardless of insurer payment timing.

Role of the Contractor

The contractor must align billing schedules with realistic insurer review cycles to avoid project slowdowns.



Section 6 – Permits, Engineering, and Compliance

Executive Context

Commercial reconstruction frequently triggers permit review, engineering certification, or sealed plans. These requirements are legal obligations, not optional upgrades. Skipping compliance can lead to stop-work orders or occupancy restrictions.

Role of the Insured (Business Leadership)

The insured must authorize professional services when required and treat compliance as mandatory.

Role of the Insurer

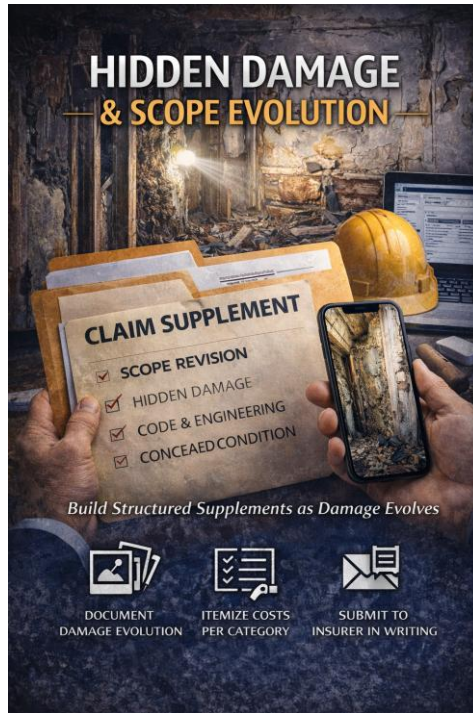
The insurer may question engineering costs but does not control code enforcement decisions.

Role of Governing Bodies

Building departments determine permit triggers, inspections, and lawful occupancy clearance.

Role of the Contractor

The contractor coordinates permit submissions, inspection scheduling, and engineering communication.



Section 7 – Hidden Damage and Scope Evolution

Executive Context

Hidden damage is common in commercial facilities. Demolition often reveals structural, mechanical, or moisture-related conditions not visible during initial inspection. Structured supplement documentation reduces dispute risk.

Role of the Insured (Business Leadership)

Executives should expect scope expansion and require thorough documentation before removal.

Role of the Insurer

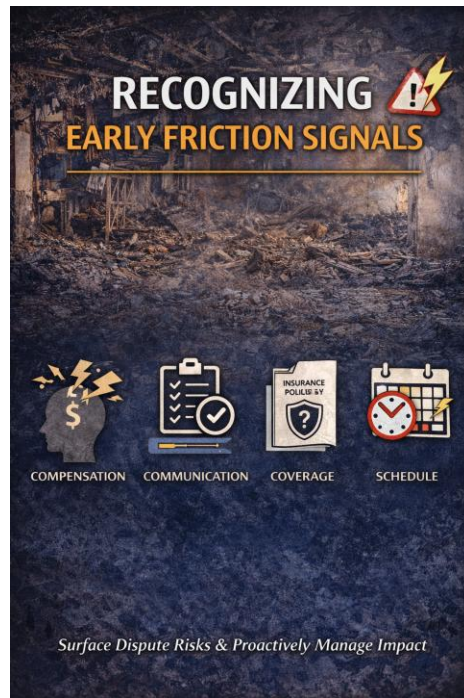
The insurer reviews supplement submissions and may request additional validation.

Role of Governing Bodies

Authorities may require revised plans or additional inspections if scope changes.

Role of the Contractor

The contractor must photograph concealed conditions and submit structured supplement packages.



Section 8 – Recognizing Early Friction Signals

Executive Context

Delays often begin with vague responses, repeated inspections, unexplained partial payments, or references to internal review without timeline clarity. Early recognition allows structured escalation rather than emotional reaction.

Role of the Insured (Business Leadership)

The insured should request written clarification of disputed items and maintain documentation discipline.

