



Overview of Business Interruption Claims Validation

Some Insureds elect to not only insure their physical assets against the risk of loss or damage but to also insure against the risk of loss of profits and / or additional items of expense following an insured event / accident. This is known as Business Interruption (BI) insurance cover.

As is the case with all insurance claims, the first step of the claims process requires an Insured to inform their insurer of an intention to make a claim.

The second stage of the claims process is for the Insured to quantify and validate their claim, including providing an estimate of the Insured's loss (which should be qualified as an estimate only).

In terms of BI claims Insureds may be entitled to make a claim for ongoing expenses or additional items of expense directly resulting from the Insured event / disruption, in addition to any loss of net profits resulting from the Insured event / disruption. The more proof an Insured has to support its claim, the more the Insured is likely to recover.

It is the responsibility of the Insured to prove their Business Interruption loss. Insureds should seek professional advice (including financial or legal) where required before submitting a BI claim.

Depending on the complexity of the claim, the following financial data and other information may need to be collated and provided to Insurers and/or their appointed loss adjuster for review:

More Complex Claims:

- monthly sales figures for the 12 months before the Insured event to the date the claim is presented.
- copy of most recent profit and loss statement
- invoices and other evidence in support of any ongoing expenses as well as additional items of expenditure incurred as a result of the Insured event/disruption.

Less Complex Claims:

- copy of Business Activity Statements for the 12 months before the Insured event to the date the claim is presented.
- copy of most recent income tax return
- invoices in support of any ongoing expenses as well as additional items of expenditure incurred as a result of the Insured event/disruption.

Some BI insurance policies cover the costs of engaging accountants (or other financial advisors) to assist Insureds in quantifying and supporting their business interruption claims. Where this cover is provided, the costs of engaging an accountant, up to a nominated limit, can be included as part of the Insured's business Interruption claim.