

Business Interruption & Extra Expense Checklist

The Coronavirus (COVID-19) is causing unprecedented economic losses as a result of wide-spread shut downs, labor and material shortages, supply and demand shocks, among other issues. Organizations are reviewing insurance coverage, potential government relief funds, among other sources for financial recovery. While we are in a period of uncertainty, there will be a recovery. With that recovery comes the need for organizations to quantify, document, and properly present financial claims.

Imperium has assembled this checklist to help clients evaluate potential claims for business interruption and loss-related expenses, as well as to begin documenting these losses for recovery. Efforts made now to contemporaneously track, document, and quantify losses will help organizations maximize potential future recoveries.

1. Business Interruption, Loss of Income, Potential Claims

- » Activate communication protocols for employees to keep them informed.
- » Adhere to government closure/ return notices
- » Identify and review all relevant insurance policies.
 - If impacted, provide Notice of claim within the prescribed time period
- » Communicate with broker, consultant, carrier, and adjuster to establish a claims process, including the immediate next steps.
- » Implement claim cost tracking and accounting protocols.
- » Set up dedicated loss and recovery cost accounts to track all costs related to the preparation of the event.
 - Ensure appropriate operations and accounting personnel have instructions regarding approval and documentation protocols regarding event-related expenses.
- » Track and document customer inquiries, cancelled orders, potential delayed events that drive revenue generation or create added cost, and other lost sales or loss event costs.
- » Track any outsourcing of production or other operations to outside vendors or alternate locations (supply chain disruption).
- » Retain all production planning documentation and forecasting information as of the date of loss.
- » Implement document gathering protocols for applicable coverage categories (e.g., business interruption, extra expense, expediting expense, etc.).
- » Be prepared to provide the following information to document the claim:

- » Pre- and post-event production data
 - Pre- and post-event operating data
 - Monthly rent rolls
 - Pre- and post-event sales information
 - Monthly sales forecasts
 - Monthly profit and loss statements
 - Monthly inventory records
 - Monthly payroll registers
 - Invoices and other documentation in support of event related expenses
 - Documentation to support incremental Soft Cost expenses:
 - Additional interest (both on construction and permanent financing)
 - Real estate taxes
 - Advertising expenses
 - Insurance
 - Architect fees
 - Extended general conditions
 - Bond and permit fees
 - Legal and accounting

2. Consideration for Extra Expense

- » Labor and Travel Expenses
 - Detailed description of work performed by individual including name, location/department, date worked, hourly rate, start and end time of hours worked including overtime (e.g., timesheets)
 - Travel expenses for transfer of employees (e.g., mileage, receipts, incidentals)
 - Receipts/ expense reports for meal and snack expenses
 - Receipts/ expense reports for hotel / lodging expenses
 - Receipts for expenses related to delivery services, mailing, etc.
 - Communication expenses (e.g., phone)
 - Training expenses for any additional staff
 - Vendor invoices for temporary labor
 - Receipts for additional incidentals
 - Cleaning and office supplies (e.g., rubber gloves, masks, cleaning wipes, filters, etc.)
 - Purchase order and invoices for purchase of or rental of equipment
- » Transportation Expenses
 - Documentation in support of items transferred to other locations (e.g., warehouse, storage, etc.)
 - Documentation in support of expedited freight for goods receipt
 - Documentation in support of Incremental transportation charges
- » Operating Expenses
 - Document incremental expenses related to inefficient operations
 - Additional Security Guards by hotel and other locations
 - Invoices in support of meal expenses for employees, detail by facility and department
 - Documentation in support of advertising and promotional expenses related to regain bookings and rebuild market share
 - Invoices in support of incremental costs associated with mailings/ notices sent to customers to advise of status of operations
 - Consulting or attorney fee invoices

- » Inventory
 - Document inventory disposed (e.g., photographs)
 - Assemble documentation in support of the cost and quantities of replaced inventory
 - Assemble documentation in support of the cost and quantities of inventory prior to disposal
- » Miscellaneous
 - Board-up expenses (e.g., timesheets)
 - Rental equipment (e.g., invoices)

For more information, please reach out to our colleagues below or visit www.ImperiumCG.com. Imperium is available to provide an initial consultation at no cost to help clients make the best decisions possible now.

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