Role of the Insurer

The insurer may elevate files to supervisory review during dispute positioning.

Role of Governing Bodies

Regulatory timelines continue regardless of claim disputes.

Role of the Contractor

The contractor should maintain structured supplement support and avoid informal scope changes.



Section 9 – 72-Hour Executive Control Review

Executive Context

At the conclusion of the first 72 hours, leadership should confirm that safety is stabilized, documentation is centralized, inspection is coordinated, funding structure is understood, and compliance triggers are identified. The objective is not final scope agreement but risk stabilization.

Role of the Insured (Business Leadership)

Executives must verify that communication remains disciplined and documentation defensible.

Role of the Insurer

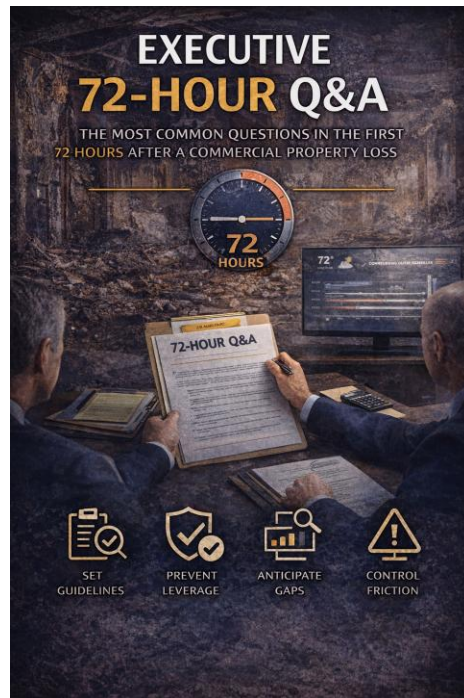
The insurer should have formally acknowledged the claim and scheduled inspection or review.

Role of Governing Bodies

Authorities should be engaged where required for permits or safety review.

Role of the Contractor

The contractor should have documented emergency work and aligned execution planning with compliance requirements.



Executive 72-Hour Q&A

The Most Common Questions in the First 72 Hours After a Commercial Property Loss

1. Should we wait for the insurance adjuster before starting emergency work?

In most commercial claims, waiting creates greater risk. The insured has a duty to mitigate further damage and protect life safety. If water intrusion, structural compromise, electrical hazards, or contamination risks exist, stabilization work should proceed immediately. The insurer may not be able to inspect for days, and delay can worsen the loss, increase liability exposure, and extend business interruption.

The correct approach is not to delay action—it is to document necessity. Emergency work should be supported with photos, written logs, and clear narratives describing why the action was required.

2. The insurer says “your contractor is moving too fast.” What does that mean?

This usually means the insurer has not completed internal review before work began. In commercial claims, this is common because stabilization and compliance-driven actions often cannot wait. The insurer’s concern is typically not speed—it is scope validation. They are signaling that they want additional documentation before accepting costs.

Executives should not react emotionally or agree verbally. The correct response is to request specificity in writing: what scope items they believe are premature, what documentation they require, and what timeline they will follow for review.

3. What should we say when the insurer claims we are moving too fast?

A strong executive response stays structured and avoids debate. The insured should state clearly:

- work performed was required for safety
- work performed was required to prevent further damage
- work performed was required to maintain compliance and lawful occupancy
- documentation is being compiled and will be submitted promptly

Then request written clarification: which items are disputed and what documentation is required to confirm necessity.

This keeps the claim file defensible and prevents insurer statements from becoming leverage.

4. The insurer says certain work was “not authorized.” Is that a problem?

Insurers do not authorize construction. They authorize payment. Your contractor’s authority comes from your contract with them and your legal responsibility to mitigate hazards. When insurers say “not authorized,” they are often signaling that they may challenge payment unless documentation is clear.

If the work was necessary for safety, mitigation, or compliance, it is typically defensible. The key is having documentation that proves the decision was reasonable at the time it was made.

