

Business interruption services

$$\text{Business Interruption insurance coverage} = \text{Loss of gross profits} + \text{Additional expenses incurred} - \text{Savings in expenses} + \text{Reasonable claims preparation costs}$$

When a significant disruptive event occurs, every business should check its insurance policies to understand their business interruption coverage.

Complex issues

- Loss of gross profit**
 Business records and processes do not quantify the lost business opportunities (or lost gross profit).
- Additional expenses incurred**
 Processes must be implemented to capture and maintain documentation of additional costs spent due to the event, a difficult task because companies often turn to existing vendors who also perform services and provide goods needed in ordinary ongoing operations.
- Savings in expenses**
 Businesses need to track saved expenses from activities that would have occurred 'but for' the event. This must be accurate and be based on proven methodologies and sound support.
- Record keeping**
 Records for activities that did occur are often incomplete because management's attention is necessarily focused on customer and employee welfare to the detriment of recordkeeping, and essential accounting personnel are absent or diverted to perform other duties.
- Outside forces**
 Seasonality, obsolescence, and changes in trends are hard to account for, yet must be considered when quantifying claims.
- Complex business models**
 The bigger the business, the more complicated it is to file business interruption claims. Businesses with separately insured units, including subsidiaries, factories, branches, and stores must understand how to properly allocate costs from shared service activities and apportion the claim amounts submitted to insurance companies and government agencies to avoid double recoveries while adhering to policy terms or rules.

Current situation

With the events precipitated by COVID-19, insurance providers are facing massive claims – in both quantity and value. Some are already going to court to avoid making payments, and it's expected that insurers will assemble large teams of claims loss adjusters, who ultimately report to them and not to the policyholder.

Insurers will be incentivized to reject significant portions of recoveries claims based on:

- policy exclusions;
- incomplete/insufficient analyses and documentation; and
- allegations that the insured business did not sufficiently mitigate business interruption losses or utilize opportunities to receive recoveries from government agencies.

How can AlixPartners help?

Claims preparation and presentation will have a significant impact on the outcome.

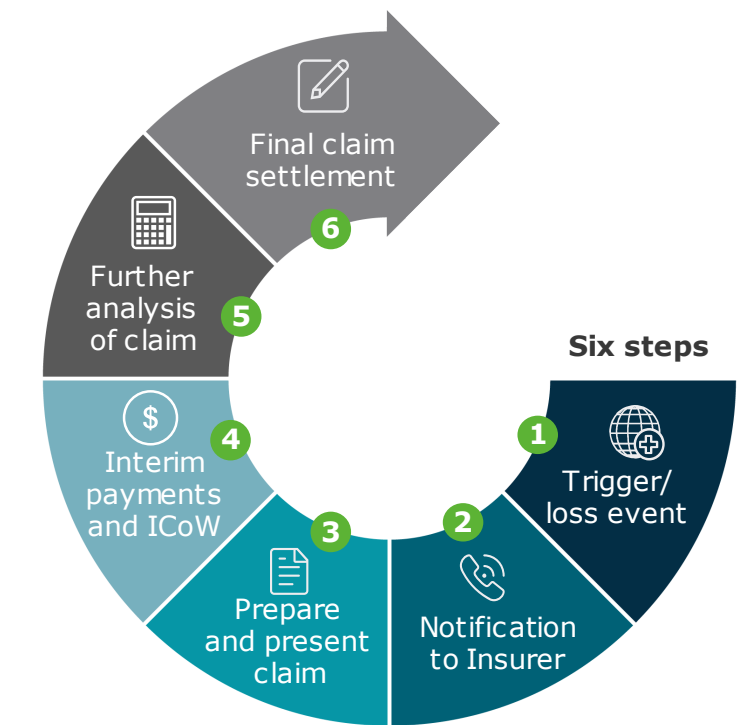
We work with companies that require accounting, data analysis, and electronic reconstruction and collection technologies to support the complicated business interruption claims process. We also work with lawyers to develop convincing positions in pursuit of recoveries, while providing credible expert testimony.

