

# Burned to the Ground



## A Story of Recovery

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On a cold dark morning in December, I was driving straight into a north wind. There wasn't much for traffic on a South Dakota road at 5 in the morning. I would venture to say that there were more deer crossing the road than cars driving on it. Still, I was happy, if not surprised to have a full tank of gas instead of my usual quarter tank, and even happier that Taco John's was open that early. So, with my breakfast burrito and hot coffee in hand I drove to Watertown to meet with the owners of Benchmark Foam.

It all began shortly after 4 o'clock that Saturday morning when I was jarred out of bed by a phone call. If you have a son or daughter in college, living far away from home, like we do, then you know what races through your mind as you stumble and fumble for the phone. The voice on the other end ended that concern immediately. I turned to my wife and told her "its work, not the kids". It was Wendy Fransen, the CFO of Benchmark Foam. Her first words were, "Jeff, the plant is burned to the ground".

Wendy and her family were in Mitchell for a hockey tournament that weekend. She was now on her way to Watertown. I told her I was on my way. With that, I took the world's fastest shower, and was out the door – after I dressed. Expecting everything would be destroyed at the plant, I stopped at my office to get a Policy Summary, a stack of notepads, pens and a camera.



Bonnie Merz is one of our Claims Specialists at our agency in Sioux Falls. She didn't know what had happened, but when she got a call from me at a quarter to 5 in the morning on a Saturday, she knew it wasn't a fender bender. As I drove to Watertown, she called Cincinnati's adjusters, Pat Schmidt and Darin Kolbeck, to alert them and begin the adjusting process. Before 9 am, Darin had the adjuster team assembled and were on their way to Watertown. In addition to the lead Cincinnati adjuster, they had already arranged for a Subrogation Attorney out of Chicago, a Cause & Origin expert from Missouri, and had assigned an independent adjusting firm, Dakota Claims, to the case so that they would have an adjuster on the ground in Watertown. The adjusting team was on the scene Saturday and Sunday.

What did we do before the age of cell phones, email, and the Blackberry? My next call was to the President of Benchmark, Tom Devine to let him know I was on my way to Watertown – about a hundred mile drive. We would meet on the service road north of the plant – he could expect me around 6:30.

It was still a very dark, very cold morning as the lights of Watertown began to brighten the horizon. I was probably 3 miles south of town when I could first see the long thick black trail of smoke, that somehow stood out against the dark morning sky, winding southward with a strong north wind behind it. As I slowed to exit off the Interstate, the red glow from the fire lit the sky only a few hundred yards away. After clearing the checkpoint with emergency officials I found Tom Devine on the service road. Tom climbed into my truck. “I bet I ruined a good pheasant hunt for you today”, Tom first said to me. Talk about cutting through the tension of a difficult moment. We caught up on what was happening with the firefighting effort. By that time, the plant was completely destroyed. The large flames on the west end of the plant were fueled by a stockpile of polystyrene inventory. There was no stopping that fire; the firefighters could only let it burn itself out. As Tom and I got caught up on all the happenings, a Salvation Army truck pulled alongside my truck to refill our coffee. The last time I had seen coffee and rolls from the Salvation Army truck, was during the Red River flood of 1997. People like the Salvation Army and the Red Cross are quiet heroes at scenes like these.

The fire was reported to 911 by an anonymous caller at 2:15am. The plant was not running a third shift that night, so the plant was empty. That meant that nobody was injured or killed. At the same time, had there been a shift working that night, early detection may have controlled the fire. Bottom line, and the most important thing for the owners, nobody was hurt. Given the fire was reported 15 minutes after the bars close in South Dakota, it was perhaps no surprise that it was anonymous. It was also no surprise that the caller was a natural arson suspect, but nothing ever came of it.



Firefighters protecting the only surviving structure, a storage building.  
Photo courtesy of Watertown Fire Department

As we sat together, briefly reviewing the information I brought for Tom and Wendy, we watched the heavy black smoke billowing to the south, engulfing the Mallard Pointe Surgical Center next door. This smoke damage would shut down and interrupt those operations for several months. There was some relief that the smoke was from the north, and not from the northwest. A northwest wind would have placed the Terry Redlin Art Center in harms way of that thick, black smoke. The museum, a cultural centerpiece of Watertown holds the original art work of the nationally recognized, local artist, Terry Redlin. Not to diminish the damage to the surgical center, but the cost of restoring, cleaning and the long term damage to original works of art would have been far more severe. Later I spoke with the director of The Redlin Art Center, Julie Ranum, to learn that their people were preparing to evacuate, but the winds held in their favor.

The business immediately to the west of the plant is Enercept, Inc., a manufacturer of pre-engineered building components that incorporates the Benchmark polystyrene product into their product. The destruction of Benchmark, would certainly impact the Enercept supply line. However, before the smoke would clear, the owners of Benchmark would have a supply solution in place to preserve this critical business relationship. By 8 o'clock the doors of Enercept would be opened to us as a place to bring the owners, their spouses and the managers of Benchmark together for the emergency meeting, the first of many to come for their Disaster Recovery Team.

There was no agenda. Just a cold room full of questions, "what do we do now?" All eyes turned to me. It was my responsibility to reassure everyone that we would put the insurance plan to work and support their recovery effort. I outlined the post emergency issues that they would be facing in the coming weeks. Among the topics:

- Communications with employees
- Press communications
- Customer and supplier communications
- Temporary operations
- Security at the plant
- Personal belongings

### Communication with Employees

This was a December fire. There wasn't a worse time of the year for anyone to worry about whether they had a job. With a significant Business Income limit in place, based on an annual worksheet completed by Benchmark, payroll was protected. Word would go out immediately to the employees that they need not worry about their jobs. Many of the workers would be enlisted to provide security at the fire site and some would become carpenters to set up temporary offices the next day. Busy hands and busy minds can keep spirits up in a time of uncertainty.

Later we would learn that Benchmark would hold frequent meetings with all of the employees to keep them up to date.

### Press Communications

The president, Tom Devine, would be the spokesperson for the company and all employees would be notified to redirect all inquiries from the press to Tom. It wouldn't be long until Tom was interviewed by several print and broadcast reporters. The message was that recovery was already under way and that jobs were safe. Two days later, on Monday, Benchmark released its first press release to let everyone know that Benchmark would rebuild they would survive.

### Customer Communication

A top priority was calling every customer. Because Benchmark was diligent in backing up their computers every day and storing that information off-site, they were able to recover the customer data base. Each customer was telephoned by the salespeople to deliver a simple message:

"We had a fire that destroyed the plant, but it did not destroy our business."

This is a message that would resonate with not only their customers, but with every person that worked at Benchmark. Think of the power those words have, not just for the receiver of the message – the customer, but for the person who delivers it.

