



Business Interruption Claims - Do's, Don'ts, and Trends

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With You Today



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Agenda for Today



Claim Process & Timeline



Time Element Claims Best Practices & Approaches



Key Considerations for Time Element Claims



The Next Frontier



Q & A

Approaches to Time Element Claims

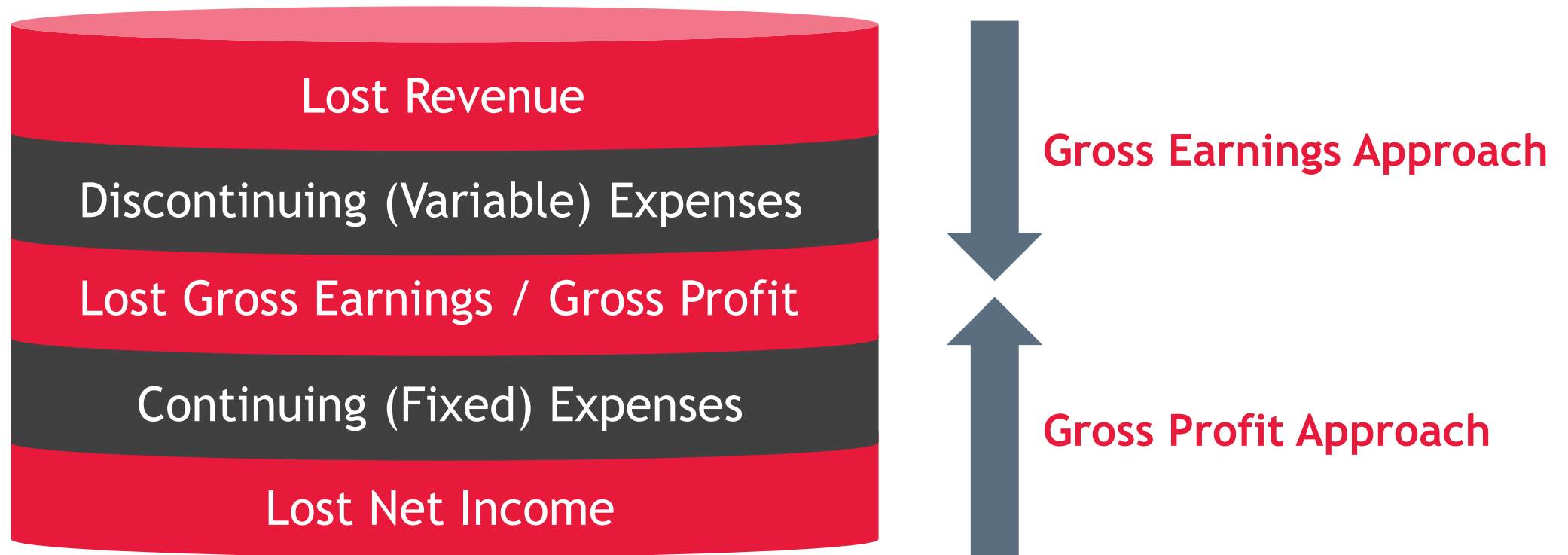
Gross Earnings

- Lost Revenue - Discontinuing (Variable) Expenses
- US Form
- Period of Indemnity: Usually ends after repairs finished, with potential EPOI extension
- “Extra Expense” often capped by sublimit stated in policy

