

## COVID-19 and business interruption

In the event that Covid 19 affects the financial position of your business, your insurance policy may provide relief under a claim for a business interruption. As the novel Covid 19 pandemic evolves, the financial impact on business is uncertain. Despite the efforts from governments to support businesses through means of stimulus packages, companies will seek indemnity from insurances for financial losses sustained.

The purpose of insurance is to reduce your business' exposure to the effects of particular risks such as a pandemic which has brought global economies to a halt. Whilst a pandemic may not fulfil the property damage proviso of a standard business interruption policy, which would typically respond to perils such as fires, floods, there may be provisions within the cover for non-damage extensions including notifiable disease, contamination, loss of attraction, cancellation of events, public authorities clause, provided that these are not otherwise excluded from the insurance program.

Since no one business interruption policy is the same, each claim will be assessed on its own merits.

## How Accuracy can help

Accuracy specialises in the quantification of financial damages in the context of insurance claims on behalf of the policyholder. In the event that our clients have a rightful claim for business interruption, Accuracy can provide specialist forensic accounting and insurance expertise in the quantification of financial losses sustained due to the reduction in turnover resulting from the suspension of operations, whether wholly or partially. Our consultants will:

- calculate an order of magnitude of the claim to ensure an adequate reserve is set by the Insurers;
- prepare the claim quantification, primarily the assessment of a loss of gross profit and the additional expenditure incurred to mitigate the financial loss;
- establish the correct interpretation of the policy to ensure full coverage is optimised;
- manage all data requests and communications with the loss adjusters and insurers appointed forensic accountants;
- collate all supporting financial data required to substantiate the claim;
- compile a final claim submission under the correct heads of claim for presentation to insurers; and
- provide support and guidance in claim negotiations and settlement discussions with insurers.

We act as independent experts and work seamlessly with our clients to facilitate an efficient claims process and an equitable claim settlement allowing our clients to focus on the reinstatement of their business. Many policies have the benefit of having the cost of our services covered under the Claims Preparation extension in the policy.

## About Accuracy

Accuracy is a wholly independent international consulting firm providing advice to company management and shareholders for their strategic or critical decisions, notably in transactions, disputes and crises.

Accuracy's strength is to connect strategy, facts and figures. Accuracy's teams are international and multicultural, combining various skills to provide bespoke services to our clients. We recruit consultants from the best.

Accuracy is present in 13 countries in Europe, North America, Asia, Middle East and Africa and leads engagements all over the world.

*All Accuracy Partners are available to discuss your needs  
and design an appropriate solution with the relevant experts.*

## COVID-19 and business interruption

In the event that the COVID-19 pandemic affects the financial stability of your business, you may be entitled to financial relief from your insurance policy under a claim for a business interruption

As COVID-19 continues to disrupt global economies, the financial impact on businesses is far reaching. Companies are seeking indemnity for the financial losses sustained from their insurance program.

Whilst a pandemic may not fulfil the material damage provision of a standard business interruption policy that would typically respond to insured perils such as fires and floods, there may be provisions within the insurance cover for non-damage risks. Non-damage risks including notifiable or infectious disease, prevention of access, loss of attraction, cancellation of events and/or contamination, provided that these are not otherwise excluded from the policy.

Amidst the uncertainties between policyholders and insurers relative to pandemic-specific issues, the Australian Court of Appeal has issued a judgement favourable to policyholders. The Australian Court of Appeal has held that insurers are unable to rely on a policy exclusion for disease under the Quarantine Act 1908 to reject business interruption claims citing that this Act was repealed with the introduction of the Biosecurity Act 2015. Therefore, the judgement will allow policyholders to pursue a claim for business interruption claim resulting from the pandemic if the insurance program contains a disease extension.

A further test case is developing which aims to provide clarity in regards to policy response to COVID-19 related claims. This test case will provide guidance around the meaning of policy including:

- The definition of disease;
- Proximity of an outbreak to a business; and
- Prevention of access to premises due to a government mandate.

Whilst the judgement on the test case continues to progress, policyholders are encouraged to review their position by obtaining advice from their risk/ legal advisors and commence the preparation of a claim for submission to Insurers. Since no one business interruption policy is the same, each claim must be assessed on its own merits.

## How Accuracy can support

Accuracy specialises in the quantification of financial damages in the context of insurance claims on behalf of the policyholder. In the event that our clients have a rightful claim for business interruption, Accuracy can provide specialist forensic accounting and insurance expertise in the quantification of financial losses sustained due to the occurrence of an insured peril resulting in an interruption to business operations. Our consultants will:

- Calculate an order of magnitude of the business interruption claim to ensure an adequate reserve is set by the insurers;
- Prepare the claim quantification, primarily the assessment of a loss of gross profit and the additional expenditure incurred to mitigate the financial loss;
- Manage all data requests and communications with the loss adjusters and insurers appointed forensic accountants;
- Collate all supporting financial data to substantiate a robust claim;
- Compile a final claim submission for presentation to insurers; and
- Provide support and guidance in arriving at a mutually agreed claim settlement between the policyholder and the insurers.

*All Accuracy Partners are available to discuss your needs  
and design an appropriate solution with the relevant experts.*

## COVID-19 & business interruption



We act as independent experts and work seamlessly with our clients to facilitate an efficient claims process and an equitable claim settlement allowing our clients to focus on the reinstatement of their business. Many policies include the benefit of having the cost of our services covered under the claims preparation clause in the policy.

### About Accuracy

Accuracy is a wholly independent international consulting firm providing advice to company management and shareholders for their strategic or critical decisions, notably in transactions, disputes and crises.

Accuracy's strength is to connect strategy, facts and figures. Accuracy's teams are international and multicultural, combining various skills to provide bespoke services to our clients. We recruit consultants from the best.

Accuracy is present in 13 countries in Europe, North America, Asia, Middle East and Africa and leads engagements all over the world.

### Contacts

For further information, please contact:

Sareena BAMRAH: sareena.bamrah@accuracy.com +971 547 766 910

Erik Van DUIJVENVOORDE: erik.van.duijvenvoorde@accuracy.com + 33 158 757 031

For more information on Accuracy's Forensic Accounting services and experts, please visit: [www.accuracy.com](http://www.accuracy.com)

*All Accuracy Partners are available to discuss your needs  
and design an appropriate solution with the relevant experts.*