Imagine the impact of a different kind of message, one of uncertainty or doubt. This clear and simple message instilled the confidence employees needed in order to stay on board with high spirits and the confidence that customers needed to continue to place orders. The message came from the leaders of the company and it only works if it's real and it's only real if those leaders believe it with passion and conviction. The owners and leaders of Benchmark believed.

### Temporary Operations

As a manufacturer, the task of temporary operations seems almost unimaginable given the complexity of their operations, the specialized equipment and the space needed to operate. However, at the outset, before the smoke would clear, plans were being formulated to put operations back on line at full capacity in temporary facilities as soon as possible.

Speed was critical to preserve customer relationships. Interestingly enough, Benchmark would be able to work with a competitor in Minneapolis to help maintain supplies to Benchmark customers, an act viewed as cooperation and generosity by a competitor when you would otherwise expect a more predatory approach. This support would continue for about a month until Benchmark was self sufficient with its own temporary operations.

A big part of the temporary operations plan, was a similar operation, Liteform Technologies, a sister company of sorts, in Sioux City, Iowa. This company would be able to provide production capacity in a matter of days by running a 2<sup>nd</sup> and 3<sup>rd</sup> shift staffed with Benchmark employees. As fortunate as this arrangement was, it presented significant logistical challenges. In addition to the cost of renting this production space, along with it came higher transportation costs, as Sioux City is nearly 200 mile south of Watertown. Oh, and then there's the matter of the workforce. They couldn't drive back and forth every night between Watertown and Sioux City all winter long, so room and board would have to be secured.

### Security

At the time of our meeting that morning, the site was in the hands of the Fire Department. It wouldn't be long after the smoke cleared that the property would return to their full control as the owner. So we talked about utilizing Benchmark employees to secure the site, professional security services for night patrol and public safety issues. We were concerned about protecting the debris in case there was any recoverable property, but we were also concerned about the safety of anyone that might enter the site out of curiosity.

Because of ongoing investigations by insurance companies, the site would remain secured far longer than I anticipated. It would be six weeks before the site would be released by authorities. This is an issue that I think is overlooked when estimating recovery time for Business Income purposes. Conservatively speaking, you might want to add 8 weeks to recovery time for unexpected delays related to investigations by insurance companies and government officials.

### Personal Belongings

Each employee would be advised to make an accounting for any personal belongings that were destroyed to take advantage of the limited coverage under the Property policy for these articles.

Our meeting was busy, filled with questions, ideas, and people coming and going from the meeting. By the time we wrapped up, in an hour or two, that room had warmed up and the sun was shining. I was able to return home to my routine, while everyone at Benchmark was left to forge ahead in their disrupted lives.



Left: Terry Redlin Art Center

Center: Benchmark Foam

Right: Enercept

When I returned to Sioux Falls, I poured through the Cincinnati Insurance policies to compile a report that Benchmark could reference throughout the claim process. I wanted to be sure they were aware of important rights that they had under the policies along with their responsibilities. The report referenced the Coverage Part, Policy Form, the Section, and page of the policy, followed by my description of the policy provision. I used my judgment, based on my knowledge of the claim, to highlight pertinent policy information.

Of course insurance policies are very creative documents aren't they? Coverage is found and lost in just about every provision. For instance, you can find coverage in Exclusion, and lose coverage in a Definition. The big ticket items were easy to identify, but I wanted to bring the smaller items to the surface. Even though I fully expected that the insurance adjuster would treat our customer fairly, I considered it our duty to guide them through the maze. If they knew what was and was not available to them early in the process, then they could make better decisions as they planned their recovery and documented their expenses properly. Some of the turns in the maze included:



## **Fire Spread Too Fast In Watertown Building**

A fire destroyed a Watertown manufacturing building early this morning. Benchmark Foam makes expanded polystyrene and other specialty plastics used for packaging, construction, and roofing. The company is one of Watertown's major employer's. No one was in the plant at the time of the fire, but the flames spread quickly and it was too late to save the building.

Watertown firefighters arrived just after 2am to a building completely engulfed by fire.

"The back half of the building was fully involved, the front half of the building was burning pretty good, that point," Chief Mike Jungemann said.

Watertown fire Chief Mike Jungemann says the materials in the Benchmark Foam building melted very fast and once it turned into a pile, it burned.

"At that point, there was no saving the building, it was already beyond that point, so we chose to protect the structures around," Jungemann said.

Jungemann says because of size of the fire, The Watertown department called for help from surrounding departments, including Castlewood, Florence, Henry and South Shore.

"For a period of time, we probably had about 60 to 65 firefighters on scene," Jungemann said.

Jungemann says with a fire this big, the situation could have been a lot worse.

"Had we had a south wind, we'd have a bigger concern, so anytime that polystyrene burns, it puts off toxic gasses and fumes, and of course our concern at that point would have been to evacuate anybody down wind, but as it turned out the wind was blowing what was probably the most ideal direction," Jungemann said.

Jungemann says the wind was blowing away from the community, which helped protect nearby residents.

"That was part of the reason we let it burn, as long as we did, just so to let the gas off to that direction," Jungemann said.

Jungemann says everyone did their part in keeping surrounding buildings, and the community safe.

## **Aftermath Timeline**

### December 7

It wasn't long into day 2 that I received my first email from Wendy Fransen, the CFO. That was at 5:30 am. Sleep is one thing we cannot insure. I know our business is all about "peace of mind" but when you are in their shoes, there is no such thing. Tom and Wendy and many of their employees would be working many long days and nights. This was Wendy's first chance to absorb what had happened and assemble a list of issues that she could foresee, which included:

- Establishing documentation and accounting records
- Documenting Replacement Value of ordinary supplies like paper goods
- The need for a building diagram to inventory equipment
- Tracking costs of employees work to build out offices in a temporary site
- Is personal property of employees at replacement cost or ACV?
- Is Customer Property that was in their custody covered?
- Phone, fax, and computer set ups: replacement vs temporary costs overlap
- Can we build a different configuration than the original building – how is that determined?
- Will Cincinnati advise on building a better building that will reduce the chance of loss?

We would learn on Monday that Benchmark had already leased temporary office space just a few blocks west of the plant in a retail strip mall. That day, on Sunday, "Team Benchmark" erected make-shift offices in the space, and had complete computer and phone systems running.

December 8

## **Business Operations Continue Uninterrupted after Fire**

*12/8/2008*

During the early morning hours of Saturday, December 6, 2008, our Watertown South Dakota plant was destroyed by fire. Within hours, our team members set up a new office and made arrangements for uninterrupted production. By Monday, it was business as usual for Benchmark Foam. This quick response is a prime example of how Benchmark Foam does business. As always, our customer needs will be met by a team that puts the customer first.

