

Client Alert

Preparing to make a business insurance claim

In the aftermath of a natural disaster, like the 22 February Christchurch earthquake, many affected businesses will be focused on immediate clean-up and recovery issues. However, as an initial response to insurance needs, business operators should consider making preparations for a claim that properly quantifies the extent of loss and damage under their property and business interruption policies.

Businesses should also be prepared for flow-on effects from the damage, particularly supply chain disruptions, which could affect or delay the return to normal business operating conditions.

The following preliminary actions should be considered before and during the lodgement of claims and in consultation with your loss adjuster or claims preparer:

Please note that due to the earlier earthquakes in Canterbury and floods and cyclones in Australia that loss adjusting staff both in NZ and the Pacific region will be extremely busy and they may take significant time to attend some losses.

■ Appoint a co-ordinator/key contact

- Request that individuals from the insurer notify your business' key contact in advance of gaining access to a damaged facility and ensure that the nominated person is at every meeting with the loss adjuster
- Ensure all staff are aware that any requests for access or information are to go through the key contact

■ Take photographic or video evidence to depict:

- An item's existence
- An item's condition

■ Quarantine the following pre-loss information:

- Maintenance records for real and personal property
- Fixed asset lists
- All budgets/forecasts
- All historical sales data
- Meeting notes/minutes dealing with plans for business, including capital improvements

■ Where possible, ensure that all computer files are backed up and copies removed to a separate site

■ Capture costs

- Maintain a separate voucher package for each claim disbursement. The voucher package should include a description of disbursement, copies of purchase orders, invoices, etc. Allocate a special purchase order number and ask suppliers to quote this on all invoices
- Create a separate general ledger account or sub-accounts for:
 - Permanent repair/replacement costs for each damaged building affected by the loss event and track loss-related disbursements by building
 - Temporary costs on same basis as above, including unusual vehicle usage
 - Costs to mitigate sales loss or impact of damage (eg temporary hire of equipment)

If in any doubt, record it so that it can be reviewed at a later date

■ For all in-house labour, note:

- Movement details
- Additional labour hours, by employee and by building location (if this can be allocated), including a breakdown for straight time and overtime

Maintain employee time cards indicating straight time and overtime

■ Employees should be instructed to file separate expense reports for all costs incurred relating to the loss event

■ Maintain the following records:

- Chronology of events related to the loss and the impact that the loss has on your operations
- Diary notes of phone call and discussions with customers and suppliers

Next steps & contact information

Insurance coverage will depend on a number of factors, including the terms of your policy. If you have insurance questions or wish to notify a potential claim on a policy placed by Marsh please telephone us on **0800 627 744**. Our Christchurch office has been badly affected by the earthquake and in the meantime we will assist from our other offices.

Marsh's Forensic Accounting and Claims specialists may be consulted and appointed to assist the management of your claim and post-loss recovery. In many cases their costs will be recoverable from insurers under the Claims Preparation clause of insurance policies.

Home and Contents Claims

Domestic Insurance Claims, less than \$100,000 (dwelling) and \$20,000 (contents) should be notified to the Earthquake Commission www.eqc.govt.nz