

BUSINESS INTERRUPTION INSURANCE REVIEW

BACKGROUND

Business interruption insurance can provide compensation when an insured event prevents a business from achieving its financial targets. When combined with effective business continuity planning, properly structured business interruption insurance is a cost-effective solution that can go a long way to mitigate the effects of a major business disruption.

KEY QUESTIONS

Business interruption insurance reviews aim to provide answers to key risk management questions that will seek to ensure insurance programs are tailored to the needs of your organisation:

- What is the value of the Maximum Foreseeable Loss (MFL) that your business could sustain?
- What is the cost of the Normal Loss Estimate (NLE) (MFL after taking into account all mitigation actions)?
- How long will your business take to recover from an event?
- What key policy extensions should be considered given your organisation's risk profile?

METHOD

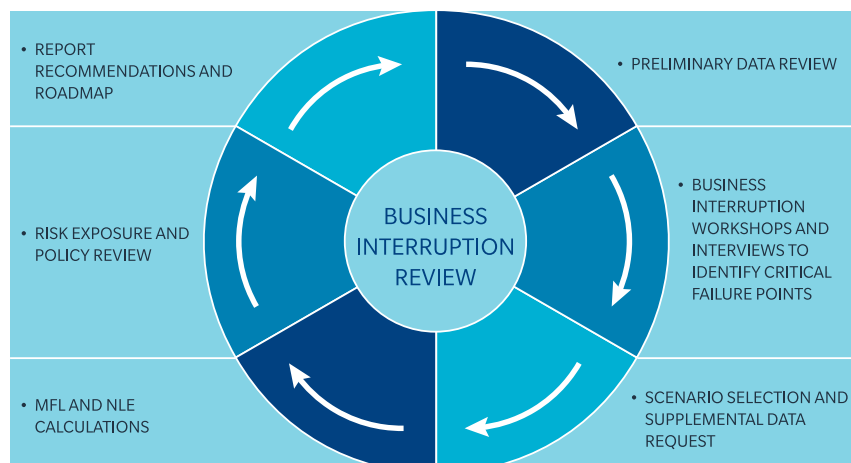
Our approach involves an in-depth assessment of both the operational and financial dimensions of your business. This will typically involve a combination of structured interviews, workshops, and a desktop review of documentation to examine existing risk mitigation and transfer needs. Once the critical failure points within a business are identified, this is then overlaid with potential loss of revenue/insurable gross profit using a pre-agreed range of locations/scenarios.

Our methodology provides validated calculations that can both inform your decision making and can provide underwriters with critical data that may allow for more efficient pricing of risk transfer.



PROCESS

The review will identify potential amendments that seek to improve your insurance cover and provide a greater understanding of your quantified exposure. Our Forensic Accounting and Claims Services (FACS) team brings together project management, claims, and forensic accounting expertise built upon the experience of managing major business interruption claims, in multiple industries and global geographies.



OUTPUT

We will always look to tailor our output to your needs, however, a typical summary report can include:

- An executive summary of our key recommendations.
- A summary of the organisation and key financials (if the output is being shared with insurers).
- Outline of agreed scenario(s) considering mitigation efforts with calculated impacts and recovery periods.
- Financial flows, impacts, and external dependencies.
- Optional commentary on existing business continuity plans.
- Policy wording critique and recommendations.
- Appendices with all calculations.

Marsh Risk Consulting (MRC), a business unit of Marsh India Insurance Brokers Pvt Ltd., is a global consulting organisation comprised of more than 800 specialists in over 40 countries dedicated to providing clients in all industries and all geographies with strategic advice and innovative solutions across a comprehensive range of insurable and non-insurable risks. Business interruption reviews are led by our FACS team supported by specialists from across MRC.

For more information about business interruption insurance and other solutions from Marsh, contact your local Marsh adviser:

ABASAHEB KALE

Vice President, MRC
Marsh Risk Consulting
+ 91 7506706153
abasaheb.kale@marsh.com

RAJESH GOEL

Assistant Vice President, FACS
Marsh Risk Consulting
+ 91 8377008357
rajesh.goel@marsh.com

GLENN EAGLESTONE

Marsh FACS Practice Leader Asia
Marsh Risk Consulting
+65 6922 8359
glenn.eaglestone@marsh.com

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