We can be reached at the same telephone number that you have always used: 605-886-8084 or 1-800-658-3444. Our fax number remains unchanged at 605-886-8099. Our mailing address is still 3200 9th Ave SE, Watertown SD 57201. Small packages should be delivered to 1000 29th St SE, Watertown SD 57201; large packages should be sent to 3100 9th Ave SE, Watertown, SD 57201

We appreciate the opportunity to continue providing service to your company. As ever, Benchmark Foam will provide dependable on-time delivery. Our service is so dependable; we back it with Benchmark Foam's On-Time Guarantee. Your product will be shipped and arrive by the agreed-to arrival date or we will discount your invoice 10 percent.

Benchmark Foam Press Release

The regular work week returned on Monday. It wasn't even 5am and I had already received a detailed email from Wendy outlining the status of operations. They had nearly 20 people housed at the new Emergency Office, Temp I, and were expecting to be in production that very week at 3 different sites.

They were leasing a portion of the Enercept building, the site of our Emergency Meeting the morning of the fire, to run their cutting operations. You will recall that Enercept is their neighbor and customer. The cutting operations involve using heated wire to slice large blocks of polystyrene; by large I mean 16 feet long by 4 foot square blocks.

Benchmark would lease the building and equipment from Lite-Form Technologies in Sioux City to make blocks and signs. Lite-Form, which normally only runs one shift, would run 2 more shifts to meet production demand for Benchmark. A crew of half a dozen people would be relocated to Sioux City where they would arrange for housing and transportation. This arrangement would continue throughout the recovery.

In Watertown they found 2 sites that had unused paint booths. These booths were needed to resume their Sign production. Special urethane painting equipment was ordered on Saturday – yes Saturday, the day of the fire.

We noted the new locations and advised Wendy of the automatic coverage available for newly acquired locations and asked her to apprise us of the details –values, locations and leases. Now we would face the busy task of keeping the Cincinnati policies current in accordance with all of the operational changes they would undergo throughout the recovery. I would venture to say that the Account Manager, Jodi Tjeerdsma, would see three times the service activity on the account that she would see in a “normal” year.

Before 6am Wendy was working on restoring the complete Benchmark insurance portfolio. Of course everything she had was either destroyed or inaccessible in a pile of smoldering rubble. Wendy needed our help to put it all back together. Jodi assembled a packet of information that included a copy of the policy, the audits from last year, outstanding invoices, a claim history, a month end inventory reporting form, the most recent inventory report and a building diagram that included the production floor plan that we had on file.

I've told people over the years that when it comes to disaster recovery, it is surprising how many little things prove to be complicating. That morning Benchmark needed an undamaged car towed to a dealer because the *keys* for the car were destroyed in the building. This was one of those little things. The question of course – can we pay for the towing under the Property or Auto policy? Yes.

Later that Monday morning, Pat Schmidt - Cincinnati Claims, Carl Duncan – Cause and Origin Expert, and Peter Korondi – NHI General Adjuster all converged on the plant site to interview the owners and the employees. This can be a confrontational situation as these people are investigating the possibility of arson and are prone to ask direct “in your face” questions. However, once Benchmark personnel passed this acid test, a cooperative and friendly relationship ensued between Benchmark and this adjusting team. An “area of interest” at the plant was identified by investigators and was tarped off to protect it from the wintery weather. The adjusters would now review the accounting, inventory and equipment records to document the claim.

#### December 9

Tuesday was a relatively quiet day. For us, not Benchmark. They were able to take stock of what survived the fire. That day, the Watertown Fire Chief turned the site over to Benchmark Foam. They were then able to identify that there were storage trailers that held inventory parked outside the building that were undamaged and a storage building next to the plant that thankfully held a number of tools that had just been moved into the building on Friday afternoon.

A small lesson was learned today. Wendy dropped me an email that evening thanking me for sending her a copy of the plant layout. It was the most recent copy they could find because those drawings were otherwise stored in a former employee’s computer hard drive. In other words, the documents had not been saved on the network drive that was backed up and stored off site. All of that documentation that the underwriters demand of us can pay off.

#### December 10

Bonnie Merz and I drove to Watertown Wednesday morning to meet with Tom and Wendy at one o’clock. Bonnie had been in contact with our associates at other Holmes Murphy offices to assemble information that would help Benchmark with various aspects of the claim process:

- “Managing Property Claims”, Holmes Murphy & Associates
- “Beyond the Policy: Documenting a Business Interruption Claim”, IRMI by Daniel T. Torpey, Ernst & Young LLP
- “Do’s and Dont’s of Working with the News Media”, Janine Reid Group, Inc.
- Business Income Loss Worksheet

We arrived at the Emergency Office just before one o'clock on a cold and blustery day. As we pulled into the parking lot we noticed a large flatbed truck parked just outside the office. It was carrying a brand new forklift. We thought it was terrific - a good sign that they had taken the bull by the horns and were moving forward. It would get better. This make shift office was really a vacant retail site with large glass windows that proclaimed the spirit of this company – "GO TEAM BENCHMARK".



"Go Team Benchmark"

When Bonnie and I walked through the doorway we were surprised to see how busy they had been. The receptionist was there to greet us and she was surrounded by a virtual beehive of activity. That Sunday prior, the day after the fire, the Benchmark Team brought hammers, saws, and nails to erect temporary office quarters in this space. They even managed to have it wired for phones and computers. Rough and unpainted, it exuded pride by everyone there that they were fighting back. To top it off, a large table was loaded with food, drink and lots of Christmas treats to keep bellies full and spirits high.



Emergency Office – complete with a fire extinguisher

We could see Tom and Wendy in the archway of one of the make-shift offices off to our right. I anticipated that this could be an emotional moment for me because I had been close to natural disasters before. Just 10 years ago our home was threatened by a major flood on the Red River and we experienced the stress and indescribable emotions that go along with protecting your property and witnessing the heartache of neighbors that lose the fight. I know it's just sticks and steel, but somehow it's so much more. With Benchmark, the livelihoods of so many people were at stake, elevating the emotional element far beyond what I had ever experienced. Tom greeted me, not with a handshake, but with a hug. If you are reading this as an insurance professional, you need to understand that what we do goes beyond selling insurance contracts. What we do affects lives. Was it emotional? Wow.



Wendy Fransen, CFO

The four of us sat down in Tom's office and spent the next 3 hours going over the papers Bonnie had brought, catching up on developments, answering questions, and talking about "what next". Oh, I don't want to forget this – Wendy handed us a check! For what? For their regularly scheduled premium payment on the Cincinnati policy! Wouldn't you expect most buyers would have an empty hand waiting for a claim check before they would have one in hand for you?

