

# Forensic Accounting Services for Insurance Claims



Calculating claims with a reasonable degree of accounting certainty is complex. The calculation includes the application of many concepts that a typical adjuster, businessperson, accountant or CPA may not have dealt with previously. Even if the proper calculation methods are used, the expert's findings and credibility are dependent on the use of reasonable assumptions and estimates.

**We have the necessary business expertise and credentials to compute accurate calculations to a reasonable degree of accounting certainty to support the analysis performed.**

Ingardus can be your independent expert in the following areas:

## Forensic Claims Review

- Business Interruption
- Extra Expense
- Fidelity
- Inventory & Other Property Losses
- Loss of Earnings
- Possible Financial Motive(s)/Incentive(s)
- Professional Liability
- Theft
- Third-Party Liability
- Wrongful Death

## Litigation Services

- Arbitration/Mediation Support
- Discovery Support
- Expert Testimony
- Financial Analyses
- Fraud Investigation
- Subrogation
- Trial Support

### Chicago

111 East Wacker, Suite 2800  
Chicago, Illinois 60601  
Phone: 312.840.4447

### Cincinnati

425 Walnut Street, Suite 1800  
Cincinnati, Ohio 45202  
Phone: 513.530.0080

### Cleveland

200 Public Square, Suite 3500  
Cleveland, Ohio 44114  
Phone: 440.846.1221

### Indianapolis

One Indiana Square, Suite 3501  
Indianapolis, Indiana 46204  
Phone: 317.733.3500

### Louisville

P.O. Box 23084  
Louisville, Kentucky 40223  
Phone: 502.552.2291

# Forensic Accounting Services for Insurance Claims



## Examples of Cases

### **Pumping up a claim**

A personal trainer who sold exercise equipment was injured in an auto accident. A forensic chart of annual earnings trends was prepared to show that the income loss the trainer claimed greatly surpassed historical revenues and was clearly excessive. The case was settled before trial for a fraction of the amount demanded.

### **Misappropriation of funds**

Certain investment firms experienced loss through misappropriation schemes. Through review of books and records, as well as the personal files of the accused individuals, additional theft mechanisms were discovered. Additionally, the thieves typically admit to amounts stolen substantially less than the amounts we uncover through our forensic analysis.

### **Wrongful death**

An individual signed a contract to purchase his father-in-law's business, which specialized in refurbishing and reselling shoes to retail outlets. The son-in-law was killed in a fatal accident between the time the contract was signed and when the contract was to become effective. A lawsuit was filed. We were engaged to perform forensic work by defense counsel. We began our work by determining what benchmarks could be used to forecast the future sales and expenses of the business for expected work life of the deceased son-in-law, which was a period of several decades. Comparisons were made between the sales of the company and that of the retail shoe sector. There was a clear relationship, which became the determinant of the future rate of growth for sales. After calculating the future

stream of net profits, the net present value of those profits was calculated using the risk free rate of return. Defense counsel used our calculations in negotiating a prior-trial settlement for his client.

### **Financial motive for arson**

An insured, accused of destroying his business by fire, removed documents from a fireproof filing cabinet and placed them on a wooden desk. The fire cause and origin experts testified that gasoline was poured around the desk and ignited. The fire department handed us the slightly charred documents that included IRS and other liens. We were able to demonstrate a deteriorating cash flow for the company as well as the owner. The claim was successfully denied and defended in court. No payment was made to the insured.

### **Divorce cases**

We have been contacted on many occasions to aid in the valuation of marital assets, including closely held businesses, current and future earning projections. As with all of our assignments, we are not advocates, but rather fact finders and offer our independent opinions of value.

### **Overextended Credit**

A boiler failure caused a loss of production at a company that manufactures credit cards. The insured claimed all overtime worked to make up lost production as extra expense. A review of payroll records indicated that the amount claimed was primarily recurring overtime payroll. Only a small portion of the overtime worked was actually compensable as extra expense as a result of our forensic analysis.