



Property: Before and After a Loss

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Introduction

Whether a property loss occurs because of an equipment breakdown, fire, water damage theft or vandalism of your dental office, the interruption and damages can be devastating. Recognizing and preparing for the unfortunate instance that may occur will help to minimize inconvenience and eliminate down time.

TDIC claims personnel can provide you with tips and suggestions to assist you with minimizing your production loss and ultimate goal of retuning back to your pre-loss levels. Minimizing your loss starts with maintaining an inventory of office equipment and furniture, dental equipment, dental and office supplies, and tenant improvements. The easiest way to create an inventory is to video the entire office and to take photos of the product labels on equipment.

In developing this resource, TDIC researched and spoke with experts in the field of restoration services, equipment repair, information technology and forensic accounting. The ideas and suggestions contained in this resource are not legal opinions and should not be relied on as a substitute for legal advice. For legal advice specific to your practice, you must consult an attorney.

Computer Loss

Computers and digital media have become an indispensable component of the dental practice. Can you operate your essential business functions if your office experiences a fire, water damage or a power surge? Consider an office that is infiltrated with water due to a malfunctioning fire sprinkler system. Unfortunate consequences of not backing up your data include loss of your accounts receivable, accounts payable, cash receipts, financial statements, patient records, and appointment schedules. Without a

backup system the data on your system may be lost forever. Keep in mind that without a backup system, there may not be coverage afforded under the policy.

Remember

- Train all staff on proper computer use to heighten defense against malware.
- Utilize anti-virus protection.
- Backup your data daily.
- Ensure your backup system is working properly by testing it regularly.
- Make sure the backup system is storing uncorrupted data and that the data is retrievable and useable.
- If you back up system requires changing out storage, then make sure this is happening on regular basis to prevent storage failure, if not using Cloud based backup.
- Store the backup data offsite in a safe and secure location or utilize secure Cloud based backup.
- Review contracts with your service providers to understand how they respond in the event of data.
- Use surge protectors and uninterruptible battery power supplies.
- Keep copies of CDs and software licenses accessible (in a location other than the dental practice) in the event you have to contact vendors or reload the software.
- Have a professional set up your computer system with dedicated server and proper desktop systems with backup.
- Be sure all data and drives are encrypted.
- Do not place computers on the floor if possible

Despite your best efforts, damage or loss to your computer system and digital media can occur. A detailed plan in place outlining the sequential steps to take, can be the key to optimizing data and system recovery and mitigation of your practice downtime.

Patient information collected by dentists may include names, addresses, date of birth, Social Security numbers, credit card numbers, health and other personal information. If the computer hard drive containing this information is stolen, those patients can be at risk for identity theft. Many states require dentists to notify patients of potential for identity theft. Discuss this with your claims representative.

Equipment Breakdown

Some examples of equipment breakdown include power surges or electrical arcing or failure of vacuum system. Here are some documents and actions that need to be taken:

- Do not dispose of any damaged property until your claims representative instructs you to do so.
- Conduct immediate repairs
- Attempt to locate the operation manual and the original receipt
- Locate the repair and maintenance history.
- Have a copy of the complete and current lease (if you are a tenant).

Fire Loss

Property damage from fires can be devastating. Taking proactive steps to avoid or detect a fire in a timely manner will be invaluable for your business. Ensure the smoke alarms are operational, fire exits are clearly marked, fire extinguishers are properly maintained, staff knows where the fire extinguishers are located. Federal OSHA does not specifically require fire drills, but the agency's [Small Business Handbook](#) recommends that employers conduct frequent drills to ensure staff are readily familiar with the evacuation plan. TDIC recommends an annual fire drill schedule.

Notify TDIC immediately if you suffer a fire loss in your practice. Have your policy information available, and be prepared to summarize the facts of your loss. Either a TDIC claims representative or an independent adjuster may need to conduct an on-scene inspection of the premises to document the extent of the loss.

Once you are able to enter the structure, complete a walk through to assess the damage with video or photographs. Do not turn on the lights or other electric equipment. Be careful not to disturb anything in the immediate area where the fire appears to have originated. A forensic professional may use this evidence to determine the cause and origin of the fire. Make sure the gas main and electricity are shut off. Open the windows to let in fresh air, and do not breathe the smoke for extended periods.