It was a busy office and we were interrupted more than once. One of those disruptions came from the South Dakota Department of Agriculture. An employee of the Ag Department showed up, unannounced, to get Benchmark's approval to take a sample of the soil at the fire site. This was being done in response to a nearby rancher that was concerned that his cattle may ingest feed that had been coated with soot from the fire. Before signing off on this, we contacted Cincinnati to confer with them. Obviously this could lead to a General Liability claim. Even with Cincinnati's approval, Benchmark was

under no obligation to grant the sampling. However, with Cincinnati's approval and a spirit of cooperation seen as more productive than one of conflict, permission was granted. A Benchmark employee accompanied the Department of Agriculture along with the Watertown Fire Chief, Mike Jungemann, to take two samples – one for the Ag Department and one for Benchmark to keep for their own protection, should anything come of it.

During our meeting, Mike Larsen from Dakota Claims stopped by. His company was the independent adjusting firm retained by Cincinnati to reinforce their claim team. He was authorized to secure bids for debris removal and the salvage value of the steel and copper that could be pulled from the rubble. Mike hoped that this would be close to a net zero cost given the high value of steel and copper. That would not be the case as landfill costs would run high.

Peter Korondi, NHI General Adjuster, called while we were there to let us know that Cincinnati would be appraising the Actual Cash Value of the building to make an initial payment, later to be followed by the Replacement Value once construction was underway. Originally, as early as this same morning, Cincinnati was going to cut a check for the limit shown on the Statement of Values in keeping with the Valued Policy Law of South Dakota. However, by that afternoon they realized that the Valued Policy law does not apply to property insured on a Blanket policy. Therefore, it would be handled in a more traditional manner. In the end, this is how we wanted it handled, because we would not want to be limited to the value shown in the Statement of Values. He also advised us that he had hired Industrial Loss Consulting to perform replacement estimates for the production equipment.

Tom asked me a good question. What is a Public Adjuster and why should we hire one? It turns out that Benchmark had been solicited by a number of Public Adjusters from coast to coast, literally. One such adjuster flew to Watertown from California, *unannounced*, on Tuesday for the opportunity of a "cold call". What was my answer? I told Tom that claimants will hire a Public Adjuster when they feel they are not being treated fairly by their carrier; if their agent is not advocating for the customer or advising them properly; if they buy their insurance directly from an insurance company without an agent; or in some cases, if the owners and managers do not want to deal directly with the claim process.

The Governor of South Dakota, Mike Rounds, had already called Tom to offer support. How many Governors call the owner of a company after a fire? This was not the largest employer in South Dakota or even in Watertown, but Governor Rounds wanted Benchmark to know that the state would do whatever they could to protect those jobs and help Benchmark recover as quickly as possible. Is it the nature of rural states to care just a little bit more?

## December 12

Friday saw more activity from the Cincinnati adjusting team as they brought in a new Cause & Origin expert to investigate a potential source of the fire that could give rise to subrogation recovery. The initial investigators had determined that the fire may have started with one of the 7 vehicles parked in the plant that night. Since one of the trucks had work done by a local garage, just 2 weeks prior to the fire, they were putting the mechanic and the dealer on notice and were making plans to meet with their representatives later in the month.

Bonnie got word from Pat Schmidt, of Cincinnati Insurance, that they had the first check drafted in the amount of \$500,000. We called Tom and Wendy to let them know that we would like to visit them again next week, on Tuesday. We were hoping to do lunch and review recent activities and plans, but things were very hectic for Benchmark and they expected no change by Tuesday. Wendy wasn't sure that she'd have time to meet with us. But I persisted. We really wanted to see them again and deliver the check. This early check was timely as they were ordering supplies and equipment.

On this day, Benchmark inked a deal for the former Metz Baking building. It had been sitting vacant for about 2 years but would now give life to Benchmark until they could rebuild. The new building, Temp 2, would become the site for all Watertown operations, eliminating the need for 2 other painting sites and the first emergency office, Temp 1. The building owner was willing to prep the building for Benchmark, but the time frame wasn't fast enough for Benchmark. They had the workforce and the motivation, so the Benchmark Team went to work cleaning, painting and repairing the facility while the building owner cranked up the heat.

## December 15

Tuesday was another road trip day for Bonnie and me. We planned to meet the Cincinnati adjuster, Pat Schmidt, in Watertown to deliver the \$500,000 check together, but in the end Pat could not join us. Instead, we met him in the parking lot of a car dealership just off the Dell Rapids I-29 Exit on the way to Watertown. As it goes in this territory, the weather got lousy with wind and snow again. After a pick-up truck meeting with Pat and the check in hand, Bonnie and I continued to Watertown.

We met at the same emergency office, Temp 1, around 11:30 that morning to discuss the general progress of their recovery efforts and field any questions they might have. Most of the discussion centered on the new lease for the Metz building and the state of third party claimants, such as the cattle rancher and the surgical center. Now there are two claimants you don't ever see on the same claim! It seemed as though the cattle claim was not materializing – the cows were doing fine. The surgical center on the other hand, had shut down their facility and was undergoing significant smoke damage restoration via ServiceMaster.

An interesting note about the Prairie Lake Healthcare System's Mallard Pointe Surgical Center. When, they learned that Benchmark Foam had to cancel their Christmas party, Wendy Fransen got a phone call – an invitation from Prairie Lakes to have the Benchmark employees join them at the Prairie Lakes' Christmas party. Once again, the human side of this claim came through in a way nobody would have ever imagined. I only wish we had the Christmas Party endorsement on their policy....



This was so in keeping with the response from the Watertown community. As we visited with Tom and Wendy, a van pulled up outside Tom's office so I asked what they had bought now. It turned out that it was lunch for the whole office staff. Who would've guessed that every day of the week, a local Watertown business donated and delivered meals for the workers of Benchmark. That day we were invited to join them for The Hot Beef Special. The Watertown Chamber of Commerce organized this effort and sustained it through December.

Afterwards, we climbed into my truck and followed Tom through snow packed roads to tour the Metz building. It was an old building that I would say was built in the 40's or 50's. It was a large sprawling one story solid brick building with a dozen loading docks and lots of floor space. A lot of work needed to be done before they could move in - painting, cleaning, repairing, electrical, plumbing, floor covering, and more. The work had already begun. In this part of the world, when a building has been sitting for 2 years without heat and experienced the kind of temperatures that we had that winter - below zero for a long time, that was one cold building. As Tom pointed out, the ground under the building is deep with frost and it just takes a long time to warm the place up.



Future temporary home of Benchmark Foam's Temp 2 – the old Metz Baking Company



Bonnie and I left after the tour. It was our first chance to really get close to the plant and look at the destruction. It was a frozen pile of twisted steel. How did the sign survive?

Mallard Pointe Surgery Center took the brunt of smoke and soot damage. Despite shutting down the air intakes for the building, soot coated everything in the building. The soot penetrated computers and medical equipment; even medical supplies that were packaged tightly together had soot between the packaging.



There were four Servicemaster trucks on site. We could see that everything was covered in plastic inside the building. Glacial Lakes Orthopedic and Mallard Pointe Surgical Center were conducting operations at the hospital until restoration would be completed. This was a potential General Liability claim.

