



Tampa Businesses Must Prepare Themselves for a Different Kind of Storm That Will Come with The Republican National Convention

By Charles R. "Dick" Tutwiler

Tampa, FL., March 2012 - Being chosen to host the 2012 Republican National Convention is a major coup for the entire Tampa Bay area. Having a global spotlight on our beautiful city and the surrounding Tampa Bay communities is sure to create a long-term positive economic shot-in-the-arm for the area business community. Having thousands of convention visitors in our community and press officials sending media reports all across the globe is clearly a chamber of commerce official's dream come true.

So what dark storm clouds does this insurance loss adjuster with 39 years of experience see as a threat to this otherwise rosy picture of democracy at work in one of our nation's finest cities? In my view, the way to predict a future threat is to look at the past. In this case we need only to look back at the 2008 Republican National Convention in St. Paul, MN. It was reported that over 300 people were arrested, with upwards of 137 charged with a felony of "conspiracy to commit riot." In St. Paul, crowds were tear-gassed and local police, the FBI, and the Secret Service cordoned off areas in an effort to maintain law and order. No doubt, the authorities were as prepared as they could be. And remember, this was 2008, during the very early stages of the "great recession," well before the bailouts, the Occupy Wall Street movement, and the socio-economic class distinction as expressed by the 99% versus the 1% crowd. Potentially the political and economic turmoil of the past few years could be a harbinger of a more volatile environment this time around.

While we hope all groups can exercise their first amendment rights in an orderly fashion and work with a well prepared law enforcement team to responsibly deal with any dangerous flare-ups, business and property owners who operate within the confines of this event need to "prepare now" to protect their property and business revenue. Just as we constantly remind property owners to prepare a disaster recovery plan each hurricane season, businesses should be planning for the storm of RNC related protests and likely impact that civil officials and law enforcement will play in this dynamic.

Without a doubt, the first line of defense to prevent disruption of the event will be restricting access to areas perceived as trouble spots. Unfortunately this will consist of an entire downtown area that includes the Tampa Convention Center as well as the actual site of the convention at the Tampa Bay Times Forum. Other areas such as municipal and federal buildings are also expected to be cordoned off.

So what happens if there is a denial of access by the civil authority to an area where your business is located? Does your property insurance policy cover a loss of income and ongoing expenses your business incurs? While some may think this is straight forward and simple, it is in fact like most insurance policy coverage issues a complicated and fact driven matter. Fortunately a great deal of information has been compiled on civil unrest, denial of access by civil authority in the ingress-egress process following the losses in New York City from 9/11 as well as Hurricane Katrina in New Orleans.

Business owners should be aware that the wording in their property insurance policy is critical for this coverage. Equally important may be the actual civil authority language that is drafted by the authorities to authorize the police and perhaps the National Guard to mobilize and move in place to restore law and order.

There are several steps business owners should take that includes understanding their insurance coverage and the protection it may provide should areas be closed due to civil authority orders. Some losses flowing from actions taken by the civil authorities may be recovered through proper planning and placement of the correct insurance product.

1. Check to see if your business or professional offices are in a proposed security zone or an area likely to be part of a protest event. Just look to the Occupy Tampa movement and multiply that by 100! A good resource for this information may be City Hall, the Tampa Chamber of Commerce or local law enforcement authorities.

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2. Pay close attention to the media. Many local media will have dedicated websites for the RNC. Information about the steps that will be taken and the areas impacted in a civil authority declaration by city, state, and federal law enforcement will be released as the convention date gets closer. An article in the Sunday, November 27, 2011 Tampa Bay Times sets the tone with this headline "Tampa police prepare for anarchist attacks at the Republican National Convention."
3. Check your insurance coverage. In this tough economic environment, we have found that some businesses have cut back on coverage or let their property policy expire. Don't be caught unprepared.
4. Remember -- actual physical damage to your property as a result of a fire or some other covered peril from a riot may well be covered, but you will not be paid for your loss of business income and continuing expenses if there is no physical damage to your property. If civil authority officials won't let you or your clients access your property or an area where your business is located, you cannot recover from a property insurance policy unless you have "Civil Authority Coverage" in your policy. Review your property insurance policy now with your agent, broker or risk manager. Civil Authority coverage and language can vary widely from one insurance company's policy to the next.
5. Check to see if you have the named perils covered in your policy that are likely to cause a civil authority declaration. Generally, civil authority coverage for business interruption does not require actual physical damage to the insured structure. However, it does require that the peril(s) named in the policy be the cause of the loss, i.e., riot.
6. Understand the time limits that apply to this coverage, which can be limited to a certain number of days, or weeks. Also there may be a deductible expressed in terms of days before the coverage kicks in.
7. Are there location requirements defined in your policy? This may mean only losses to businesses within the immediate boundary of a prohibited area are covered.
8. Take into consideration that the civil authority may only issue an "advisory" or "voluntary" order. This can possibly result in no coverage because this is short of a "mandatory" order forbidding access to an area. The business community and those that represent them should be discussing this with the local authorities.
9. Remember -- the actual civil authority order in its written form may govern the recovery of business losses despite your best efforts to insure for this type of event. Prohibited access is probably as close to fulfilling the intent of this coverage; however, other terms such as "restrict" or "impede" may be more problematic. Those of us in the insurance profession well remember President Bush's statements following 9/11 that the terrorist attacks were in fact an act of war. Had this not been later clarified, insurance coverage would have been denied as acts of war are a common exclusion in property policies.

Keep in mind that this civil authority issue is not limited to just political protest but also applies to events such as hurricanes, tornadoes, fire losses, or other events that inflict damage to large areas where civil authorities must exercise their judgment to protect the life, health, and safety of its citizenry. While not widely discussed or understood, having this insurance protection can make a big difference in the outcome for policyholders and especially businesses.

While we all hope the Republican National Convention will be successful and provide a positive lasting memory to all those who attend, I also hope the business community will take responsibility to be proactive and prepared. One component of that preparation is to understand the risk and losses that may flow from the expected demonstrations and protests.

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