

BUSINESS INTERRUPTION CLAIM CHECKLIST

COVID-19

Considerations for Documenting a Potential Business Interruption and Extra Expense Claim.

Although the documentation needed to support a business interruption/extra expense claim varies by industry and business, we have prepared general guidance to assist you in tracking and assembling relevant information. Whether you have insurance coverage or not it is important to document your loss in real time. When the crisis subsides and insureds are trying to gather documentation to submit a claim, those that have prepared in advance will have their claims reviewed first.

This outline is not meant to be limiting nor all-inclusive in nature.

1. Prepare a Timeline

- Document changes to business operations
- Government/Executive/Other Authoritative Orders

2. Track and document key business metrics (varies by industry)

- Examples may include:
 - › Occupancy and Rate Statistics (e.g. room nights/room rates)
 - › Rent Rolls and Vacancy Statistics
 - › Number of Customers
 - › Number of Procedures
 - › Number of Events
 - › Production Levels

3. Track and document expenses that are related to the event (these may be new expenses or increased expenses as a result of the Event)

- Examples may include cleaning costs, protective equipment, addition of new/temporary employees, overtime, etc.
- Maintain purchase orders, invoices, receipts, credit card bills, expense reports, payroll support and other underlying supporting documentation

4. Track specific event related business activity (i.e. cancellations, customer complaints, returns, etc.)

- Supporting documentation related to customer complaints, cancellation and/or rescheduling of Events
 - › Correspondence/Email
 - › Copies of contracts related to cancellations and/or rescheduling
 - › Maintain a log that tracks verbal discussions in real time
- Identify and document lost opportunities (e.g. for event locations may be the inability to market business or book future events)
- Discounts/Special Promotions
- Refunds
- Rent Abatement
- Penalties/Liquidated Damages
- Destruction/donation of products (Inventory)
- Loss of Key Employees, Vendors and/or Customers

5. Compile a three year look back of financial data including but not limited to:

- Monthly and annual profit and loss statements
- Budgets, forecasts, projections
- General and subsidiary ledgers and trial balances
- Key financial reports (e.g. revenues, production, payroll, statistic reports related to the business)
- Industry data, statistics and communications

We recommend maintaining this data via separate ledgers and/or accounts.

At Heffernan, we are here for you during unforeseen events such as what we are currently facing with COVID-19. We are available to help you make your claim(s) and to discuss any specific questions that arise from the claims submission process.

This material is for informational purposes only. In the present environment, new information is issued quickly, so please note that this may not reflect the most current information depending on the time of review. If you have questions about coverage or insurance, then please reach out to us directly.

OFFICE LOCATIONS:

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