Smoke, soot, and contaminated water from the fire can be a byproduct of even minor fires. Consult a professional restoration company to assist in the cleaning and restoration of the office. Work closely with your TDIC representative and Independent Adjuster to assist you in finding restorative services. If the situation requires immediate attention and you are unable to contact a TDIC representative, research online or consult with your dental colleagues.

Minimizing Damages

- Video/Photograph damaged equipment and areas.
- Have an authorized service technician check equipment that appears to be salvageable prior to operating it.
- Separate salvageable items. Inventory all damaged equipment and salvageable equipment separately.
- Collect valuable documents such as insurance, tax, employee records, and patient information. Move the documents to a clean area within the same proximity as the building.
- Relocate movable dental equipment to a dry area. Be sure to leave the equipment in the same proximity as the office and not offsite. If items are moved away from the incident site, you run the risk of contaminating a second location and may transfer health-related problems.
- Be able to facilitate the expedited replacement of essential items as soon as possible to optimize your ability to get back up and running. These items include dental and office equipment. Established vendors may allow for quick replacement of essential items.
- Do not dispose of any damaged property until your claims representative instructs you to do so.

Documents to forward to TDIC after the loss

Once you have reported your loss to TDIC, your claims representative will request the following items:

- A copy of the complete and current lease (if you are a tenant).
- A statement outlining the facts of the incident.
- Receipts for damaged and replacement items.
- Photographs.
- Appointment schedule, tax returns, production reports and profit and loss statements.
- A Proof of Loss form (TDIC will send this to you).

Remember

- Use professionals to extinguish all fires.
- Use professionals to clean and restore areas.
- Circulate the air by opening windows and doors.
- Do not wipe walls or fabrics as the soot and smell will saturate them.

- To avoid shock, do not use electric equipment.
- Always wear gloves when handling items affected by soot or fire damage.

Theft and Vandalism

Discovering that your office has been burglarized brings unease and a sense of violation to staff and the practice owner alike. Similar to protecting the office against fire loss, the practice owner can take proactive steps to combat the likelihood of becoming a victim of theft or vandalism. Install an alarm and/or a surveillance camera for the building and any surrounding structures that may be part of the practice. When an employee separates from the practice, be sure to change the locks and the alarm code. Do not leave personal items of value such as purses, wallets or cameras in common areas. Provide a locked cabinet or lockers for staff to secure such items. When setting up the office, do not place your computer near an exterior window as this can provide enticement and easy access to thieves by breaking the window. Lock the front and/or back door when staff is not in the reception area, i.e. lunchtime, as thieves can use these times as an opportunity to enter an office undetected. Small steps like those described above can provide enough deterrence for a thief or vandal to skip your practice for another less prepared one.

If you arrive at your office and find signs of forced entry or a door mysteriously left open, do not enter the office. Contact the police to search the building to assure intruders have left.

Once you have been assured that the immediate danger has passed, notify TDIC to report a claim. Have your policy information available, and be prepared to summarize the facts of your loss. A police report must be filed, documenting the entire loss/event. Make a note of the police report number and provide it to TDIC.

Minimizing Damages

- Photograph any evidence of forced entry, damaged equipment, and areas which thieves accessed.
- Replace essential items as soon as possible to reduce the potential for additional loss. These items include any broken windows or doors as well as dental and office equipment your established vendors may allow for quick replacement of various items.
- Create a file for your receipts and invoices of the replacement items.
- Make a reasonable effort to continue production.
- Inventory all damaged and stolen equipment. Items that are typically stolen but not immediately suspected include stamps, petty cash, and blank checks from the middle and/or back of the business checkbook.

Documents to forward to TDIC after the loss

After determining the extent of your loss, a claims representative will request the following items:

- A copy of the complete and current lease (if you are a tenant).
- A statement outlining the facts of the incident.
- Receipts for stolen and/or damaged equipment.
- Photos, videos, or webpages showing the items claimed.
- A signed and notarized Proof of Loss form (TDIC will send this to you).