Across the street to the east and south is the Terry Redlin Art Museum which was a potential smoke victim.



Terry Redlin Art Museum

Fire Debris in my rearview mirror



The Terry Redlin Art Museum holds a large number of original paintings of the local, nationally renowned artist, Terry Redlin. The building was not touched by the smoke, but a shift of the wind from the north to the northwest would have done it. The curators and employees of the museum scrambled the night of the fire to consider evacuating the paintings, but in the end, no action was taken as fortunately the wind was constant from the north.

### December 23

The fire destroyed all of the physical records, including the Air Quality Permit issued by the South Dakota's Department of Environment and Natural Resources (DENR). Without proper permitting and communication with the DENR, there could be no temporary operations and the potential for a delay in full restoration was very real. Benchmark's Safety & Regulation Director, Brenda Hansen contacted DENR on Monday after the fire. Before the day was over, the DENR had sent Brenda a copy of their Permit and would visit the site the next day. We can be very cynical about government, but it's fair to say that the people of DENR were responsive and supportive. I wonder if this fast response was fruition of Governor Round's words to Tom Devine that the State would do whatever they could to help.

The testing, removal and disposal of the debris is the oversight responsibility of DENR. By this time, two contractors were providing estimates on debris removal. Once a contractor was selected, Benchmark would have to submit a "Written Contamination Incident Follow-up Report" to the DENR. Some of the clean up issues would include:

- Composite Samples of Ash
- Asbestos Presence
- Hazardous Waste Chemical Parameters that the landfill would require
- Sample of fire fighting water if washed into a body of water

This would be the last day of any security at the fire site, a decision made by Cincinnati. Any further security would be at the sole discretion of Benchmark, but it was not seen as an important issue anymore as the site didn't present an attractive nuisance or attractive salvage to the public as it continued to fill with snow.

### December 30

Early this morning, Wendy heard from Charles Blackwell, Jr., the Machinery Consultant for Industrial Loss Consulting. He was checking on the status of the building and equipment replacement reports. Earlier he had provided Wendy with a spreadsheet that she could use to document and itemize all of the equipment.

However, the job of recording the equipment end of this loss was easier said than done. Aside from the daunting task of physically entering the fire site, sorting through the debris of twisted and fallen beams through layers of snow that had fallen over the past several weeks, there was still the problem of having access to the site. Even though the Cincinnati had concluded their Cause and Origin investigation with 2 different experts, and even though the Fire Chief had released the site, there was still the problem of a potential third party claim.

Cincinnati's Liability Adjuster, Shauna Hogland, was working with Mallard Pointe Surgery Center. She had given their carrier, Travelers, 10 days to respond as to whether they wanted to inspect the premises themselves. That 10 day notice would be up on January 2<sup>nd</sup>. To date there had been no response. Until then, Benchmark was unable to enter the site.

Benchmark was anxious to enter the site as there were three presses in the debris that held tools (molds) owned by their customers. It was entirely possible that the molds were not damaged and could be used in the new presses. If not, new molds needed to be ordered so as not to further delay the recovery once the new presses were on line. In addition, any tools that needed replacing would be done at Benchmark's expense and would be included in the inventory being prepared for Industrial Loss Consulting. As there was no written agreement in place between Benchmark and tool owners, it was likely that this would become Benchmark's burden, as these owners are their customers. A contract with a Waiver of Subrogation and proof of insurance would have reversed this situation.

As soon as possible, Benchmark was to pull those presses and tools. Blackwell would try and get there by the 5<sup>th</sup> of January, but he did not want them waiting for him. Just be sure to take lots of photos and video in the process.

#### January 6

By now the Benchmark production crew was working a second shift at the Lite-Form plant in Sioux City, enabling them to meet their customer orders with their own production. A formal agreement was drafted to define the parameters of the use of the facility including insurance and risk transfer terms. Benchmark submitted the rough draft for our review.

Industrial Loss Consulting, Inc. was retained by Cincinnati Insurance to value the Personal Property side of this claim. Charles Blackwell, Jr., their Machinery Consultant, worked with Wendy Fransen to identify and categorize Benchmark Equipment, Customer Equipment and Property and Employee owned Property.

#### January 7

An interesting development arose on the topic of Property of Others over the week. Benchmark had been contacted by the food and beverage vending company about the destruction of the machines, inventory and the money in the machines. This isn't something I had ever contemplated as an agent advising my customers, I will admit. Over the years, I do my best to advise my customers on risk management issues, proper contracts and the impact of contracts, etc. Somehow, the presence of pop and candy machines had escaped me. My initial response to this was that the vending company had placed the machines on the plant site to sell their product and, as such, should be responsible for damage or destruction of their own equipment – I really viewed them as a tenant without walls. Rather than voicing this, I simply recommended

that the vending company produce a contract that defined the responsibility. It turned out that not all of the machines are owned by the vending company. In some cases these expensive machines are owned by the manufacturer of the product, like Coca Cola or Pepsi. That means the claims can come from either party. Wendy told me later that Coca Cola was withdrawing its claim for at least one of the older machines and the Dollar Changer they had supplied.

### January 9

We picked a bad day to drive to Watertown. I don't know that I had ever seen so many cars in the ditch as we did Friday on the way there and back; mostly on the way back. On this trip Kyle Broader joined Bonnie and I. Given all of the temporary operations we thought a connection with our Safety Specialist, Kyle, would be of value. He had worked with Benchmark in 2008 so he was familiar with their operations. We wanted to pay close attention to safety in the temporary spaces, fearing that we might see an increase in employee injuries working in unfamiliar places.

Before the day's trip I had asked Kyle to contact Brenda Hanson at Benchmark. I had learned that as the person responsible for safety issues at Benchmark, she took it personally and took it hard that the plant burned under her watch. As Kyle told me, this is a common experience for safety professionals and for himself as their advisor.

Work to remove the rubble had not yet begun a month after the fire. Not for delay by Benchmark. Rather, as a result of investigations by the insurance companies. Companies? Yes. Of course Cincinnati would spend considerable effort sorting through the debris. However, we would see an unanticipated delay with inspections by Travelers Insurance as the property carrier for the surgery center next door. It would not be until January 20<sup>th</sup> that they would be able to investigate. A small lesson here: if you are estimating that you can rebuild in 3 to 6 months after a fire or windstorm, think again. In this case nearly 2 months would go by before the insured would be allowed to remove property from their own site. The situation was made more difficult by the fact that there were several molds owned by Benchmark customers that were in the production equipment of the plant. These customers wanted very much to recover the molds and avoid the cost of making new ones.

