



BDO'S QUALIFICATIONS TO PROVIDE FORENSIC INSURANCE & RECOVERY SERVICES IN RESPONSE TO HURRICANE FLORENCE

September 21, 2018





September 21, 2018

Dr. Mark Hoffman
N.C. Cooperative Extension
NC State University
Campus Box 7609
Raleigh, NC 27695-7609

Dear Mr. Hoffman:

Thank you for the opportunity to allow BDO USA LLP ("BDO") to propose insurance claims services for your members in response to the destruction caused by Hurricane Florence. BDO represents the skills and resources of a large, global firm combined with the personal attention often attributed to a local firm. While there are a number of ways we differentiate ourselves from other firms, one of the most compelling reasons to select BDO is our core values and our client service philosophy. We embrace our core values of competence, honesty and integrity, dedication, professionalism, responsibility and accountability, and economic awareness, which drive our daily decisions in servicing our clients.

Our Forensic Insurance & Recovery Services team assists clients with the preparation and quantification of their insurance claims related to property damage, extra/expediting expenses and business interruption ensuing from events such as this recent disaster. Our professionals have worked on some of the largest catastrophic events in recent history including Hurricanes Irma, Maria, Matthew, Harvey, and Sandy.

As your members go through the recovery process, please know that we stand ready to support the local community. The following submission outlines how our team can serve as a resource to your members with navigating the insurance claims process. If there is anything we can do to help, or any questions we can answer, we are happy to schedule time to speak with the businesses individually.

In the interim, please do not hesitate to contact us with any questions.

Sincerely,

A handwritten signature in blue ink that reads "R. D. Murlick".

Brad Murlick
Managing Director, Forensic Insurance & Recovery Services
bmurlick@bdo.com
312-729-7956

A handwritten signature in black ink that reads "Jackie Flynn Sheckels".

Jackie Flynn Sheckels
National Leader, Legal Channel Business Development
jflynn@bdo.com
202-841-8397

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Our proposal contains information that is proprietary and confidential to BDO USA, LLP, the disclosure of which could provide substantial benefit to competitors offering similar services. Thus, this proposal may not be disclosed, used or duplicated for any purposes other than to permit you to evaluate BDO to determine whether to engage BDO. If no contract is awarded to BDO, our proposal and any copies must be returned to BDO or destroyed.



Forensic Insurance & Recovery Services

Forensic Insurance & Recovery Services

PRACTICE OVERVIEW

Companies affected by major setbacks face many obstacles – receiving appropriate and timely insurance payments shouldn't be one of them. BDO's Forensic Insurance & Recovery professionals focus in the quantification and compilation of complex insurance claims in several areas:

- ▶ Property and business interruption
- ▶ Fidelity / employee dishonesty
- ▶ Product recall
- ▶ Directors & officers
- ▶ Cyber security breaches

BDO works on behalf of policyholders, providing an independent and objective perspective. Our long history of preparing fair and timely claims is respected by underwriters, adjusters, and their accountants, and has allowed us to recover more than \$8 billion for our clients. Our fees are reimbursable under the standard Professional Fees / Loss Adjustment Expenses provision of commercial insurance policies. [1]

As one of the world's largest accounting and consulting networks, BDO has substantiated and prepared some of the most complex property and business interruption insurance claims in both the United States and abroad. Events we have worked on include the terrorist attacks of September 11, Hurricanes Katrina and Sandy, the Thailand floods and the Japan earthquake/tsunami, in addition to losses across six of the seven continents around the globe.

Before an event occurs, companies need to be prepared to manage the accounting documentation required to prove their claims in order to achieve financial recovery on an insurable loss. In addition to reactive services, we also assist clients proactively, determining appropriate values to submit for each policy period, as well as completing the Business Income Worksheets for which policy premiums are determined.

We employ a service approach characterized by a high degree of senior-level involvement coupled with direct access to top technical resources, all with straightforward, proactive communication throughout each stage of the claims process.