We understand the business interruption claims process because we have worked on multiple sides of it.

Across every industry, we help mitigate losses by developing strategies and preparing claims to optimize recoveries from insurance companies and government agencies. Our work includes:

- Advice** in connection with tracking losses and collation of evidence;
- Supporting insights** with data analytics and electronics reconstruction and collection technologies (eDiscovery);
- Applying proven accounting methodologies** (forensic accounting) and assisting with presentation of the claim to optimize recoveries from insurance companies and government agencies; and
- Providing defensible claims support**, and if needed, testimony in court, mediation, or arbitration (expert witnesses).

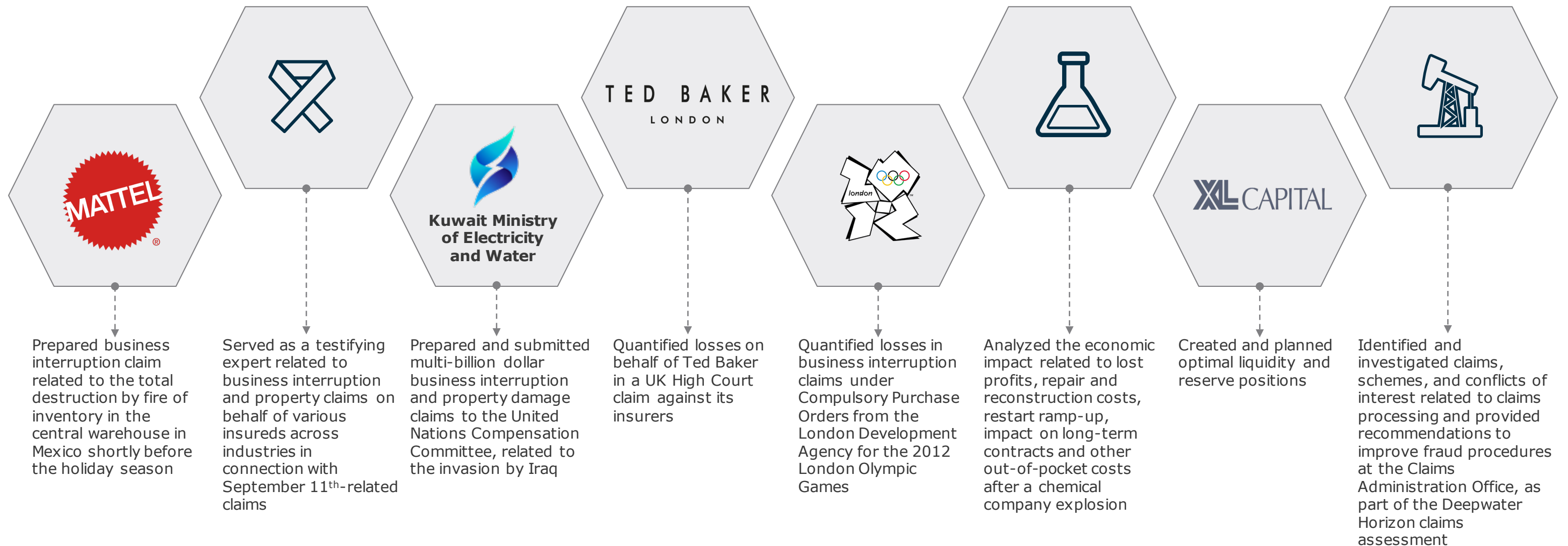
Illustrative claims process



Clients turn to us to:

- **Take the strain** so our clients can focus on core activities and loss mitigation;
- **Manage the process** from beginning to end, provide project management;
- **Model business interruption scenarios** to estimate the losses throughout the indemnity period;
- **Quantify and present** requests for interim payments; and
- **Provide support** from our data teams.

Selected team engagements



Our team



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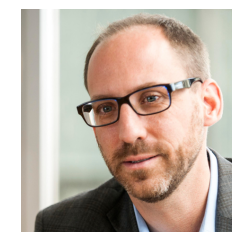
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