5. What should we document immediately in the first 72 hours?

A clean claim file should begin immediately. The most critical documentation includes:

- photos and video before cleanup
- incident timeline and summary
- emergency work logs
- moisture readings or testing reports (if applicable)
- temporary protection documentation
- initial invoices and labor records
- communication log of insurer conversations and requests

In the first 72 hours, documentation is not administrative—it is leverage.

6. Who should lead the claim internally?

The insured should designate one person as the internal claim lead. This does not need to be the CEO, but it must be someone capable of disciplined communication and structured follow-through.

The claim lead should control:

- insurer communication
- documentation submission
- inspection scheduling
- contractor alignment
- executive updates and approvals

Without a central lead, messaging becomes inconsistent and the claim becomes vulnerable to delay.

7. Should we allow cleanup or demolition before the insurer inspects?

Only with caution. If demolition is necessary for safety, drying, or access, it may need to proceed. However, demolition can destroy evidence of concealed damage if documentation is not captured first.

The safest approach is:

- photograph everything prior to removal
- document moisture readings and affected materials
- retain samples or documentation if contamination is suspected
- ensure contractor logs demolition scope and justification

Demolition without documentation is one of the most common reasons claims become disputed.

8. How do we prevent the insurer from later claiming damage was “pre-existing”?

This is a common insurer challenge in commercial losses. The best protection is early documentation:

- high-resolution photos of damaged systems
- video walkthrough with narration

- written incident timeline and discovery details
- contractor inspection notes
- third-party testing reports if needed

The earlier you document, the harder it is to reframe causation later.

9. The insurer wants multiple inspections. Is that normal?

Multiple inspections can be normal in larger losses, especially when scope is evolving. However, repeated inspections without clear purpose can indicate internal delay positioning.

Executives should request written clarity:

- what is the purpose of the additional inspection
- what decision is pending
- what timeline is expected after inspection

Without deadlines, “additional inspections” can become indefinite.

10. The insurer is requesting more contractor quotes. Is that normal?

Yes, it can be normal. Insurers sometimes request additional quotes to validate pricing, especially on high-dollar repairs. However, timing matters.

If stabilization, demolition, engineering, or permitting is already underway, rebidding can cause:

- schedule disruption
- remobilization costs
- trade delays
- extended general conditions
- increased business interruption losses

Executives should clarify whether the insurer is requesting quotes for specific disputed line items or attempting to rebid the entire project.

11. When is it a bad idea to get more contractor quotes?

Additional quotes become risky when:

- emergency work has already occurred

- demolition is underway
- permits have been pulled
- engineering has been initiated
- contractor has mobilized trades
- the facility requires specialized compliance sequencing

At that stage, “getting more quotes” often increases total claim cost rather than reducing it.

If the insurer requests quotes late, leadership should ask for written confirmation that the insurer will reimburse remobilization and delay-related costs created by their request.

12. Can the insurer force us to switch contractors?

In most cases, no. The insured generally retains the right to select contractors unless the policy contains managed repair provisions. However, insurers may apply pressure indirectly through delayed approvals or disputed pricing.

Switching contractors midstream often increases cost and risk. It should be treated as a high-level executive decision requiring contract review.

13. The insurer estimate is much lower than the contractor estimate. Why?

This is extremely common. Insurer estimates often rely on standardized pricing databases and assume average conditions. Commercial facilities rarely operate under average conditions.

Contractor scope often includes:

- safety and supervision requirements
- containment
- off-hour sequencing
- access restrictions
- trade coordination
- operational disruption burden
- compliance-driven workflow

A gap does not automatically mean the contractor is overpriced. It often means the insurer estimate is incomplete.

14. The insurer is challenging supervision and project management costs. Why?

These items are frequently challenged because they are less tangible than materials. However, commercial projects require coordination of trades, inspections, safety protocols, compliance sequencing, and scheduling around operations.

