

# Life Sciences Manufacturers and Distributors Loss Mitigation Checklist

**Life Sciences manufacturers and distributors are facing devastating effects from the Coronavirus (COVID-19) outbreak.** Medical Device, Pharmaceutical, Biotechnology and Nutraceutical companies are being forced to navigate the complexities of halted operations, layoffs, significant supply chain disruptions and the dramatic slowing of freight and shipping as the virus closes factories and shipping ports. Cancelled and deferred revenue drivers such as elective surgeries are also factors contributing to potential financial losses. As a result, these companies are looking for answers with respect to insurance coverage for business interruption, extra expense and other coverage categories or avenues. Although there are uncertainties around the types of coverage and recovery available (if any), businesses should still be prepared 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. Efforts clients make early on to contemporaneously track, document, and quantify losses are among the best practices to maximize potential future recoveries.

## 1. Business Interruption, Loss of Income, Potential Claims

- » Identify and review all relevant insurance policies
  - If impacted, provide Notice of claim within the prescribed time period
- » Communicate with broker, carrier, and adjuster to establish a claims process, including the immediate next steps
- » Set up dedicated loss and recovery cost accounts to track all costs related to the event
- » Track and document customer inquiries, canceled orders, potential delayed events that drive revenue generation or create added cost, and other lost sales
- » 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
- » Be prepared to provide the following information to document the claim:
  - Pre- and post-event production data
  - Pre- and post-event sales information
  - Monthly sales/ production forecasts
  - Monthly profit and loss statements
  - Monthly inventory records
  - Monthly payroll registers
  - Invoices and other documentation in support of event related expenses

## 2. Consideration for Extra Expense

- » 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)
- » Invoices/ receipts for additional incidentals:
  - Cleaning and office supplies (e.g., rubber gloves, masks, cleaning wipes, filters, etc.)
- » Documentation in support of Incremental transportation charges
- » Invoices in support of meal expenses for employees, detail by facility and department
- » Documentation in support of advertising and other marketing expenses utilized to promote sales
- » Consultant or attorney fee invoices

For more information, please reach out to our colleagues below or visit [www.ImperiumCG.com](http://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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