



PREPARING YOUR CLAIM

QUANTIFYING AND DOCUMENTING YOUR LOSS FOR INSURANCE RECOVERY

The way in which an organisation responds to a major loss may critically impact the success of the ensuing insurance claim.

Whilst companies will often deliberate over the type, structure and extent of insurance cover to ensure they are appropriately covered, many overlook the importance of a complementary post-loss strategy to manage and expedite claims. Failure to properly quantify and manage the loss in an efficient manner may delay or adversely impact the recovery of the business.

Every hour spent on managing or resolving a claim issue or contesting a dispute is an hour that could otherwise be spent on managing the immediate continuity of the business, the recovery process or communicating the results of these activities with clients and other stakeholders. Market share that is lost as a result of these inefficiencies can often be impossible to recapture.

"In one instance, FACS directly negotiated ongoing support from 'nervous' financiers who wanted to take immediate action to close the operations of a manufacturer. This provided sufficient time to prepare and lodge an interim claim and obtain a substantial progress payment. The client ultimately settled on favourable terms and went on to trade successfully."

At a time when the business interruption has reduced sales and/or increased costs, a slow progress payment or understated settlement will only further reduce vital cash flow.

While a Surveyor & Loss Assessor (SLA) will be appointed by an insurer, it is often overlooked that the insured party is still obliged to prepare and present their claim to the insurer. SLA will typically employ an array of experts, including forensic accountants, to allow them to survey the loss incidence and assess the loss specifically from insurance policy perspective and adjust the claim. The question that a company facing a major claim needs to consider is: "who is looking after our interests?"

The Forensic Accounting & Claims Services (FACS) team provides practical, down-to-earth solutions to both manage these risks and help protect your interests. We are here to work on your behalf as soon as a loss is incurred, allowing your team to concentrate on recovery and building the business.

FACS DATABASE

FACS has developed a powerful proprietary database tool that facilitates the claim management and recovery process. Where suitable, the database allows you, with the help of the FACS team, to effectively compile, manage and distribute large amounts of claims data, especially for claims with multiple locations, damage categories, and submissions. FACS database is a highly customisable, easy-to-use system that provides quick and secure online access to claims information – including controls over data-specific access privileges – allowing database entry, updates and data manipulation from multiple locations.

THE CLAIM PREPARATION PROCESS

Commercial claims, especially Business Interruption claims, can be both daunting and time consuming in their complexity and the information that will be requested by the SLA may be extensive. Whether large or small, all claims need to be correctly analysed to ensure all losses are identified, well documented, fully substantiated and professionally presented in order to achieve the best commercial result.

FACS recognises that each claim is unique and it is imperative to understand the individual circumstances, the specific business environment and relevant industry issues to prepare a tailored claim submission. As an outline, our hands-on approach will entail:

- Obtaining the current policy to ascertain scope of cover
- Visiting the actual loss site and talking to those 'on the ground' to gain an insight into the operations and the effect of the loss
- Undertaking an initial meeting with the client and SLA to discuss the scope of the project and agree the claim process and protocols, including requirements for possible progress payments
- Developing a tailored project plan, giving you a clear picture of what will happen, when it will happen and who will make it happen This will include concise steps for the management of information, potential issues and the direction of the claim process
- Continually evaluating the most beneficial method of settlement in accordance with current business needs and coverage
- Working with your key employees as required to obtain relevant data and information on both normal and loss-affected operations for analyses and modelling required to create an accurate claim submission
- Working closely with the Marsh Claims team to ensure the claim, SLA review and subsequent insurer decisions and payments progress as smoothly and efficiently as possible
- Where necessary, carrying out cost-benefit analyses to review common questions such as the viability of incurring costs to accelerate the repair period, conducting temporary repairs or replacing, rather than repairing

- Modelling various scenarios to establish potential BI losses (to date and forecasted) and the impact of various mitigation decisions or methods of presentation
- Tailor regular communication and reporting styles to reflect the needs of your business and your insurance broker, including monthly status reports on the claim progress, key issues, critical dates and current estimates

EXPERIENCE COUNTS: THE VALUE OF A FACS EXPERT

Many organisations have no hesitation in obtaining specialised tax advice each year because of the potential impact it may have on their bottom line. Yet they do not recognise that it may be a far more costly mistake to underestimate a claim. As well as reducing the demands upon management, in many instances the costs of a specialist FACS claims preparer will be markedly outweighed by the increased recovery. What's more, dependent upon your policy, the claim preparation fees may also be reimbursed as part of your claim.

As claims are part of our everyday life, the experience of the FACS team counts when it comes to:

- Being well versed in policy terms, recognising the implications of subtle differences and understanding their application
- Identifying and quantifying hidden losses and avoiding understated settlements
- Knowing what can be claimed under the various sections of the policy and maximising recovery
- Providing critical early advice in relation to payroll options, losses covered and mitigation measures to allow informed decisions to be made
- Assisting with the establishment of effective cost capturing procedures as quickly as possible
- Knowing the difference between standard accounting and insurance accounting methodologies
- Reducing time spent in analysing and preparing your claim, eliminating "learning time" by non-specialists
- Maximising your ability, and those of your employees, to remain focused on the core business

- Knowing what is required to prepare a well documented, substantiated and professionally presented claim thereby reducing the number and extent of questions by insurers and their SLA
- Ensuring you are equally represented when dealing with experienced SLA acting on behalf of insurers
- Remaining vigilant for early commercial settlement opportunities, where it suits both parties

The FACS team has the expertise to be involved with a broad range of claims that include:

- Business interruption
- Contingent business interruption
- Delayed start-up (advanced loss of profits)
- Additional costs
- Property/material damage
- Stock losses
- Professional indemnity
- Fidelity guarantee (fraud)
- Product recall
- Product tamper
- Cyber Business Interruption Quantification (CBIQ)



ABOUT FACS

The global FACS Practice is comprised of accredited CA/CPA accountants, forensic accountants, surveyors and loss assessors, certified fraud examiners, lawyers, engineers, project managers and former law enforcement and government consumer safety professionals who deliver world-class insurance claim preparation services, pre-loss insurance reviews, forensic accounting, product recall and liability, advisory, investigative, construction, valuation and dispute advisory services.

The FACS team has colleagues operating throughout Asia Pacific, India, Americas and Canada, United Kingdom, Europe, Middle East and South Africa.

Our FACS Practice of over 130 professionals can respond almost anywhere in the world within 48 hours of an event to provide you with proactive and practical support to assist and advise you on your claim.

As part of the broader Marsh Risk Consulting division, FACS often works with other areas following loss events to assist in areas such as the refining of Contingency Plans and supply chain management and reconstruction issues. Additionally, we have access to the broader MMC group of companies.

NEXT STEPS

For further information about our services, please contact the FACS team or your Marsh representative.

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