Water Damage

Employing preventative measures can be an effective method of protecting a dental practice from water damage. Conduct regular inspections of the water heater; refrigerator; air conditioning unit; supply hoses, including vacuum, cavitron, and compressor, and waterlines under sinks and toilets; and roofing.

Locate the water shut off. Contact the building maintenance person if you are unsure of the location of the shut off. Consider having a water shut off valve or solenoid valve in your practice to turn off the water in your practice each night. Avoid stepping into flooded areas, and using or touching any electric equipment to prevent shock. If the water came from above, there may be debris falling from the ceiling area. Make sure that it is safe for you and/or your staff to enter the building.

Once the water is shut off, notify TDIC. Have your policy information available, and be prepared to summarize the facts of your loss.

Minimizing damages

- Move vulnerable equipment (computer equipment, printers, etc.) files and papers.
- Contact a plumber to repair the damaged lines and a restoration company that provides water remediation and extraction services to properly remove the water. (Do not let the plumber discard any damaged or failed equipment.)
- Open cabinets and areas concealing moisture to allow the air to circulate.
- Check equipment through an authorized service technician prior to operation.
- Replace essential. Vendors you have established relationships with may provide quick replacement of various items.

Documents to forward to TDIC after the loss

- A copy of the complete and current lease (if you are a tenant).
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Remember

- Consult professionals to dry the office to ensure that it is dried thoroughly.
- TDIC does not require that you hire specific vendors to perform the repairs needed.
- Do not attempt to operate any electrical equipment that may have suffered water damage until your service technician has examined it.

Subrogation: Why is it important?

Subrogation is the legal right of one party to recover monies from a responsible party, usually between two insurance companies. In cases of property damage, subrogation involves the insurance company stepping in the shoes of the dentist and seeking recovery from the responsible party for the money paid by their insurer to repair the dental suite after the loss. It should be noted that an insurance provider like The Dentists Insurance Company (TDIC) does not subrogate against the dentist if the dentist is responsible for the loss. Subrogation results in recovery of the dentist's deductible and potentially lower premiums. Policyholders can play an important role in maximizing recovery in subrogation claims.

Preservation of property is one of the most important steps a practice owner can take to ensure the claim and/or subrogation process goes smoothly. Occasionally, dentists — desperate to get their practice up and running again — dispose of the failed or damaged equipment OR they allow a vendor or contractor to take it off their hands when they replace it. It is critical to determine the cause of the loss to a reasonable degree of certainty from both a coverage and subrogation standpoint. Failure to retain the equipment can result in a delay in the subrogation recovery. More importantly, failure to retain the equipment may prevent the insurance company from recovering the deductible and the other monies paid for the loss. This can reduce losses across the board for all policyholders and keep premiums low.

If you own the failed equipment, be certain to store the item(s) in a secure location. If you do not own the equipment, advise the equipment owner that they must retain the item for possible

inspection at a later date. It is important that the practice owner retains the equipment in question so that it can be evaluated for potential subrogation recovery.

TDIC recommends that the dentist keep any damaged or defective items until they have been instructed to dispose of them by their claims representative. Evaluating a loss and inspecting damaged property or failed equipment is a standard procedure in the insurance industry.

In addition to retaining failed or damaged equipment after a loss, dentists have certain responsibilities to fulfill. Following a loss policyholders should notify TDIC immediately. You should also report any injuries, obtain names of witnesses, and refrain from offering to cover losses suffered by a neighboring tenant or other parties. Even if you feel you are responsible, simply advised the other parties that you have turned the matter over to your insurance company for review and consideration.

The practice owner should never admit fault, nor speculate to others over why the loss occurred.

Other steps a policyholder can take to assist with subrogation efforts include:

- Take reasonable steps to prevent potential safety risks or further damage.
- Secure property such as windows, doors and roofs as necessary.
- Notify the police if a crime has been committed.
- Videotape / Photograph damaged property prior to repairs.
- Alert banks and credit card companies about any missing debit or credit cards.
- Notify your merchant terminal company.
- Keep accurate records and receipts for what you spend on securing or repairing your property.
- Separate items that may be restored through cleaning or repair.
- Provide instruction manuals, service guides, purchase receipts, etc to help identify the name, make, and model of the failed equipment.
- Provide service/maintenance records for the failed equipment.
- Cooperate with the claims representative, TDIC attorneys and TDIC experts in their investigation.