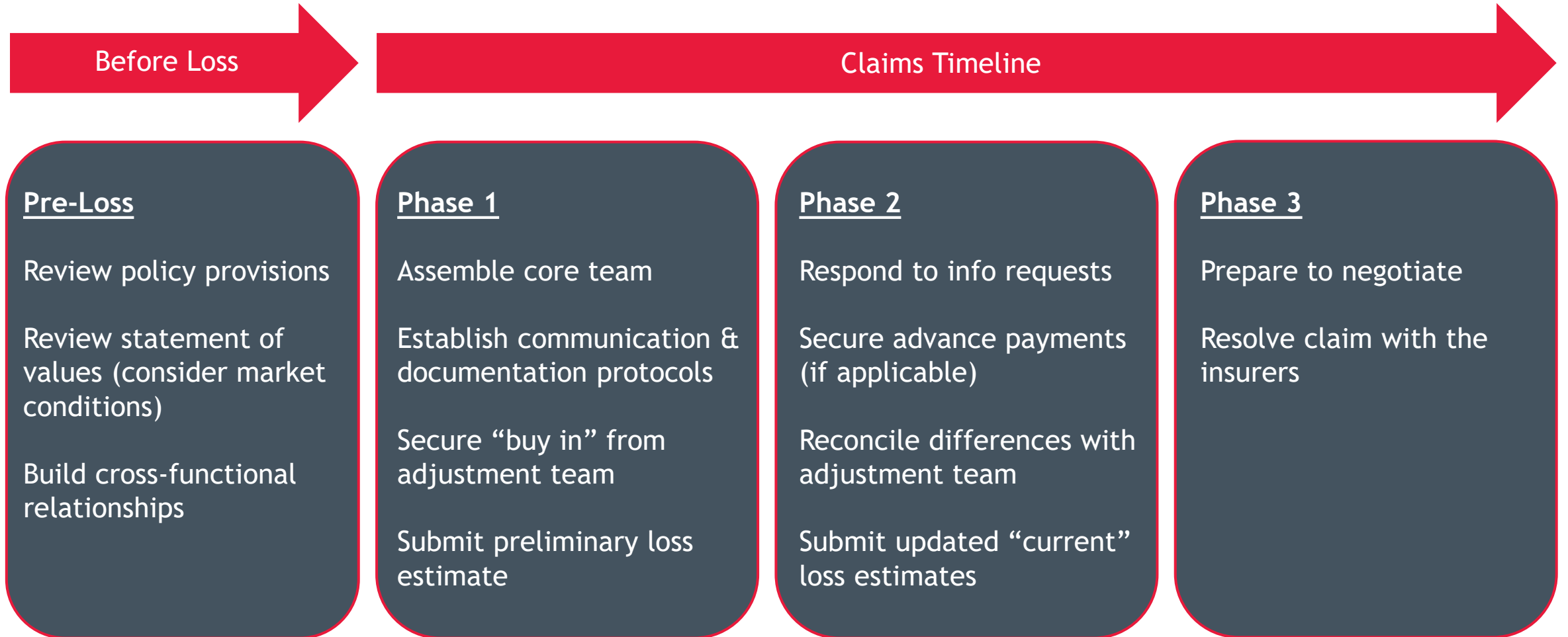
Gross Profit

- Lost Net Income + Continuing (Fixed) Expenses
- UK / European Form
- Period of Indemnity: Usually ends after pre-specified period, usually 6 to 36 months
- “Increased Cost of Working” often capped by economic limit stated in policy

Approaches to Time Element Claims - Continued



Claims Process Timeline



Time Element Best Practices



Three Pillars of Recovery

1. Property clarity
2. Time Element precision
3. Operational readiness

Role of Redundancy (Reinforced)

1. Pre-loss → validates assumptions
2. During loss → supports the claim
3. Across both → aligns the narrative

Before the loss:

- Align Property + Business Interruption
- Stress test assumptions

During the loss:

- Track vs. Plan
- Update timelines
- Document everything

Key Considerations for Time Element Claims



Coverage Triggers

- ▶ Understand what events activate your time element coverage.
- ▶ Confirm that the cause of loss is covered under your policy.

Period of Restoration

- ▶ Know how your policy defines the start and end of the covered period.
- ▶ Delays due to permitting, rebuilding, or supply chain issues may affect the claim.
- ▶ Be aware of any Idle Periods

Calculation of Loss

- ▶ Assess how lost income and extra expenses are measured.
- ▶ Confirm you have accurate financial records to support your claim.

Extra Expense Coverage

- ▶ Identify what additional costs (e.g., temporary relocation, expedited shipping) are covered to minimize business interruption.
- ▶ Maintain clear records of all expenses and lost revenue during the disruption.

Mitigation Obligations

- ▶ Be aware of your duty to minimize losses (e.g., finding alternative suppliers, resuming operations quickly).

Policy Limits and Sublimits

- ▶ Review your policy's maximum coverage amounts and any sublimits for specific types of losses.