[1] The Professional Fees/Loss Adjustment Expenses provision is not provided in every commercial property policy. Each policy would need to be reviewed independently to understand if this coverage is present.



Expediting recovery through financial prowess

Companies affected by major setbacks face many obstacles – receiving appropriate and timely insurance payments shouldn't be one of them.

BDO's Forensic Insurance & Recovery professionals focus in the quantification and compilation of complex insurance claims in several areas:



**PROPERTY &
BUSINESS
INTERRUPTION**



PRODUCT RECALL



**FIDELITY /
EMPLOYEE
DISHONESTY**



CYBER CLAIMS



**CONSTRUCTION
CLAIMS**



**PRE-LOSS BUSINESS
INTERRUPTION
VALUATION**



**THIRD-PARTY
LIABILITY**

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As one of the world's largest accounting, advisory, and consulting networks, BDO has substantiated and prepared some of the most complex property and business interruption insurance claims in the United States, Canada, and abroad. Events we have worked on include the terrorist attacks of September 11, Hurricanes Katrina and Sandy, the Thailand floods and the Japan earthquake/tsunami, in addition to losses across six of the seven continents around the globe.

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Our services

PROACTIVE

PRE-LOSS SERVICES

- ▶ Business Interruption valuation and worksheets
- ▶ Property valuation
- ▶ Replacement cost valuation
- ▶ Maximum loss scenario
- ▶ Risk management advisory services

REACTIVE

POST-LOSS SERVICES

- ▶ Business Interruption claims
- ▶ Supply chain disruption
- ▶ Property damage claims
- ▶ Calculation of complex damages and losses
- ▶ Insurance claims advisory services
- ▶ Litigation support and expert witness services



Before an event occurs, companies need to be prepared to manage the accounting documentation required to prove their claims in order to achieve financial recovery on an insurable loss. In addition to reactive services, we also assist clients proactively, determining appropriate values to submit for each policy period, as well as completing the Business Income Worksheets for which policy premiums are determined.

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Our approach

Our approach

PHASE 1

- ▶ Initial discussions and meetings with the insured to understand the extent of business interruption. The initial meeting would include a thorough understanding of the impact of the business and establishing the initial estimates of financial impacts.
- ▶ Review your insurance policies, discuss coverage issues specific to this loss with your broker and legal counsel (if applicable).
- ▶ We will work with you to create a protocol to track property damage and extra expenses arising from the covered peril.
- ▶ During the initial phase, we will identify all downstream and upstream impacts to the business.

PHASE 2

- ▶ Evaluate relevant financial data including, but not limited to, historical production, profit and loss statements, organization charts, budgets and forecasts, public filings, industry reports and other market data as well as any other relevant documentation.
- ▶ Work in conjunction with client's personnel to determine the expected production, sales, pricing and costing.
- ▶ Consider future lost income issues.
- ▶ Consider any mitigation efforts undertaken by client, as well as any incremental costs incurred resulting from the mitigation efforts.
- ▶ Calculate Gross Earning (or Gross Profit) losses as required under the policy.
- ▶ Review of actual production achieved during the interruption period to determine inefficiencies and increased losses resulting from an alternative production method (if applicable).
- ▶ Evaluate relevant Extra Expense substantiation to date.
- ▶ Prepare interim proofs and advance requests.

PHASE 3

- ▶ Prepare Property Damage, Business Interruption and Extra Expense claims for client's review and approval.
- ▶ Submit claim(s).
- ▶ Liaise with adjuster, adjuster's accountant and other underwriter representatives.
- ▶ Assist in the settlement of claim(s).

Quick access to BDO services

Required Documentation

Our straight forward questionnaire will allow you members to easily provide the information we need to best assist them.



