

## **Insurance Claims Consulting First-Party Property Damage and Business Interruption Claims**

### **Early Steps for Long-Term Claim Success**

Compiling a property/casualty insurance claim can be a daunting task that, as those that have been through them can attest, can become frustrating very quickly. In its most basic sense, the property/casualty insurance claims process is an exercise in collecting, synthesizing, conveying and defending information against the backdrop of a contract (the insurance policy) that stipulates the “rules of the game.” Where most frustration and challenge stem from is in the collecting and defending stages as a result of a lack of knowledge of where information resides and/or who possesses it. Steps taken in the early phases of a recovery often are the difference between a cumbersome and frustrating experience and one that goes rather smoothly. Drawing from our over 20 years of assisting clients to navigate hundreds of claims, we have assembled the following tips for setting the stage for a successful insurance recovery.

**Identify all responding insurance policies** – The nature of the loss will dictate which policies or coverage endorsements respond. For example, a physical loss to owned property may trigger coverage under a property damage and time element policy, however, if losses are sustained as the result of physical loss to a direct supplier or customer, contingent business interruption coverage may be required. In the case of an insured that may have been spared direct physical damage to itself and its direct suppliers and customers, but was in the midst of an area sustaining wider damage, such as created by Hurricane Matthew, and the condition of that wider area has a direct impact on the business, coverage may be afforded under a loss of attraction policy.

Even with robust disaster recovery plans or programs in place that mitigate particular disruptions - e.g., product or service output, revenues, etc. - the effects of a loss event may be felt in other areas - e.g., decreased efficiencies, additional costs, etc. Most property and time element policies will include some form of extra expense or expenses to mitigate the loss coverage to cover, as the names suggest, costs above normal or expected to maintain or restore the business.

**Ensure all contractually-obligated notifications are timely made** – Many policies have a notification provision requiring the insured to notify the insurers within a specified time frame of an event that is expected to trigger insurance coverage. Failure to properly notify insurers could be used as a reason to void coverage.

**Establish an accounting structure to facilitate the capture of costs pertinent to the claim** – This is perhaps the most often overlooked opportunity in the early phases of a recovery. Policy holders that fail to establish a centralized accounting structure find themselves having to hunt through the accounting records to capture costs to present to insurers. An ideal accounting structure codes insured costs for easy identification. Better still is a coding that reflects the specific coverage a cost is likely to be claimed under (e.g., a code for repair costs separate from a code for extra expenses incurred because of the event).

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**Create an insurance recovery team** – Information pertinent to an insurance claim is likely to come from numerous people. Having a team that understands the process and the roles of each member of the team can make the claim recovery process a much less-frustrating exercise. A good rule of thumb is to construct the team to reflect the components that the insurer will bring to your claim, including people dedicated to interpreting policy language (e.g., the risk manager, insurance buyer, insurance broker or coverage counsel), assessing the overall claim (often the risk manager) and establishing discreet components of the claim, such as the design and timeline of disaster recovery efforts (engineers, construction managers), expected ‘but-for’ financial results (operations managers, traders) and the supporting documentation (accounting staff). Some policies include a professional fees endorsement that provides coverage for the costs of retaining outside assistance, including engineers and claims consultants, such as ourselves. The constitution of the team will depend, in part, on the unique aspects of your claim, but will also be influenced by constraints on time or experience.

**Establish an early dialogue with insurers** – Successful claims sometime boil down to nothing more than well managed expectations. We have been repeatedly brought into claims that were de-railed by a carrier that had estimated a claim would be smaller than it turned out to be or management that failed to appreciate the time insurers would reasonably need to sort through a claim’s complexities. Had these parties established an early dialogue, many of the frustrations would have been avoidable. In addition, these early discussions are often used to discuss other expectations, such as required documentation in support of a claim, and explore an interim payment schedule that could assist with cash flows while an operation is not generating cash.

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### **Experience and Reputation Matter**

With more than 40 dedicated professionals across the United States, including CPAs, MBAs and former risk managers, we have assisted hundreds of policyholders to successfully navigate the insurance claims preparation and settlement process. Whether losses are in the hundreds of thousands or hundreds of millions of dollars, we bring to bear the same skill and dedication to address our client's needs. We have extensive experience with effectively designing and implementing proven claim recovery processes as well as addressing and navigating the most complex issues. Our reputation of responsiveness, teamwork, sound advice and dispute resolution has earned us a strong reputation from risk managers, brokers, adjusters and insurers alike. As a result, we have a high success rate of negotiated settlement, reserving litigation for only the most difficult cases. In short, our experience and reputation allows us to anticipate and avoid the obstacles and frustrations that would otherwise arise with a claim.

### **Support Where Needed**

Successful claim preparation, negotiation and settlement typically requires analysis of event impacts, collection of supporting documentation, quantification of insured damages and communications with insurers and their representatives. Each loss and claim comes with its unique set of facts and circumstances, specific issues and complexities that will dictate the most prudent approach and resource requirements to best serve the policy holder. Accordingly, your needs will determine our role and the scope of our services. That may be serving in a strictly consultative role, advising on quantification issues and negotiation strategies, it may be in a more centralized role of data collection, analysis, presentation and negotiation, or anywhere in between. Our goal is to provide you with the best information to resolve claims at the full value you are entitled under the applicable policy(ies), as quickly as possible.

Depending on your needs, our services could include:

- Accounting and documentation of Property Damages and Extra Expenses
- Economic analysis and quantification of Business Interruption losses
- Preparing loss estimates to expedite advance partial payments and for claim reserving purposes
- Preparing claim packages and presentations for policyholder management and insurers
- Developing strategies for prompt claims resolution
- Developing models to support decision makers regarding settlement targets and litigation risks
- Working collaboratively with our clients, their brokers, counsel and the carriers
- Supporting litigated claims with expert witness capabilities