

Covid-19 - Key Insurance Considerations

March 17, 2020



Coronavirus has changed the playing field for business. Once you have developed a plan for the safety of your employees, customers and vendors, it's time to focus on this new reality and the strategies available to help your business meet its new challenges.

In addition to evaluating the business suggestions [in our prior alert](#), you should immediately review your insurance coverage for potential reimbursements for lost business and unforeseen costs, often contained within your business interruption coverage. This assessment should be performed together with your insurance professional and attorney since the policies and definitions are typically detailed and complex. While many policies require direct physical loss or damage, others may have benefits triggered as a result of a governmental direction that prevents access to a specific property or an area. It is wise to get legal input early.

The initial assessment of coverage and limits is only one part of the process. It's just as critical to follow any notification requirements and timeframes, and to properly document all potential losses. You will need detailed documentation to support a successful claim, and by taking some steps now you can accelerate the filing and potentially recoup a wider range of benefits later.

Some key considerations include:

1. Determining when the claim period commenced and if there is a “waiting period”.
2. Accumulating documents supporting historical financial performance including:
 - a. Historical financial records tracking revenues and expenses of the business, division, and product lines impacted;
 - b. Financial Statements, annual, quarterly and monthly - audited, reviewed or compiled and/or internally generated;
 - c. Business tax returns, including supporting schedules; and
 - d. General Ledgers and Trial Balances.
3. Create separate general ledger accounts to track expenses specifically incurred in connection with the claim (e.g., purchase of equipment for employees to work from home, additional costs incurred to purchase supplies).
4. Identify or create detailed financial forecasts/budgets based on historical financial performance and expectations had the loss not occurred.
5. If applicable, identify customer contracts or revenue lost and whether they are temporary or permanent losses.
6. Any other information deemed necessary to support a decline in revenue and/or increased costs.

If a business owner determines that insurance coverage does not exist for a disruption to their business caused by COVID-19, there may be other options available to them. Assistance from federal, state and local government agencies in the form of low or interest free loans and/or other assistance may be available. For example, see the following website: <https://www.sba.gov/page/guidance-businesses-employers-plan-respond-coronavirus-disease-2019-covid-19>.

Anchin’s Forensic Team has the expertise to assist you in quantifying your losses and documenting your insurance claims. If you have any questions about how to prepare a business interruption claim, please contact your Anchin Relationship Partner or Anthony Bracco at anthony.bracco@anchin.com or 212-840-3456.