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Fire Interrupts Business Operations

Technical Fabrications, Inc.

Newburyport, Massachusetts

A fire at his machine shop led Technical Fabrications CEO Derek Pregent to seek out the assistance of a public adjuster. Initially he thought he could handle the claim on his own. But after talking to business associates who had experienced similar situations and said if they had to do it over again, they would hire an adjuster, selected SMW to represent his shop.

The Challenge

The fire caused significant damage to the machine shop, requiring the business to relocate to continue to serve its customers. Upon examining the company's insurance policy, SMW discovered a 90-day limitation on the payroll for the entire company, including the owners. This type of limitation was without precedent and presented a potential problem if restoration extended beyond the 90-day period. The company wanted to keep paying payroll for three key reasons:

- Retain experienced personnel
- Be socially responsible
- Avoid unemployment rates

Solution

SMW analyzed Technical Fabrications' financials as they related to business interruption, helped the business temporarily relocate to a new location and managed all of the policy and technical issues of the claim. The company was very busy prior to the fire and the incident added new tasks that had to be done such as contacting customers to explain the situation,



relocating to a temporary location and replacing and repairing the damaged building, inventory, machinery and equipment.

The involvement of SMW helped the company to focus on these areas while SMW managed the claim. SMW submitted interim claims to keep cash flowing and advised the company on all aspects of business interruption, including the continuation of payroll for the owner and all employees.

Result

SMW allowed the company to stay up and running during a difficult period, and to maintain strong customer relationships for current and future sales. SMW's thorough and in-depth examination of the insurance policy and adept management of the claim resulted in a settlement in excess of \$2 million. Technical Fabrications resumed normal business operations seven months after the fire in a completely renovated shop. In addition, SMW alerted insurance agents in its database about the unusual 90-day payroll limitation, and as a result the insurer has reversed this policy limitation.

