

PREPARING FOR A POTENTIAL BUSINESS INTERRUPTION (BI) LOSS CLAIM/RECOVERY

AS YOU HELP FLATTEN THE CURVE, GET AHEAD OF THE CURVE.

With the uncertainty regarding the timeframes, impacts and potential recoveries related to unprecedented restrictions and shutdowns related to COVID-19, it is critical to immediately begin taking steps to track, document and otherwise prepare to measure any potential business interruption losses, including loss of income and extra expenses, related to the pandemic.

While your broker and other resources offer critical guidance on the potential insurance coverages due to this unprecedented event, consultants like Sterling Insurance Group can assist with measuring your potential losses. These measurements are often quite complex, and with the widespread impact of this event, the demand for experts to assist with those measurements will be high.

STEPS TO TAKE IMMEDIATELY

1. Set up a separate General Ledger account to capture specific event-related expenses outside of normal business expenses. *(This is a receivable account and does not flow to P&L).*
 - Examples include outsourced services for decontamination/sanitization, security services, etc.
 - Do not include hourly labor or utilities *(will be analyzed separately).*
2. Track and compile specific cancelled and/or reduced events, orders, bookings, contracts, etc. *(where applicable).*
3. Document specific mitigation efforts undertaken *(i.e., use of alternate location to assist, outsource to a competitor, use of finished goods inventory, etc.).*
4. Track and summarize hourly labor specifically related to event *(employee name, dates worked, hours (Reg or OT), hourly rate ((Reg or OT)), and general description of task(s)).* Establish a specific labor/work task code related to the event, if possible.

QUESTIONS YOU'LL NEED TO ANSWER

1. Describe the products or services the business provides.
2. Who are your main customers?
3. How many days do you operate? What are normal business hours?
4. Explain in detail how the event affected your business.
5. How long do you expect to be closed or impacted?
6. Have there been any significant changes to your business or industry within the past year?
7. Is revenue truly lost – or postponed/delayed?
8. Do you own other locations? If so, can they be used to assist?
9. Hourly payroll details *(how many employees, what are they doing during the loss period, effect on labor cost post event).*

RECORDS TO HAVE READILY AVAILABLE

1. Monthly P&L statements for last two years.
2. List and description of any other unusual events during the past two-three years *(i.e. hurricane, customer relocation, etc.).*
3. Daily revenue reports (if applicable) for 30-90 days before and during the loss period.
4. Weekly/bi-weekly payroll reports for the 12-months prior to and during the loss period.
5. Other regular reports used to manage/monitor business activities for one year prior to and during the loss period *(e.g., key performance indicators).*

Contact Sterling Insurance Group today, we can provide direction on what types of information you should be tracking and documenting and how we can help measure your potential business interruption loss.