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Forensic Insurance & Recovery Services

Date of Loss	
Loss Event Name	Hurricane Florence
Business Name	
Business Address	
County	
Size of Property	
Nature of Business	Ex. Strawberry Farm, Winery
Type of Loss (please check all that apply)	<input type="checkbox"/> Property Damage <input type="checkbox"/> Product Loss (crop) <input type="checkbox"/> Product Loss (livestock) <input type="checkbox"/> Business Interruption <input type="checkbox"/> Tourism Interruption <input type="checkbox"/> Service Interruption <input type="checkbox"/> Civil Authority/Ingress-Egress
Property Insurance	Ex. Name of company that underwrote the property policy
Insurance Policy Provided	Y / N
Supplemental Flood Insurance	Y / N
FEMA Assistance Required	Y / N
Notes	Any additional information that may be helpful for an introductory discussion.

Requestor Name: _____ Title: _____ |
 Email: _____ Phone: _____
 Address: _____ City, State: _____

Upon completion, please email this form to: Jackie Flynn Sheckels, jflynn@BDO.com

Required documentation

Types of documentation required to support claims



PROPERTY DAMAGE

- ▶ Copies of relevant insurance policies.
- ▶ List of internal labor hours and description of tasks performed. Payroll registers and fringe benefit rate documentation.
- ▶ List of committed and incurred costs to repair and replace damage property.
- ▶ Contracts, purchase orders, scope of work, engineering reports and invoices to support claimed costs.
- ▶ Photos or other forms of evidence documenting the damage.
- ▶ Create special work code specific to the loss in which all costs can be charged to. Specific items should be grouped into the following categories, if applicable:
 - Cleanup
 - Debris Removal
 - Preservation of Property
 - Building
 - Machinery, Furniture and Supplies
 - Excess Operating Expenses



BUSINESS INTERRUPTION AND EXTRA EXPENSE

- ▶ Copies of relevant insurance policies.
- ▶ Historical profit and loss statements by month.
- ▶ Prior sales records.
- ▶ Trend reports and projections.
- ▶ Forecasts and Budgets.
- ▶ External factors impacting operations.
- ▶ Production yield reports, inventory and cost records.
- ▶ List of expediting expenses on repair projects such as air freight and overtime.
- ▶ Documentation to support excess costs of services or products obtained from alternative supplies.
- ▶ Documentation to extra labor and overtime.

Relevant experience

Relevant experience

REPRESENTATIVE ENGAGEMENTS

- ▶ Quantified the property damage and business interruption claim related to a shutdown of a large poultry plant located in Douglas, Georgia.
- ▶ Engaged to measure and prepare a damages claim related to a large, national egg producer. The company experienced a loss related to a contamination event that disrupted egg production and its overall hen population. BDO measured net sales value of the lost production, as well as the incremental expense to shift production to unaffected facilities, where applicable. The damages calculation also accounted for market prices over the impact period, and increased logistics associated with distribution changes throughout the company's farm network. The damages amount was measured as several million dollars.
- ▶ Hired by a multinational corporation to calculate the property damage, stock loss and business interruption loss sustained as a result of a fire at its consumer foods facility in Canada. The loss incident impacted the Company's ham slicing and packaging operation. In order to mitigate sales losses, the company transferred a portion of its production to other facilities across North America. The business interruption loss calculation addressed numerous issues, including a comparison of variable production costs at different facilities, increased transportation costs and analysis of cost variances at the facilities. Losses exceeded \$5 Million.
- ▶ Assisted a food manufacturing facility with \$20 million property damage and business interruption claim from a direct hit tornado in Lebanon, Indiana. The claim included the loss of a significant customer as well as incremental freight of shifting production to alternate sites.
- ▶ Assisted a multinational pork producer with the measurement of their business interruption and extra expense claims resulting from a fire that destroyed a large portion of their production facility and impacted six different production departments.
- ▶ Assisted a food manufacturer in a product recall matter resulting from the sale of contaminated frozen fruit products. The multi-million dollar matter involved measuring direct recall costs such as public outreach, product destruction, facility decontamination as well as lost profits. The lost profits calculation was particularly important in this matter, as the underlying product was in a high-growth stage of production and retail sales.
- ▶ BDO professionals have assisted thousands of Insureds with the measurement of property damage, business interruption and extra expense claims as a result of catastrophic loss events, resulting in billions of recovery from their insurance carriers.

