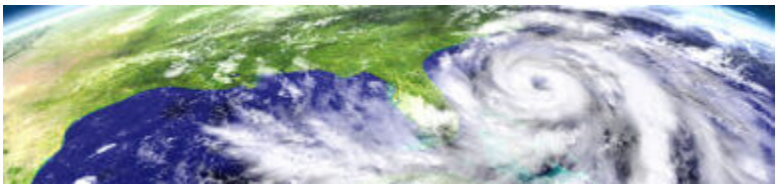
Business Recovery After Hurricane Matthew



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Hurricane Matthew has been an unfortunate reminder of natural disasters reaching close to home. During and immediately after a natural disaster, the focus is always on the safety of communities, friends, family, and colleagues. The clean-up and recovery can take months with the insurance industry heavily involved in the process.

According to CoreLogic, the damage from Hurricane Matthew is estimated to result in over 100,000 insurance claims and damages up to $6 billion in the U.S. The replacement and repair of damaged physical property will cover the bulk of insurance claims. Business interruption claims will result from the severe impact to business operations ? financial damage which cannot be easily calculated or shown on the news and social media.

Employee salaries and rent obligations do not stop because of an extraordinary event such as a natural disaster, fire, or flood. Business interruption insurance coverage protects the cash flow impact to the business during the incident and subsequent recovery. Business interruption insurance is designed to return the business to the same financial standing as if the extraordinary event had never happened.

Every insurance policy is different and must be read closely to understand the coverage. In general, a business interruption claim will cover the lost “business income”.

Business income is comprised of:

1. Net profit before income taxes and
2. Continuing operating expenses (e.g. employee salaries).

In addition, policies will often cover “extra expenses” incurred (e.g. temporary office rent).

Determining net profit before income taxes requires forecasting business operating results assuming the extraordinary event never occurred and comparing to the actual results during the period of interruption. The subjectivity involved in forecasting and understanding the complete financial impact to the business often results in a complex analysis. Significant judgment and understanding of the business is often needed to determine a business interruption claim.

We work with businesses and insurance companies to prepare and review business interruption claims to help ensure the business is made “whole”. If you encounter an unfortunate event, Dean Dorton’s forensic accounting and valuation professionals are available to assist with the business interruption claim.

Contact your Dean Dorton advisor or David Angelucci at dangelucci@deandorton.com to learn more.