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[ the business interruption e-source ]

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BUSINESS INTERRUPTION CONSULTANTS, INC.

## FACILITATE THE CLAIM PROCESS

Business Income losses are some of the hardest claims to settle. Since most business owners do not know how to calculate their Business Income loss or present it to the insurance company, the standard procedure is for the insurance company's adjuster to hire a forensic accountant to do the calculations for the insured. Instead, to protect their interests, the insured should hire their own specialist. Many people do not realize that coverage to pay the expert's fees is often included in the insurance policy.

This advocate, who is knowledgeable specifically about BI, not a general CPA, will facilitate the claim and make certain that the business owner is paid the full amount they are due. With the business owner's input, the advocate then calculates, prepares, and presents the claim to the adjuster for discussion. The best part — with the advice of the advocate, the business owner retains control of settling the claim and accepting the insurance company's offer. They may rest assured that their claim includes everything that was lost, plus all the extra costs.



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It is the insured's responsibility to tell the insurance company what they lost and how much they expect to be paid. This is not a whimsical or unsubstantiated number, but a well-documented, calculated amount. They must do their "homework" to stay in control of the claim. To facilitate the process, the insured might want to follow our suggested actions.

- **Before the disaster...** read and understand the insurance policy so you know how it will respond. To keep surprises to a minimum, send a summary copy of the Contingency Plan to the underwriter/claim department and request they review it. Then, if there are questions, the insurance company is able to ask up-front and will not be surprised by your actions.
- **Be proactive!** Implement your tested Contingency Plan as soon as possible after the disaster. **DO NOT WAIT FOR THE ADJUSTER.** Immediately, take lots and lots of pictures of the damaged and undamaged property, including the entrance and exit to the facility as well as neighboring buildings. Implement the employee call tree and the "800" call-in number.
- **Begin the clean-up process**, make repairs, and take remedial action to restore operations, continuing to take pictures. If you used a certain contractor or carpenter, etc in the past, hire them for the repairs. A less expensive repair person might not be the best one and always insist on quality materials. Keep all receipts and submit the bills.
- **Maintain a journal** (see *Claim Journal* below) of what happened, what was done, and when. Do not rely on memory. Update and expand your journal entries at the disaster debriefing with the managers. Do not give the journal to the adjuster. This record is for your information and serves only as a reference tool for claim submission.
- **Set-up a special General Ledger account** and run all expenses through that account during your recovery period so your expenses may easily be calculated after you have recovered. Make certain receipts and petty cash requests show the date, amount, and the reason for the expenditure. You must document who, what, when, where, and why the money was spent.

- **Keep in mind that the claim's period of recovery may continue after the facilities are repaired or rebuilt** (depending on the insurance policy coverage) if you are still operating in a recovery mode. For example, you might be working from three locations or your Information Technology people are still deployed. The claim is not fully resolved until you are in a permanent facility and operating at the expected level of quantity and quality.
- **Remember, your insurance company adjuster is not your adversary.** Most will approach the claim in a professional and helpful manner. When you talk to the adjuster, request a partial payment and keep asking for advances throughout the claim settlement process (a limited number of policies include partial payments on Business Income claims).

Know your rights and obligations under the policy. If any of your expenses are not covered by insurance, at least you are recovering your operations and not wasting time and money. Hesitation and confusion costs organizations a lot of money. Remember, the key to a successful recovery is to be prepared — knowing what to do and how to calculate the financial impact of a disaster on your business.

(For more information on this topic, see "**Be Informed!**", May, 2010 newsletter, page 5, for six common areas of BI claim dispute.)

## **DON'T RELY ON INSURANCE COMPANY ACCOUNTANTS. HIRE YOUR OWN ADVOCATE!**

**For expert BI claim preparation and presentation, call Business Interruption Consultants, Inc. at 307.433.8180, or email [info@bisimplified.com](mailto:info@bisimplified.com).**

**We regularly double the insurance company's offer. There is no obligation and the initial consultation is free!**