BDO Knows: Insurance Claims

THOUGHT LEADERSHIP



Our professionals



Bradley Murlick

BDO Advisory Managing Director

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312-961-3531

Brad Murlick is a Managing Director in the firm's Forensic Insurance & Recovery Services practice with significant experience advising domestic and global organizations on the preparation, negotiation, and settlement of claims associated with catastrophic or other triggering events. He works closely with policyholders to assist with timely and successful claims resolution, having facilitated billions of dollars in recoveries related to property and business interruption; product recall; fidelity/employee dishonesty; cyber/data breach; political risk; and construction/builder's risk, among others. Brad's industry experience includes, but is not limited to serving clients in the transportation, energy, natural resources, manufacturing & distribution, real estate, consumer & retail products, hospitality, and technology & life sciences sectors.

Brad is an accomplished practitioner in the assessment of incurred losses and conditional risks associated with business interruption, and has significant experience in the transportation industry.

Brad has been quoted and published on insurance claims and business interruption topics in several leading national and industry publications and speaks regularly at leading industry events. Prior to joining BDO, Brad spent over 20 years as the practice leader of both Deloitte and Navigant's Insurance Claims Consulting Practices.

PROFESSIONAL AFFILIATIONS

- ▶ American Bar Association - Associate Member
- ▶ Risk and Insurance Management Society (RIMS)
- ▶ Winnetka Parks Foundation, Board of Directors, Treasurer

EDUCATION

- ▶ M.B.A., Finance, Michigan State University
- ▶ B.A., Economics, University of Michigan



Clark Schweers

BDO Advisory, Partner

cschweers@bdo.com

202-644-5410

Clark Schweers leads the firm's Forensic Insurance & Recovery Services practice with over 18 years experience advising clients on complex property and business interruption claims for insured businesses. Clark has assisted Fortune 100 and middle market companies in preparing and analyzing complex insurance claims relating to losses from catastrophic events. Having worked closely with senior corporate executives to devise strategies for timely and successful claims resolution, he has conducted extensive work on international losses, leading engagements encompassing more than \$1 billion in recoveries.

Mr. Schweers is an accomplished practitioner in the assessment of incurred property damage losses and conditional risks associated with business interruption, and has significant experience in the consumer products and retail, chemical, hospitality, manufacturing, real estate, financial services, automotive and technology industries.

Mr. Schweers has been quoted and published on insurance claims and business interruption topics in several national and industry publications, including CNBC, the Journal of Accountancy, Business Insurance, Corporate Counsel, Treasury & Risk and Property Casualty 360. Prior to joining BDO, he was a Senior Manager at Ernst & Young, where he advised clients on complex business interruption and property damage claims, construction damage and fraud investigation matters.

PROFESSIONAL AFFILIATIONS

- ▶ American Bar Association - Associate Member
- ▶ Association of Certified Fraud Examiners
- ▶ Risk and Insurance Management Society - Associate Member

EDUCATION

- ▶ Executive MBA Programs, Competitive Strategy, Kellogg School of Business, Northwestern University
- ▶ B.S., Business Administration, University of Richmond

Professional fees

Professional fees

CLAIM PREPARATION FEES

BDO's engagement teams are led and supervised by senior experienced professionals and staffed as appropriate, to ensure that the engagement is executed in the most cost-effective manner.

- ▶ Complimentary discussion and policy review with BDO leadership team.
- ▶ BDO's fees are generally reimbursed under the professional fee provision within commercial policies so there is no out of pocket cost to the policy holder.
- ▶ Upon confirmation of a claim and that our fees are covered under the professional fee provision, we provide our services at a blended hourly rate of \$350 per hour. We will submit our fees to the insurance provider with the claim.
- ▶ Teams are generally comprised of 2-3 experienced professionals.



About BDO

Forensic insurance & recovery

Dedicated to preparing complex insurance claims on behalf of policyholders.

