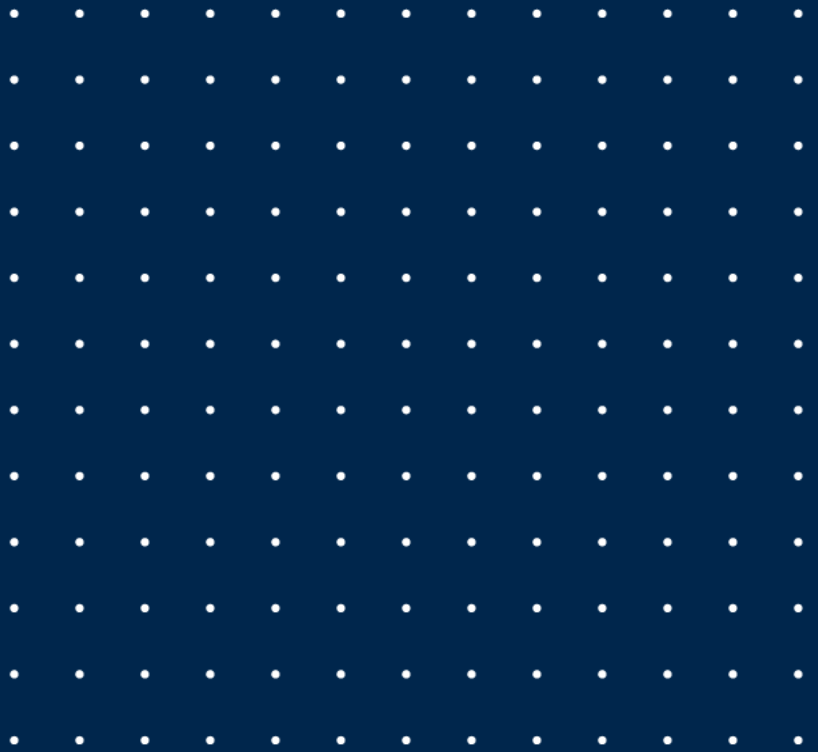


Is Your Company Prepared for the 2021 Hurricane Season?

JULY 2021



INTELLIGENCE THAT WORKS



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Studies indicate that the 2021 hurricane season will be very active, with up to an estimated twenty named storms, ten hurricanes, and five major hurricanes. Is your company prepared?

Leveraging BRG's years of experience preparing property and business interruption claims for policyholders, and based on our work assisting companies with pre-loss business continuity planning, we offer the following advice:

Preparing for Hurricanes

There are common action steps that are recommended to be taken by businesses of all types in order to respond to a disaster:

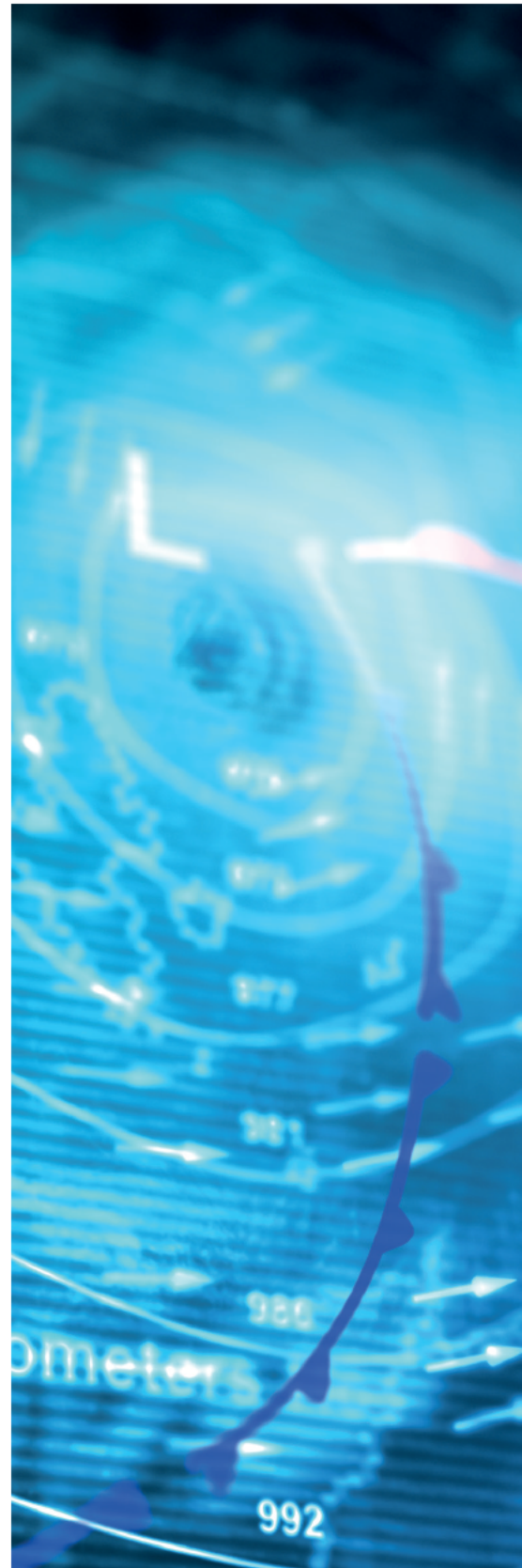
- Develop a business continuity plan that accounts for safety of employees, protecting property and inventory/stock, and planning for significant property damage, limited access to property, and disruptions to operations.
- Prepare for supply chain disruptions, including direct and indirect suppliers and customers who may suffer damage and disruption.
- Contact vendors who can assist with potential property damage restoration post-hurricane, and establish loss-accounting procedures (e.g., creating a separate cost center or G/L code to track loss-related expenses).
- Notify your insurance broker of a potential or actual claim for property damage and business interruption, if necessary.

Property Insurance Coverage

Policyholders typically turn to their property insurance coverage for recovery of losses resulting from property damage and business interruption. It is important to understand the insurance coverage, including available limits and sub-limits, deductibles, and any limitations or exclusions.

We encourage companies to coordinate with their insurance brokers to take inventory of coverage and consider key provisions that may provide coverage for issues typically related to hurricanes, including the following:

- Extended Period of Interruption (EPI) protects a company against losses that extend past the actual period of interruption.
- Contingent Time Element coverage can enable the business to recoup lost profits or extra expenses resulting from property damage at a supplier, customer, or feeder property, even though the property may not have incurred damage or shut down operations.
- Ordinary payroll: If a company has hourly skilled labor or is located in a tight labor market and cannot afford to lose trained workers, this extension of coverage will allow the company to pay them while shut down.
- Claim preparation fee coverage enables the company to hire a forensic accounting firm to help it capture, prepare, and present a claim to submit to the insurance company.





Property and Business Interruption Claims after a Hurricane

After a significant loss, companies' immediate focus should be on the safety and care of their employees, assessment and restoration of property damage, and necessary steps to resume business operations as quickly as possible.

We also recommend companies retain a forensic accountant who can assist with the accounting and documenting of loss-related costs, extraordinary expenses, and lost profits that will be claimable under the company's property insurance policy. It is key to have an independent resource who can focus on the financial recovery while the company focuses on its employees and restoring the business. The forensic accountant will help by:

- Working with the company and its insurance broker to identify relevant insurance coverage, covered loss areas, and relevant limits and deductibles.
- Establishing communication, loss accounting, and documentation procedures to facilitate a smooth claims process.
- Preparing preliminary loss calculations to facilitate cash advances and ensure that insurance carriers set an appropriate reserve.
- Preparing comprehensive insurance claims that quantify property damage, business interruption, and extra expenses covered by the policy. The claims will include concise loss calculations, detailed cost support in electronic formats with hyperlinks to documentation, and financial and operating data used in the quantification of the loss.
- Responding to information requests from insurance adjusters and the insurer's accountants.
- Collaborating closely with the company to manage expectations, avoid unnecessary surprises and ensure timely claims settlement process.