Other Process Considerations

Multiple Carriers / Layers

- ▶ Can lead to slow process
- ▶ Sometimes different adjusters with different forensic accountants

Advance Payments

- ▶ Hard costs vs. business interruption

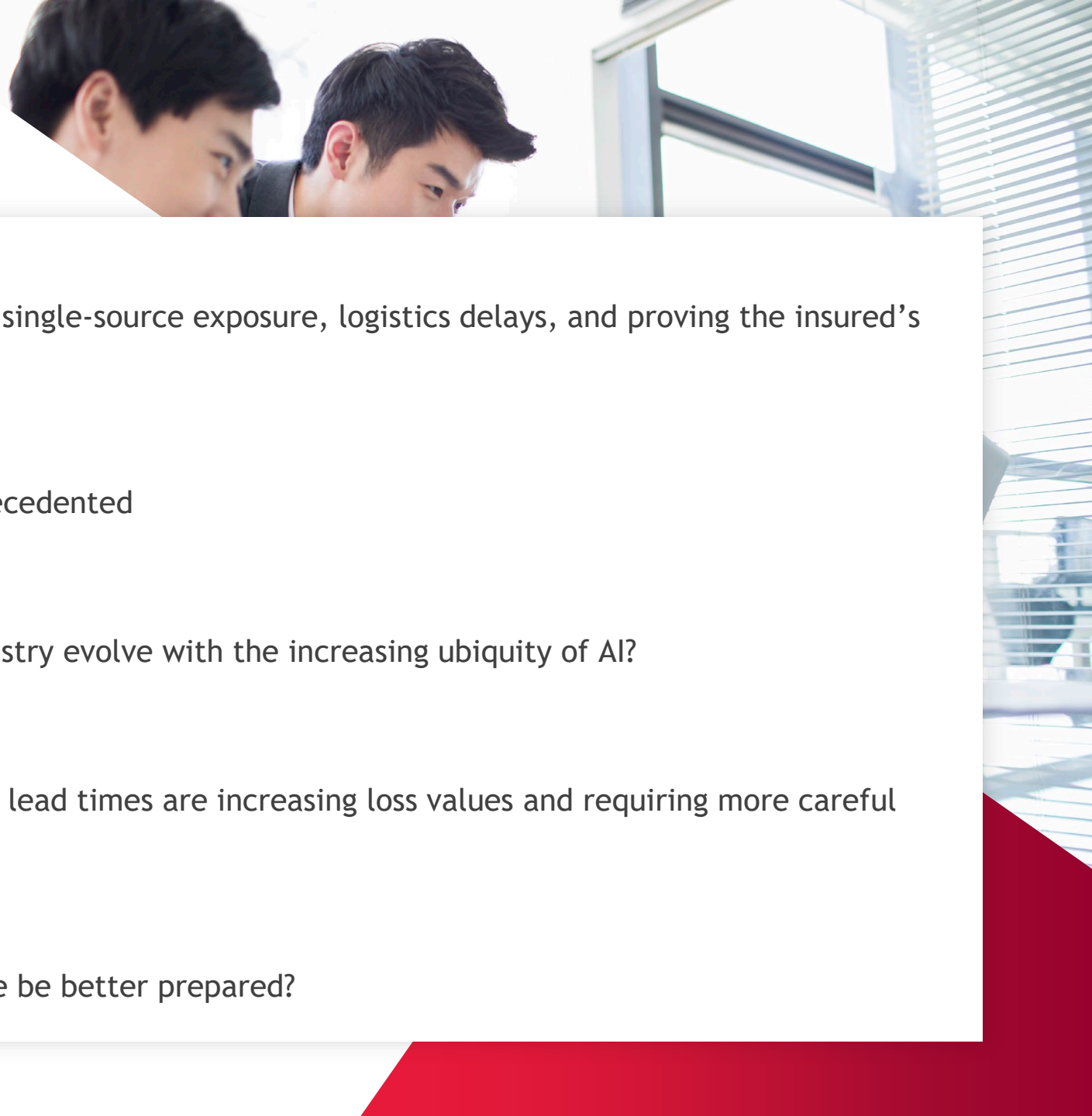
Claim “Audit” not same as Financial Audit

- ▶ No materiality threshold but sometimes can agree on sampling process

Information Requests

- ▶ Responding to requests often takes longer than preparing the claim

The Next Frontier



Supply-Chain and Contingent BI

- ▶ Greater focus on supplier/customer dependencies, single-source exposure, logistics delays, and proving the insured's direct financial loss.

