

CONTINGENT BUSINESS INTERRUPTION

CBI EXPLAINER SERIES

WHAT PROCESS WILL I NEED TO FOLLOW TO QUANTIFY A CLAIM THAT BECOMES PAYABLE AFTER THE APPEAL PROCESS HAS BEEN COMPLETED?

The process to formulate a Contingent Business Interruption (CBI) claim is set out in the policy wording. Typically, the following will be required to quantify a CBI claim:

- The Annual Financial Statements, including the detailed Income Statement, in respect of the past three financial years.
- The year-to-date detailed Income Statement for the current financial year.
- Monthly management accounts for the 2018 and 2019 financial years and for the current financial year to date. The monthly management accounts will be required for the current months, as they become available.
- VAT 201 returns in respect of the financial year ended February 2020, as well as for the current financial year to date. The VAT returns will be required for the current months, as they become available.
- Copy of the current lease agreement. The lease agreement is requested so that we can establish whether or not the policyholder may be entitled to a reduction and to see whether there is a Turnover rent clause. The Turnover rent clause would result in a saving, given the reduced Turnover. We also need to establish whether the landlord regards Business interruption (BI) settlement from an Insurer as part of Turnover.
- Confirmation and substantiation in respect of:
 - The retention of staff; and if retained, remuneration agreements; enforced leave; unpaid leave, etc.
 - Application and receipt of any government assistance (TERS / UIF, etc.)
 - Any government financial assistance in respect of Tourism relief
 - Confirmation of any rental abatement / relief
 - Interruption period (start to end dates).
- Details and substantiation of any steps taken to mitigate the Business Interruption loss.

Proactive preparation of the above documentation will assist in a speedy claims settlement should the courts ultimately rule in the policyholder's favour.