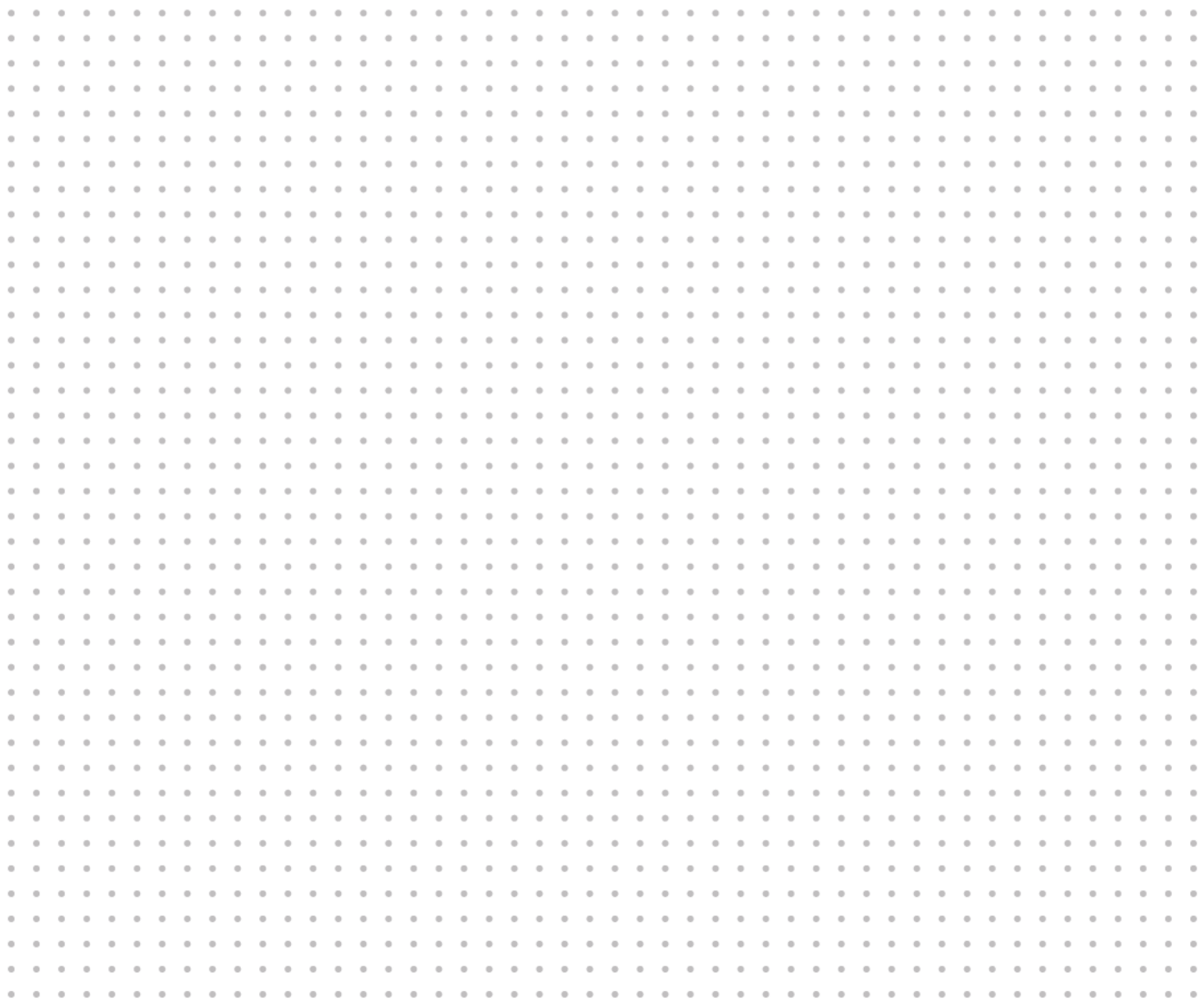
Conclusion

It is important for senior management to understand the potential operational and financial exposure resulting from a hurricane. Developing a business continuity plan, understanding insurance coverage, and retaining proper resources are key variables to prepare for and react to these natural disasters.



BUSINESS INSURANCE CLAIM SERVICES

BRG's Business Insurance Claims professionals can help your organization navigate the claims process following a loss. Our approach focuses on helping organizations understand the claims process, providing them with the tools and expertise to quantify and document their losses, and assisting our clients to achieve timely and equitable settlements with their insurance carriers.



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About BRG

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