Despite the frustrating delays in clearing the debris, Tom had already posted his plans for the new building in his office. He had sketched out the new plant very late one night, or actually, very early one morning around 2 am. Those sketches were laid out in draftsman style by a Benchmark employee. The plant would be located on a new site, to the east and across the highway from the old plant. Instead of a steel building (technically a wood frame building under ISO rules) with no fire sprinkler, the new plant would be a larger precast concrete building that would include a fire sprinkler system.

Another design change would include a separate storage facility for raw material and a separate garage for the fleet. The site was selected and contractors were being interviewed.

Most of our meeting was conducted at Applebee's. What was intended to be a one hour meeting easily went for two hours? The last topic for the day was what to expect and when to expect the next payment by Cincinnati. We had delivered the first check for \$500,000 on our last visit but had no check today. It was expected that the building valuation would be completed soon and we expected the entire blanket amount on the policy to be paid.

We made it safely home after a slow drive on an interstate littered with cars in the ditch. Later that night the Benchmark employees would join the Prairie Lakes' Mallard Pointe Surgery Center Christmas party.

#### January 10

Amidst the turmoil of restoring operations and assessing the property damage, the sideshow of the Auto loss loomed. 7 vehicles were destroyed including three truck tractors. There is some difference in value between Cincinnati and Benchmark. Not an unusual situation in a vehicle claim, but even more frustrating among bigger issues. We found Cincinnati to be very cooperative as Bonnie and I met with Pat Schmidt in a progress report. We expect this to be resolved soon. It's worth noting the little things. There would also be licensing costs and the cost to paint the Benchmark logo on the trucks. These were not insurance problems as there was coverage; it's just that it requires a little more effort to get it all done.

#### January 12

Come Monday morning Bonnie and Wendy spoke further about the impending need for another insurance check as they were exhausting the initial claim check of \$500,000.

Benchmark went on record with Cincinnati concerning the customer tools. If there were any more delays by any party, then they would insist on permission to enter the site to remove the tools from the presses. The delays were creating problems for their customers. In one case, it was delaying a government order for munitions work that was scheduled for delivery on December 22<sup>nd</sup>.

In another case, Benchmark was able to use old tools to meet the production demand by using them at their temporary site in Sioux City. However, the old tools were much more labor intensive and required more press time. These costs would be tallied as part of the Extra Expense claim. So, every delay in this regard would cost Cincinnati money as well.

As soon as Benchmark would be allowed to remove equipment, they were to record all the details of each item:

- Manufacturer
- Model
- Serial Number
- Description of damage
- Age
- Measurements
- Location in the Plant

I received word from Wendy that a sprinkler pipe at Temp 2 broke. A two inch pipe joint separated and flooded a portion of the building. The owner of the building was notified and damages were minimal. Fortunately a floor drain slowed the spread, sparing the office any significant damage. Had the break occurred over any of the production equipment, we would have had a real problem. Although we didn't need it, it is important to note the importance of maintaining Business Income at these temporary locations. Most policies extend BI to Newly Acquired locations, but only for a limited time.

#### January 13

The General Liability claims adjuster for Cincinnati, Shauna Hoglund, confirmed that the Travelers Insurance investigators would be on site January 19<sup>th</sup> at 8am to inspect the premises on behalf of Mallard Pointe Surgery Center. The inspection of the site would be under the supervision of Cincinnati with Tom and Wendy nearby to answer any questions. Each party would sign a Liability Release before entering the site.

#### January 14

We were still waiting for confirmation from Cincinnati on the Business Personal Property limits. The policy had two BPP limits. The main plant and the warehouse building were insured with a \$1,850,000 Blanket for Personal Property limit. There was also a \$1,800,000 Business Personal Property Reporting Form limit that was used to primarily insure the inventory. Benchmark had thought of the Reporting Limit as available exclusively for inventory and consequently expected that they could only recover the inventory value from that limit. However, we pointed out that there is no distinction between stock and non-stock in the Property policy or the Dec Page description of these line items. Because of that, both of the limits could essentially be combined into a total available limit of \$3,650,000. Bonnie sent a confirmation of our position to Cincinnati. Benchmark certainly appreciated our opinion, but it would take some time for Cincinnati to confirm our opinion. This was a million dollar question.

The adjustment on the building was still being performed by Peter Korondi with NHI Adjusters. He was working with Young & Associates, a construction consultant on the details. Even though the building was a complete loss, they needed to justify and document payout of the Blanket Building limit, not just the statement of values limit.

#### January 19

Great news! After inspecting the fire site, The Travelers decided not to pursue recovery against Benchmark. Still waiting for confirmation of the Business Personal Property limit from Cincinnati – Bonnie and I arranged a progress meeting with Pat Schmidt in my office on the 23<sup>rd</sup>. The importance of this limit is even greater because it will allow for enough limit to remove the debris within the policy limits, as this Sublimit is a function of the Property Limits. Without it, Benchmark would cap out their limits for direct damage and have only \$10,000 for Debris Removal under the Additional Coverage section.

#### January 20

More good news today, Peter Korondi called Wendy to share the results of the building valuation. Without accounting for electric and plumbing, the building replacement value was estimated to be \$2,600,000. This was only good news and not great news because it meant Cincinnati could finally issue payment for the blanket limit. Obviously, there is bad news within this determination – the building insured for an amount considerably less than it would cost to rebuild.

Benchmark was under orders from the South Dakota EPA to test the soil for pollutants. In compliance they hired Coteau Environmental for the tests. Prior to doing so, Bonnie and I had discussed this with Tom and Wendy. Interestingly enough, the ISO property form pays a limited amount for Pollutant Removal, but it does not pay for testing. This would be about a \$6,000 expense that was not covered by the policy.

As they prepared to clear the debris, Wendy asked me a good question. Lite-Form Technology, a customer, had equipment in the plant that was insured under a different Cincinnati policy, along with a Waiver of Subrogation agreement. Would the Lite-Form policy pay for their share of the debris removal related to their equipment? The answer is yes. The trick is isolating that expense. Something Benchmark and the contractor would have to track. This was only a concern because Benchmark was still concerned about conserving their BPP limit.

One of Benchmark's largest customers did have their molds specifically insured under their policy while two other customers' molds had declared the molds obsolete and at the end of their usable life, so no recovery under the Benchmark policy would be needed.

Although the customer molds were all salvaged in relatively good condition, Dr. Bob Shroeder informed Benchmark that the heat stress that the molds underwent would eventually crack the molds after some use. After the long wait to recover the molds, they were useless. They would have to be replaced after all.

#### January 23

Benchmark had secured competitive bids from contractors to remove the debris. The job was awarded to Albin Stromseth Construction for around \$80,000. Work was scheduled to begin in a few days. However, we learned that if there is one thing you can count on, it's delays. Cincinnati decided to have Cause and Origin expert, Carl Duncan, inspect the site *again*. Mr. Duncan was scheduled to investigate the scene earlier, but once he arrived, he found a formidable site of twisted steel sealed in layers of snow. It was hoped that conditions would prove better this time. Didn't they know it was deep January in South Dakota?!

