



# STRATEGIC RISK ALTERNATIVES

## PRODUCING COMPANY PROFILE

*Case Study for a COVID-19 claim in ERM Business Interruption*



<b>INDUSTRY</b>	Dentist																			
<b>SPECIFIC</b>	General Family Dentist																			
<b>ANNUAL GROSS REVENUE</b>	\$1.2 Million																			
<b>OWNER STRUCTURE</b>	PLLC with three owners																			
<b>EMPLOYEES</b>	8																			
<b>RISK</b>	Clear Lake Dental Group (CLDG) is a family friendly dental practice that prides itself on personalized treatments, lasting relationships and community engagement. After the recession in 2008, CLDG realized the impact of a downturn economy and committed to preparing a risk mitigation that traditional insurance can not cover. CLDG implemented an Enterprise Risk Management strategy with Strategic Risk Alternatives and has been a client for 3 years. The coverage purchased includes Business Interruption, Brand Protection, Audit Assurance, and Dispute Resolution.																			
<b>POLICIES</b>	<table border="1"> <thead> <tr> <th>POLICY</th> <th>PREMIUM</th> <th>LIMIT OF LIABILITY</th> </tr> </thead> <tbody> <tr> <td>Business Interruption:</td> <td>\$50,000</td> <td>\$100,000</td> </tr> <tr> <td>Brand Protection:</td> <td>\$25,000</td> <td>\$50,000</td> </tr> <tr> <td>Audit Assurance:</td> <td>\$15,000</td> <td>\$30,000</td> </tr> <tr> <td>Dispute Resolution:</td> <td>\$10,000</td> <td>\$20,000</td> </tr> <tr> <td><b>Total</b></td> <td><b>\$100,000</b></td> <td><b>\$200,000</b></td> </tr> </tbody> </table>		POLICY	PREMIUM	LIMIT OF LIABILITY	Business Interruption:	\$50,000	\$100,000	Brand Protection:	\$25,000	\$50,000	Audit Assurance:	\$15,000	\$30,000	Dispute Resolution:	\$10,000	\$20,000	<b>Total</b>	<b>\$100,000</b>	<b>\$200,000</b>
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### CLAIM SCENARIO

Much like many companies in early 2020, CLDG was forced to temporarily close its doors due to a government mandated lock down for COVID-19. Patients with non-life threatening or emergency care we're asked to reschedule to a later date.

Confident they could weather the storm for several weeks CLDG prepared to flatter the curve, but as time progressed this was not a quick return to normal business practices. The effects of this business interruption resulted in an 80% loss in monthly revenue and CLDG was forced to furlough the majority of their employees.

SRA - CASE STUDY

## FILING A CLAIM

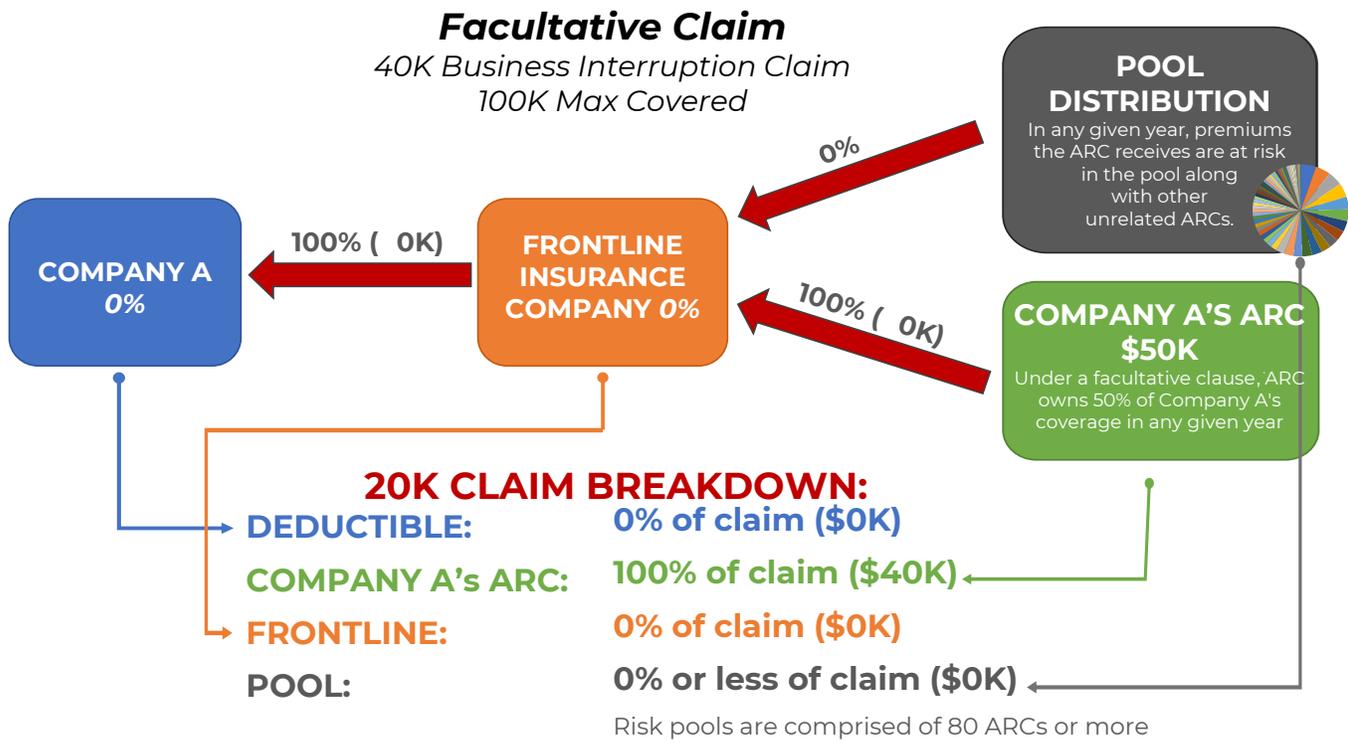
- CLDG experienced an average loss of income of \$20,000 per month due to the fortuitous COVID-19 incident affecting the productivity of the business and lasted more than 2 weeks.
- Two months after the lockdown began, CLDG filed a claim by going online to <http://www.cardinalpointinsurance.com/Home/Claims> and completing the necessary required information for the Business Interruption Claim.

## THE CLAIMS PROCESS

- Cardinal Point Insurance (CPI) received the claim and began research.
- CPI determined the claim to be a potential insured risk.

## PAYMENT OF CLAIMS

- Because the claim was \$40,000, which was below the facultative clause in their Business Interruption policy, Cardinal Point was able to settle their claim immediately.
- CLDG received their \$40,000 settlement payout to cover losses incurred during the mandated shutdown in approximately 5 business days.
- The claim process under the Facultative Clause is illustrated below.



**SUMMARY**

Cardinal Point Insurance issued the payment of the claim to Clear Lake Dental Group. Once the payment was issued, a Claim Release Letter was sent to the CLDG stating that Cardinal Point Insurance had no more liability for any claims related to the recent incident.

CLDG began working with Strategic Risk Alternatives three years ago to ensure that their business had coverage for fortuitous risks that were not covered by traditional insurance, in addition to having a Dental Protection Program. Over the past two years, they purchased policies and created a substantial surplus account to protect their successful dental practice. The business was then able to face an unfortunate incident and replenish much needed cash flow with tax-deferred dollars.