Cyber Risk

- ▶ The frequency and severity of these claims is unprecedented

Artificial Intelligence (AI)

- ▶ Is anyone prepared and how will the insurance industry evolve with the increasing ubiquity of AI?

Inflation and Extended Restoration Periods

- ▶ Higher repair costs, labor shortages, and prolonged lead times are increasing loss values and requiring more careful trend, savings, and mitigation analysis.

The Next Pandemic

- ▶ History has shown that it will happen again. Will we be better prepared?

Questions?

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BDO USA*

\$2.89 bn

U.S. Revenue

70+

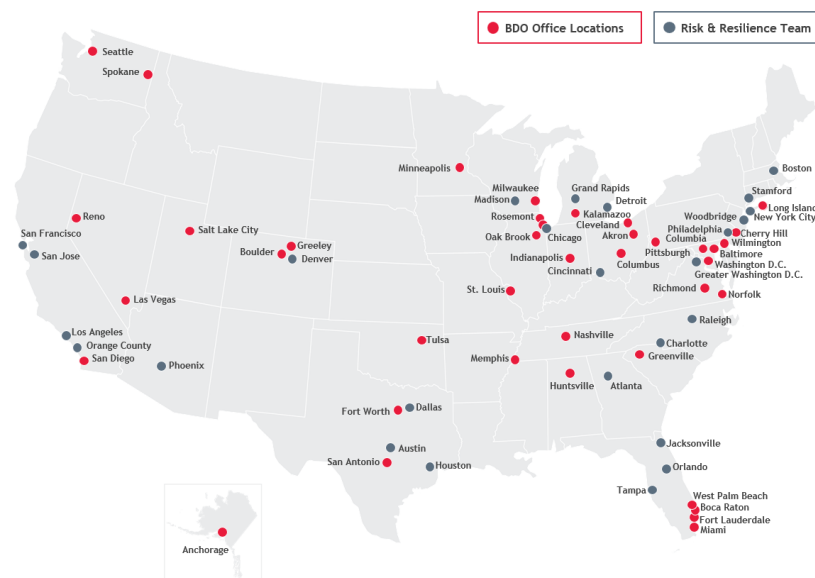
Offices

870+

Principals

12,100+

Total Personnel



*Statistics for the year-ended December 31, 2024.

BDO INTERNATIONAL**

\$15 bn

Global Revenue

160+

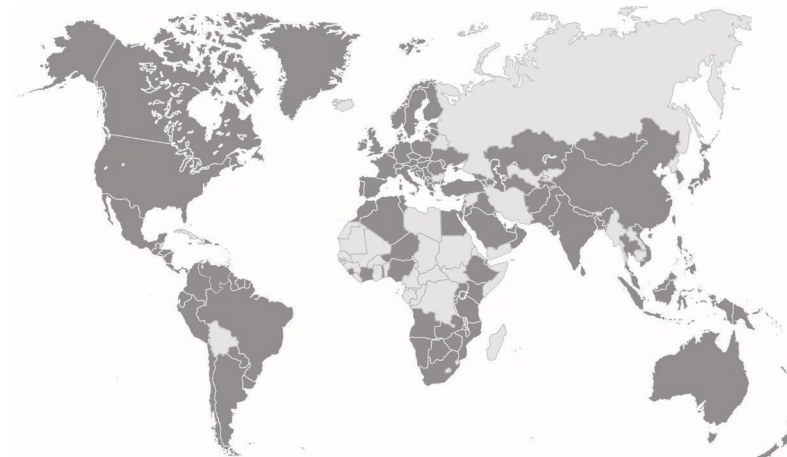
Countries

1,800

Offices

119,600+

Total Personnel



**BDO International statistics for the year ended September 30, 2024.
Locations include exclusive alliances of BDO Member Firms.

A modern office interior featuring a wide staircase with a glass railing, a lounge area with a curved sofa and a red side table, and a reception desk with a large window overlooking a city skyline. The reception desk has the BDO logo on it. The overall atmosphere is professional and contemporary.

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