We were able to close the chapter on the building settlement today as the check arrived for the full Blanket Building limit of \$1,775,000. One more for the punch list.

#### January 28

Wendy called me. She was nearly laughing as she talked to me. They were finally able to enter the rubble site. To her pleasant surprise, she found the company cashbox, three wooden lateral file cabinets and their contents, chocolates in a container, and Folgers French Vanilla coffee in a canister without the lid. All intact! Oddly enough, the file cabinet contained Wendy's "Disaster Recovery File"!!! From now on, I think we need to make a point of having our customer keep a copy with us. The coffee and the chocolates had a bold roasted flavor...

#### January 29

Plans for the new building continued. We ran four different ISO rate scenarios with the help of our Cincinnati underwriter, Jim Day. The rate options considered buildings that varied from Frame to Fire Resistive. The difference in the combined Group I and II rates were 88% lower for a Sprinklered Fire Resistive building compared to a Non-sprinkler Frame building. It seems that Benchmark has already decided to sprinkler the building, regardless of rate impact. The question now is what type of construction gains the best rate and provides the most durable building.

#### February 2

Wendy worked on a lease in Watertown for 20,000 square feet of an 80,000 square foot building on the south edge of town to serve as a warehouse. This was another idle building that still held its former production equipment as it awaited its next owner. Benchmark's attorney, Jon Brown and I took turns with e-mails reviewing the lease for acceptability.

#### February 4

I received word from Cincinnati that they agreed with my interpretation of the policy limits for the Blanket BPP and the Monthly Reporting Form. In essence, they agreed that the two limits were combinable for any type of property that met the definition of BPP under the policy. Wendy's email response was "ABSOLUTELY FANTASTIC NEWS!!" Now they were able to use the Monthly Reporting Limit to claim loss of Production Equipment. On this day, three new Semi Tractors were delivered to Benchmark replacing the ones destroyed in the fire. Two milestones in one day – maybe more like *mileboulders!*



#### February 6

The clean up and removal of the old plant left a 3 foot drop off from grade level on the old south end to the concrete pad. Wendy and Tom are concerned about somebody driving over the edge at night. This was not a public roadway at all, but it was easily accessible and they are concerned about their liability. Wendy wondered if there was any insurance money to pay for barricading or earth work, etc to make it safe. I shared with Wendy that there is no direct language to pay these costs, however we would run it by Cincinnati. In the end, Cincinnati took care of it as part of the cost of Debris Removal.

#### February 10

Recovery activities escalated at Benchmark as Wendy worked with Jodi Tjerdsma to stay on top of the property value changes at all of the new locations. They are using 4 locations now, soon to be 5 as they negotiate the lease on the south side warehouse in Watertown. There were delays in the lease as the attorney and I worked with Wendy and Tom on the insurance terms. The primary delay was that the building owner wanted an Umbrella limit equal to the value of the entire structure, some \$10,000,000. Both Jon and I advised against this approach explaining that the Care Custody and Control exclusion made this an ineffective approach; instead we advised the use of a sound Waiver of Subrogation and a reasonable Umbrella limit.

More water trouble at Temp 2! Strike that. Not water. Sewer! Because the building had sat empty for a few years, the sewer pipes were dry. So when employees started to use the restrooms, the toilet paper stuck to the sides of the pipes after flushing. The toilets began to leak from the back-up pressure. Initially they just used toilet plungers to clear the toilets. A few days later, the problem persisted and eventually sewage backed up through a hallway sink which then caused a sewer pipe to break apart. Fortunately, the pipe was in the boiler room that is half a floor lower than the rest of the plant so all of the sewage was contained in there and it was caught in time to avoid damage to the boiler or any other equipment. A pumper truck was brought in to drain the boiler room. The landlord took care of all of the costs. Here's a tip we learned too late: school janitors regularly run clean water through the sinks, drains, and equipment (washing machines, dishwashers, etc.) whenever a building has been sitting dormant for even a week to avoid this kind of trouble with dry pipes.

#### February 25

Wendy continued the arduous task of documenting their property claim with Charles Blackwell, the Machinery Consultant at Industrial Loss Consulting, Inc. Still in catch up mode, Benchmark had to file for an extension with the IRS to file for the 2008 tax return.

Benchmark had already recognized that they had far more property in the building than what showed up in black and white on the Asset and Inventory Lists. For instance, they had approximately \$10,000 worth of marketing brochures in 2008 and were trying to determine how many they used so they can submit a claim accordingly.

#### March 2

The old plant had a water well, not a potable well, and not an active well. Still the water would have to be tested for contamination. Coteau Environmental did the testing and found that the results exceeded the SD Ground Water Quality Standards. Two separate tests revealed excessive amounts of Benzene. These results were submitted to the City of Watertown. The expectation was that the well would have to be drained three times and the water disposed of at the Waste Water Treatment Plant in Watertown.

I have to say that I really liked Wendy's response: "that sounds expensive". That would be correct.

#### March 5

Cincinnati denied the Water Well claim under the Property policy because the limit for Pollutant Removal had already been exhausted. It occurred to me that the water might be considered "public" property. If so, we may gain coverage under the CGL for pollution contamination as a result of a hostile fire.

### March 16

The CGL adjuster for Cincinnati rejected our claim for the Water Well clean up, sending it back to the property adjuster, Pat Schmidt. The water in that section of the well was deemed Benchmark's water, not public water. At this time the cost to test and pump three loads of water from the well would be Benchmark's cost.

### March 23

The cost to clean up a fire site was higher than we hoped for and expected. The invoice from the Watertown Regional Landfill was over \$23,000. This was simply the charge to accept 36 loads of ash laden debris. The combined cost, including the contractor's fee to scrape, load and haul is over \$64,000.

### March 26

Benchmark purchased a portable paint booth for \$22,000 to be used in the old Metz building to paint the signs they produce. However, it would be replaced in the new building, so this is a temporary fix. As such, and because they didn't have one before, this was an Extra Expense claim that would be less than the \$22,000 as they would sell the unit once they go to permanent operations.

### April 15

Industrial Loss Consulting confirmed that the machinery and processing equipment that Benchmark would like to order is reimbursable and because it is of like kind and quality, they approved payment for the replacement cost. This was done only after ILC investigated the equipment options with other dealers and manufacturers. A check for \$873,517 was issued the same day.

We secured the Builders Risk for the new building that would be built about a half mile east of the original site in a new industrial park. It will be a larger structure, of superior construction and will include a fire sprinkler system, all of which are uninsured improvements.

