



TOTAL INSURED VALUES

Forensic Accounting & Complex Claims (FACC) Practice

WTW has a team of highly qualified experts as part of its Risk & Analytics practice. The practice includes many disciplines that provide solutions to issues that are critical to our clients. The various practices include Forensic Accounting & Complex Claims (FACC). Certified public accountants, chartered accountants, forensic accountants, certified fraud examiners, project managers, and engineering and construction consultants form the FACC Practice and provide both pre-loss and post-loss services. Our colleagues reside in multiple offices around the world and are part of a global practice.

FACC assists clients in the preparation/quantification of claims, including property damage, business interruption, extra expense, contingent business interruption, product recall, and third-party claims as well as pre-loss planning and the calculation of insured valuations (property and business interruption values). We add value to our clients by quantifying the loss amounts, gathering the necessary supporting documents, preparing and submitting the claim on the client's behalf, and assisting the client throughout the entire claim settlement process.

By teaming up with the WTW claim advocate, our group assists in maximizing the value of the claim based on the policy wording and coverage in place. Our services simplify the claim process, allow our client to focus on the normal day-to-day activities of its business, and generally lead to minimizing the overall disruption to business operations while maximizing the recovery within the parameters defined by the insurance policy.

FACC solutions



Pre-loss services

FACC can assist in developing a pre-loss plan that includes the calculation of property values, business interruption values and contingent business interruption values.

Accurately measuring and presenting insured values is a critical part of pre-loss planning and improves not only the post-loss process but will also assist in making the renewal process more manageable. Accurate values can be critical to making informed decisions pertaining to the appropriate levels of coverage required and in identifying where a company should apply its resources in disaster recovery and business continuity planning.

FACC can assist with pre-event planning that will:

- Expedite the loss measurement process
- Allow for significant and immediate support post loss
- Allow the client to focus on core business and resuming operations after an event
- Establish procedures to best deal with suppliers/customers affected by the event
- Establish processes and procedures to track data required after an event, including set-up of temporary general ledger accounts to track all loss-related costs
- Establish a claims team and put agreements in place, eliminating the post-loss hiring and vetting process as well as limiting learning curves
- Develop a post-loss claim management plan to ensure preliminary information required is easily accessible and provided in a consistent format
- Allow the client and FACC to respond immediately once a loss occurs



Business interruption values

The FACC approach to business interruption values and pre-loss planning allows for a better understanding of the business interruption values beginning with the client's business interruption exposures based on original source documents (i.e., profit and loss statements) through the revisions, including considerations for business continuity plans, disaster recovery plans, consultations with financial and operational personnel (i.e., redundancies, interdependencies, available inventory, potential bottlenecks), and concluding with accurate and supported business interruption worksheets.

FACC will assist by:

- Identifying business interruption loss exposures
- Accurately measuring and presenting business interruption values so that the client is not over or under insured
- Evaluating the cost/benefit of alternative ways, (such as the reasonableness of using other facilities) to mitigate damages



Insured property valuation

The insurable replacement cost of the subject assets will be based upon the cost approach to value. The cost approach is an appraisal of an asset based upon the costs to create or develop the asset. This approach considers the costs of materials and labor, which would be required to replace the assets, considering functionality. This cost is based on the

property being replaced entirely at one chosen time, using current market prices for materials, labor, manufactured items and equipment, contractor's overhead, profit and fees, and other soft costs such as taxes and freight, as of the date of the appraisal. These estimates do not include provision for overtime or bonuses for labor or premiums for labor, materials and delivery. Specifically, three applications of the cost approach may be employed:

- **Direct method.** Utilizing this method, insurable replacement costs are determined through current cost information obtained from manufacturers or their authorized representatives, discussions with management, sales engineers and dealers, or based on in-house cost and research data.
- **Indirect method.** In this method, insurable replacement costs are estimated based on data from accounting fixed asset records. The insurable replacement cost of each asset is calculated by indexing the historical capitalized cost based on asset type and acquisition date. Such costs may include the following: electrical connections, foundations, support structures, insulation or finishes; certain direct costs including sales tax, freight and handling charges, installation and general contractors' costs; and indirect costs such as engineering and design.

Unit cost method. In this method, insurable replacement costs are estimated based on unit measures. The unit cost method determines the replacement cost based on units of output over a specific period for a plant or asset and is applied to other similar plants or assets.

During our valuation analysis, we will use and rely upon information obtained from the client, location management, and from various public industry sources. Our value conclusion is dependent on such information being complete and accurate in all material respects. However, as is customary in the valuation profession, the scope of our work will not enable us to accept responsibility for the accuracy and completeness of such provided information.

Our valuation analysis includes:

- Determining the insurable replacement cost of the subject assets
- Creating a statement of values related to the subject assets
- Reviewing the current property policy to understand and advise on property asset coverages
- Employing a combination of the unit cost, indirect and direct approaches of the cost approach to value the assets



WTW core analytics — Property Quantified

WTW will model the impact of natural catastrophe perils and all other loss types (e.g., fire and leakage) on your calculated business interruption and property values using Property Quantified, part of WTW's proprietary risk analytic platform. Property Quantified provides useful quantitative insight into all possible claim types on a location and portfolio level and evaluates insurance strategies with dynamic engagement. Property Quantified marries two powerful underlying risk models, incorporating the insurance market recognized model of RMS (risk management solutions) with our own proprietary actuarial simulation models for non-cat property risks. The Property Quantified outputs may be used to adjust asset and portfolio level key financial metrics, such as net operating income and funds from operations for unexpected loss years.

Property Quantified outputs

- Ninety-nine global quantifications of expected manmade (fire) and natural catastrophe losses
- Gross modeled losses for a range of return periods/probabilities
- Identification of key loss drivers for GS's business interruption and physical damage losses
- Overlay of current insurance structure to produce net results
- Comparison evaluation and comparison of risk transfer options (deductibles/limits) to support the client's data driven risk transfer strategy.
- Summary of conclusions and considerations for next steps
- Presentation of model results to the client

About WTW

At WTW (NASDAQ: WTW), we provide data-driven, insight-led solutions in the areas of people, risk and capital. Leveraging the global view and local expertise of our colleagues serving 140 countries and markets, we help you sharpen your strategy, enhance organizational resilience, motivate your workforce and maximize performance. Working shoulder to shoulder with you, we uncover opportunities for sustainable success — and provide perspective that moves you. Learn more at wtwco.com.



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