Cyber Loss

As cyber security issues become more prevalent and complex, dentists and their practices need more robust protection and tools to respond. TDIC has created a resource to help prevent this kind of loss. Provide link when ready.

The following are a few basic steps you can take if you encounter a cyber loss:

- Immediately disconnect the network and Wi-Fi
- Contact your IT representative or company. Have them assist with the proper steps to address the matter.
- Contact TDIC to determine if you have cyber suite liability coverage.
- Check with your state associate to determine data breach notification requirements.
- You can contact a data recovery company, to ensure proper handling of the situation.

Consider ways to prevent cyber losses such as:

- Have a policy for safeguarding patient information.
- Educate staff about how to comply with the office policy.
- Enforce a strict Internet and computer policy that prohibits staff members from checking personal email accounts or visiting Internet sites that aren't work-related.
- Ensure that your firewalls, operating systems, hardware, and software devices are up to date, strong, and secure, and that wireless networks are shielded from public view. Install antivirus software on every computer.
- When accessing office data remotely, use only trusted Wi-Fi hot spots and never use shared computers. Smartphones and tablets should be password protected to prevent easy access to patient information in case a device is lost or stolen. In addition, all hard copies of documents with patient information should be shredded.
- Finally, to make sure your dental practice is HIPAA compliant, data transmitted to payers, health plans, labs, and other health-care providers should be encrypted to ensure that a hacker will not have access to the data.

Additional resource to prevent cyber-attacks can be found at the US Department of Health ["Health Industry Cybersecurity Practices: Managing Threats and Protecting Patients."](#)

Catastrophic Loss

The loss of life and devastating damage by a catastrophic loss such as a wildfire is heartbreaking to say the least. In such losses, thousands are affected—destroying homes, businesses, schools and entire communities.

If your practice is affected and you are unable to see patients, here are guidelines that can assist with patient care needs and stay in touch with your staff.

Be prepared to handle patient emergencies in the following ways:

- Make arrangements with colleagues in the surrounding area who might be able to accommodate emergency referrals or are willing to accept a temporary time-sharing arrangement to occupy their office off-hours to resume at least partial patient care until your office is operational.
- If referring patients to another colleague, document discussions with patients and the course of action taken, such as prescribed meds, referred to colleague, advised to go to the nearest hospital, etc.
- If a patient was referred to another colleague, follow up on the status of the referral to determine if the patient was seen and, if so, the services rendered.
- Make every effort to stay in touch with staff on a regular basis to keep them informed of any developments such as anticipated length of office closure, recovery and continuity plan.
- Establish preferred method of communication with staff.
- Assign a point of contact/alternate contact for staff to be able to reach the employer/co-workers.

If you are aware of a missing staff person or know of a missing patient, please do the following:

- Contact the local county fire department or the police.
- Comply with any request for records as long as the entity/person requesting the information can verify that they have legal standing to receive the requested information.

If you need to practice at a temporary location, be sure to consider the following:

- Be prepared to provide proof of insurance to the practice owner (professional liability and workers compensation).
- Discuss office access (key, alarm code), who will have access (i.e. assistant, office manager, etc.), times/days of the week, etc.
- Consider arrangement for directing deliveries and other communications to the temporary location (calls, mail).

- Create a list of items such as instruments, charts and any supplies that you may be bringing into the temporary location to ensure that these items are returned to your office at the end of the arrangement.
- Notify patients of your temporary location via the following: signage at your office (if applicable), answering service, phone messages.
- Alert the local dental society of your temporary location.
- Update the information on your office's website and other social media accounts.

Contact the Drug Enforcement Administration (DEA), Diversion Control Division, for assistance with relocating your DEA registered address.

These lists are not exhaustive of issues to be addressed, and suggestions may not be applicable to every situation.

TDIC has developed this resource in the event that you experience a property loss. Early and immediate action taken to address your loss will prove to be beneficial to you and your practice. For further discussion, contact the TDIC Risk Management Advice Line at 877.269.8844 Monday through Friday, 8 a.m. to 4:30 p.m. PT