100+ YEARS OF QUALITY SERVICE	30+ CLAIM Practitioners	OVER \$8 BILLION recovered  FOR CLIENTS
200+ years of combined EXPERIENCE	INDEPENDENT in fact & appearance	

BUILT ON CORE VALUES

- ▶ People First
- ▶ Empowerment Through Knowledge
- ▶ Exceptional Every Day, Every Way
- ▶ Choose Accountability
- ▶ Embrace Change

National presence

BDO USA

Assurance
49%


Tax
34%

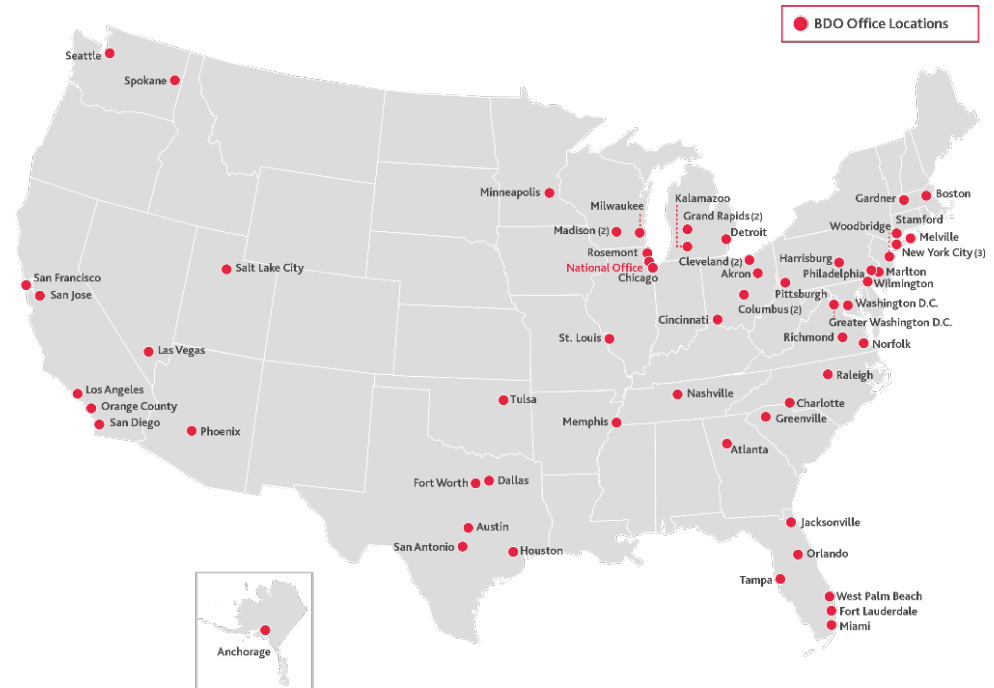
Advisory
17%



 **60+**
OFFICES

650+
ALLIANCE FIRM
LOCATIONS

 **6,592**
TOTAL PERSONEL




100 YEARS, AND COUNTING.

When M. L. Seidman founded Seidman & Seidman in 1910, there were just over 2,000 accountants in the entire United States, and by the 1980s the global network had been established — and the firm was renamed BDO Seidman.

Today, BDO's entrepreneurial spirit lives on, and the firm continues its history of growth as it expands across the country. Yet, no matter how large we become, we will continue to remain united under a common purpose: [helping people thrive, every day.](#)

Statistics as of and for the year ended 6-30-18.



BDO is the brand name for BDO USA, LLP, a U.S. professional services firm providing assurance, tax, and advisory services to a wide range of publicly traded and privately held companies. For more than 100 years, BDO has provided quality service through the active involvement of experienced and committed professionals. The firm serves clients through more than 60 offices and over 650 independent alliance firm locations nationwide. As an independent Member Firm of BDO International Limited, BDO serves multi-national clients through a global network of 73,800 people working out of 1,500 offices across 162 countries.

BDO USA, LLP, a Delaware limited liability partnership, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. BDO is the brand name for the BDO network and for each of the BDO Member Firms.

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