The Builders Risk was challenging in the market given the circumstances. We wanted the Soft Costs to include Business Income for Benchmark under the Builders Risk as we were unable to convince Cincinnati to add BI to the new construction site without insuring the Building. After searching the market we secured what we needed with Fireman's Fund. The policy insured the structure as well as the Production Machinery and was in the name of both Benchmark Foam and Fiegen Construction.

### May 8

Watertown Municipal Utilities surprised us with a claim for damage to their outdoor meter equipment. Apparently they had a department policy holding the customer responsible for damage or destruction of the meters, unless it's an Act of God or the fault of the Utility. Wendy and I talked at length on this one as we would rather preserve the Property limits for Benchmark's property. Unfortunately, since they control the hook up of the new building, we will likely be stuck on this one.

### May 26

Wendy was frustrated with the amount detail required by the adjusters and the subsequent time it demanded of her to comply. They had over 2,500 items in their plant that they were being asked to record age, description, cost, and replacement value.

### June 9

I delivered another check today. \$928,157. It represented the final payment on the Personal Property limit. However we still have the Reporting form limit left to exhaust.

Fiegen Construction moved quickly despite heavy rains they encountered early in the project. Before the rains it took Fiegen Construction only 9 days to set all the wall panels, roof, panels, post, beams and columns. It was a very exciting time for everyone at Benchmark.



Fiegen Construction

### June 16

The ordering of production equipment and supplies accelerated.

### June 30

Cincinnati confirmed the final payment on the BPP and fulfilled the obligation to pay the entire combined BPP limits of \$3.6 million with a check of \$721,000. The check arrived at Benchmark on July 2<sup>nd</sup>.

### July 9

Wendy was happy to learn that the Builders Risk covered the incoming equipment that was stored at the Acrotech Building until installation at the new site. She otherwise assumed that she would have to insure this kind of property under her Property policy at an additional cost.

### July 10

Business Personal Property of Others is totaled by Wendy at over \$54,000. This does not include the cost of molds that the customers themselves had to replace.



Masonry work on the office and main entry

August 14

The equipment was beginning to go online. The boilers would be fired up in about a week.



August 19

The City permit for partial occupancy was received. Now they can start it up!

September 1

Benchmark Foam was officially back in business, even though they never stopped. This was their first molded block of foam from their new production facility. Tom was the happiest man in South Dakota today.



Tom raises his hand in victory for the first block of foam on the new line

#### September 4

The operations in Sioux City would wrap up within a week or so and the warehouse at Acrotech would not be needed after the first week of October. They would continue to use the Metz, Temp 2, building through the end of October.

#### September 20

The Cincinnati policy was renewed. We were happy that the underwriter stayed with them for another renewal cycle at a fair price. In addition to having a large claim, the nature of their temporary operations and the new building would have made a change in carrier very difficult.

#### October 31

The Builders Risk was no longer needed so we simply added the new facility to the Cincinnati Property policy.

#### November 20

My wife, Glenda joined me, along with Jodi Tjerdma to attend the Grand Opening of the new plant. It was very disappointing to Bonnie Merz that she could not be a part of this celebration, but she was out of town that entire week. Just under a year after the fire, Tom cut the ribbon with his employees, management, and the Chamber of Commerce cheering him on.



The Grand Opening – Ribbon Cutting

## Epilogue:

I have been in the commercial insurance business in one form or another for 27 years. I got my start as a Marketing Representative for Crum & Forster; then as a Marketer and eventually as a Producer in an Independent Agency. I considered myself well versed in our industry having earned designations as a CPCU, RPLU, AFSB and CIC. But when that phone rang at 4 am Saturday morning, I felt ill prepared.

Honestly, I thought about my Dad, Larry Pray. He had years and years of experience as a Claims Adjuster for the old Continental Insurance and Auto Owners Insurance before retiring as a Regional VP for Auto Owners in their West Des Moines office. He understood the claims process and was accustomed to the emotional impact that tragic events like fires, windstorms and accidents can inflict on people. I remember when he was on the Storm Team for Hurricane Frederick in Alabama and the personal tragedy he witnessed. However that works, I reached into myself hoping to find that Claims Adjuster within me.

I understand that our insurance carriers have very competent people adjusting claims and Cincinnati handled this well. I don't need to be a claims adjuster. But our customers expect us to guide them through the complex maze of the adjusting and recovery process and this expectation is magnified by the *devastation factor*. It's up to us to advocate for them, to bring insurance benefits buried in their policies to the surface in an effort to squeeze every drop of coverage out of those policies that we can. We have to advise them of their rights and their duties under the policy.

I felt a high level of responsibility to take care of everyone at Benchmark. Maybe some of that has something to do with the human connection – the personal relationship we, as agents, have with our customers. It was the realization that a lot of people were counting on me – not just the shareholders of Benchmark, but the employees, their families, their customers and even other businesses in Watertown.

It was more than the professional obligation to service a customer; more than the daily task of taking care of a Work Comp or a Slip n' Fall claim; more than taking care of certificates and coverage inquiries. This is what our profession is all about. Day in and day out, we press hard to keep prices down, develop new customers, and hang on to the ones we have. In the end, if you aren't in this business to help people, to really help people when they need it the most, then you are in the wrong business. Benchmark Foam's recovery is a story of their resolve, ingenuity and determination. It is a story of success that I am proud to be associated with.

***Jeff Pray, CPCU, AFSB, RPLU, CIC***  
***Account Executive***  
***Holmes Murphy***



JEFF PRAY, CPCU, AFSB

RPLU, CIC

Account Executive

Holmes Murphy & Associates

A well-respected and valued member of the Holmes Murphy team since 1997, Pray is dedicated to growing and serving commercial lines customers at Holmes Murphy. Pray serves a wide range of industries including healthcare, construction and manufacturing.

After graduating from Mankato State University in Minnesota, Pray went to work for Crum and Forster, where he established the foundation of his business insurance knowledge. He then moved on to Warner & Company in Fargo where he helped develop their marketing department, producer services center and achieved the vice president level within 6 years. In 1997, Pray joined the Property and Casualty department of Holmes Murphy.

Community and professional involvement are important to Pray. He has earned his designations as a Chartered Property Casualty Underwriter (CPCU), a Registered Professional Liability Underwriter (RPLU), Associate in Fidelity and Surety Bonding (AFSB), and Certified Insurance Counselor (CIC). In the past, he completed two terms with the Sioux Empire Fair Board of Directors and has served 2 years as the Chair of the Board of the South Dakota Safety Council. He has also chaired the Moorhead Chamber of Commerce Board of Directors and the Sioux Falls Independent Insurance Agents Association. He currently serves on the Board of Directors for the Husby Performing Arts Center at the Washington Pavilion in Sioux Falls.

Pray is married and has two grown children. He enjoys pheasant and wild turkey hunting, scuba diving, and spear fishing. Jeff and his wife, Glenda are also ballroom dance instructors at Ballroom at the Bridges in Sioux Falls in the evenings.