Forensic Accounting & Complex Claims (FACC)

Post-Loss Plan Activation

September 28, 2022
Section I
Post-Loss Plan Activation
Post-Disaster Emergency Response

Immediate Concerns

• Establish disaster team:
  – Both internal and external key contacts.
• Notify insurer.
• Take measures to protect property from further damage (i.e., secure building, cover contents, hire cleaning company).
• Perform initial damage assessment inspections (follow checklist).
• Review policy language to determine coverage and requirements:
  – Sworn statement in proof of loss submission requirements.
    • 30 or 60 days after loss or after requested by insurer.
  – Timeframe to notify insurer with intent to make replacement cost claim (typically 180 days after the loss).
  – Policy sublimits or exclusions
Post Event Immediate Response List

• Contact property claims advocate.
• Gather vendor contracts (service agreements) and initial information required.
• Distribute contact information for all experts.
• Contact all team members including responsible party for data collection and storage.
• Ensure that vital records are properly safeguarded.
• Protect property from further damage.
• Set up tracking schedule for information requested and provided.
• Activate e-room.
• Review guidelines for gathering data.
• Set up on-site inspection(s) including photographs.
• Develop list of damaged assets and assess need to repair/replace.
• Prepare purchase orders and request estimates/bids.
• Activate general ledger expense accounts to capture loss related costs.
• Begin tracking costs, both permanent and temporary, necessary to resume operations.
• Summarize potential areas of loss including initial estimates with date(s) provided. Include placeholders for areas where estimates are not available.
• Assess downtime and mitigation opportunities.
Initial Inspections and Mitigation Efforts

• Protect property from further damage:
  – Utilize reputable/experienced disaster response service company.
  – Remove water or debris as soon as possible.
  – Board up windows and secure contents.
  – Utilize security services to protect property.

• Perform initial damage assessments:
  – Take photographs to capture “picture” of damages (label them!).
  – Take videos, if available.
  – Inspect roofs, basements, windows, and other water penetration sites to determine vulnerable areas (identifying such sites is difficult later in the process).
  – Meet with vendors/contractors to establish protocols for tracking employee time, material, etc. Especially important for T&M contracts.
Section II
FACC Background
Value Added Post-Loss

FACC helps clients move quickly through the settlement process and maximize recoveries

- Simplifying the claim process so clients can focus on returning to normal day-to-day business activities
- Quantifying the loss amounts and gathering the necessary supporting documents
- Minimizing the overall disruption to business operations by obtaining cash advances in the early stages of a loss
- Preparing and submitting the claim on the client’s behalf in a format that is familiar to insurers
- Working directly with the adjuster and the carrier’s experts
- Participating in meetings to explain the methodology behind loss calculations and respond to requests for additional documentation
## Initial Inspections and Mitigation Efforts

### Protect property from further damage:

- ✓ Utilize reputable/experienced disaster response service company
- ✓ Remove water or debris as soon as possible
- ✓ Board up windows and secure contents
- ✓ Utilize security services to protect property

### Perform initial damage assessments:

- ✓ Take photographs to capture “picture” of damages (label them!)
- ✓ Take videos, if available
- ✓ Inspect roofs, basements, windows, and other water penetration sites to determine vulnerable areas (identifying such sites is difficult later in the process)
- ✓ Meet with vendors/contractors to establish protocols for tracking employee time, material, etc. - Especially important for T&M contracts
Setup of Point of Contact, E-room, and Document Handling Procedures

- Set up point of contact to provide client, customer, vendor, and/or insurer with one person to call that will assess the request/question and provide timely responses
- Identify person to track the flow of information requested/provided

<table>
<thead>
<tr>
<th>Documentation Should Include:</th>
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<tbody>
<tr>
<td>✓ One location for receipt and circulation of information</td>
</tr>
<tr>
<td>✓ Unique sequential bate stamping</td>
</tr>
<tr>
<td>✓ Scanning to dedicated server</td>
</tr>
<tr>
<td>✓ Updating documentation tracking form</td>
</tr>
<tr>
<td>✓ Uploading information to e-room</td>
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</table>
## Preliminary Information Required for All Locations

### Information Needed:

- ✓ Accurate estimate of values for property and business interruption
- ✓ Detailed annual profit and loss statements (budget and actual) for prior two fiscal years ended
- ✓ Detailed monthly profit and loss statements (budget and actual) for prior two fiscal years ended and current year
- ✓ Current detailed asset listing
- ✓ Complete copy of current leases
- ✓ Chart of accounts
- ✓ Floor/site plan(s) for locations
- ✓ List of pre-approved vendors with contact information and backgrounds
- ✓ Contact list for all relevant parties including 24-hour contact information
- ✓ Assign general ledger expense accounts/job codes that would capture event-driven costs such as labor, repairs, and purchases
## Contracts/Service Agreements Required

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<th>Agreements Needed</th>
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<tbody>
<tr>
<td>✓ Insurance policy(ies)</td>
</tr>
<tr>
<td>✓ Lease(s) for locations</td>
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<tr>
<td>✓ Current business continuity plan</td>
</tr>
<tr>
<td>✓ Current crisis management plan</td>
</tr>
<tr>
<td>✓ Set up process for gathering and storing information including point person and location</td>
</tr>
<tr>
<td>✓ Pre-approved service agreements for all vendors</td>
</tr>
<tr>
<td>✓ Service agreement for e-room</td>
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Tracking of Data Requested/Provided

- Identify person responsible and a central storage location for handling and circulation of information.
- Determine process for procuring and deploying dedicated server and scanner(s)
- Determine process for setting up e-room
- Set up spreadsheet templates that will track all request for information and status

<table>
<thead>
<tr>
<th>Tracking schedule should include:</th>
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</thead>
<tbody>
<tr>
<td>✓ Numerical bate stamps</td>
</tr>
<tr>
<td>✓ Date of request</td>
</tr>
<tr>
<td>✓ Detailed description of request</td>
</tr>
<tr>
<td>✓ Person requesting information</td>
</tr>
<tr>
<td>✓ Person responsible for obtaining the information</td>
</tr>
<tr>
<td>✓ Date information was received into central storage location</td>
</tr>
<tr>
<td>✓ Date information was circulated</td>
</tr>
<tr>
<td>✓ Confirmation of fulfillment request</td>
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Contacts

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