

# Practice Areas

## Reported Values

Matson, Driscoll & Damico's professional forensic and investigative accounting teams have the experience, training and skills to accurately assess major property losses and actual property values. MD&D will:

- Examine multi-national businesses having multiple locations
- Investigate failure to update asset values for new construction
- Record assets placed into or taken out of service, price inflation and changes in foreign exchange rates
- Gain an understanding of the manufacturing and sales process, plant interdependencies, and supplier/customer contingencies
- Identify and highlight key operating critical path assets with long replacement lead times
- Ensure the business interruption value worksheet is appropriately completed

When a major property loss occurs, the aftermath can be a time of confusion and exposure for both claimants and insurers. Unfortunately, this is often when risk managers, brokers, underwriters or claims examiners may suddenly discover that the reported property values involved are inaccurate or out-dated. This usually occurs when an adjuster provides an initial loss estimate for reserve purposes, and it is discovered that total insurable values are either wrong or materially under-reported.

These reported property insurance values typically consist of replacement costs for buildings, machinery and equipment, replacement cost and/or selling price less the incurred cost for stock, and twelve months of anticipated gross earnings exposure for business interruption on a total suspension basis.

The discrepancy may be caused by a failure to convert current accounting information into new or adjusted values, and then to transfer this information to the insurance carriers.

Matson, Driscoll & Damico, a leading international forensic and investigative accounting firm with offices across Canada and around the world, has extensive experience in verifying the accuracy of reported



property insurance values before and after a loss. MD&D's analysis includes understanding the basis of valuation in the insurance policy, interviewing risk management, operations and corporate accounting personnel as to the process utilized in determining reported values, and obtaining and analyzing documentation needed to verify the values. Using its extensive industry experience, MD&D will also work with other consultants regarding building and equipment replacement values as well as verifying the computation of those values that should be reported.

For prompt action to address concerns about reported values before or after a loss, call the professionals at MD&D.



*Across Canada and around the world*

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**Toll Free: 1.866.MDD.2631**