If challenged, executives should request the contractor provide a written justification tied to:

- number of trades
- project duration
- inspection scheduling
- safety plan requirements
- operational restrictions
- compliance exposure

Supervision is not optional in commercial environments. It is risk management.

15. What is ACV and why does it matter immediately?

ACV (Actual Cash Value) is the depreciated value of damaged property. Insurers often pay ACV first. This is important because ACV may not cover active reconstruction costs.

The insured should request a written breakdown of:

- ACV issued
- depreciation withheld
- RCV total
- conditions required to release depreciation

The first 72 hours is when leadership must anticipate funding gaps—not discover them later.

16. What is RCV and when do we receive it?

RCV (Replacement Cost Value) is the full cost to restore damaged property with like kind and quality. Many policies release RCV only after work is completed and documented.

This means payment timing may lag behind construction billing. Executives must plan for this gap early.

17. What creates the funding gap in commercial claims?

Funding gaps occur when reconstruction costs exceed insurer payments received to date. This happens due to:

- ACV being paid first
- depreciation withheld
- supplements under review
- partial approvals
- delayed internal processing

Funding gaps are structural, not emotional. They must be managed deliberately.

18. Should we proceed with repairs if the insurer has not fully agreed?

In many cases, yes—especially if work is required for safety, mitigation, compliance, or operational continuity. However, proceeding without documentation increases dispute risk.

The correct approach is:

- proceed where necessary
- document thoroughly
- keep communication structured
- submit scope packages professionally

Execution can continue while scope alignment is being finalized, but only if documentation discipline remains strong.

19. Do we need permits immediately?

Not always immediately, but permit planning should begin early. Commercial reconstruction often triggers permits for structural, mechanical, electrical, plumbing, fire suppression, or occupancy changes.

Executives should assume permits will be required unless proven otherwise. Delaying permit planning often creates major schedule disruption later.

20. What if the insurer questions engineering or sealed plan costs?

Insurers may question engineering costs because they are expensive and not always understood in claim estimating systems. However, insurers do not control regulatory requirements.

If the municipality requires sealed plans or engineering review, the insured must comply regardless of insurer position. The correct approach is to obtain written confirmation from the authority having jurisdiction and include it in the claim file.

21. Should we be communicating primarily by phone or email?

Email is safer. Phone conversations can be useful, but key points should always be confirmed in writing afterward. Claims are documentation-driven environments.

Executives should treat every conversation as if it will later be reviewed by a supervisor, auditor, or legal team.

22. The insurer keeps saying “internal review” or “desk review.” What does that mean?

This usually indicates the adjuster does not have authority to approve disputed scope items and the file has been elevated. It is not necessarily bad, but it often slows timelines.

Executives should request:

- what items are under review
- who is reviewing them
- what documentation is required
- when a decision will be issued

Without timelines, internal review becomes indefinite.

23. What should we do if the insurer becomes vague or stops answering direct questions?

Vagueness is often an early dispute signal. The best response is structured escalation:

- request a written list of disputed items
- request written denial basis with policy citation
- request a timeline for review
- request supervisory review if delays persist

Executives should avoid emotional escalation and instead force clarity through written documentation.

24. What is the most common mistake insured leadership makes in the first 72 hours?

The most common mistake is verbal minimization or inconsistent messaging. One casual statement can weaken necessity arguments and create insurer leverage later.

The second most common mistake is allowing demolition or cleanup to proceed without documentation.

The third is failing to clarify funding structure early and being surprised by payment timing.

25. What does “success” look like at the end of 72 hours?

Success does not mean the claim is resolved. Success means:

- safety stabilized
- emergency actions documented
- claim file organized
- contractor aligned at inspection
- insurer communication structured
- ACV/RCV understood
- permit triggers identified
- scope expansion anticipated
- early friction signals controlled

The first 72 hours are about stabilizing control—not negotiating final scope.

This guide is intended for educational and informational purposes for commercial property owners and executive leadership teams. It does not replace policy language, legal advice, or regulatory consultation.