



Business Interruption Insurance

Business Interruption Insurance Covers Loss of Income when a disaster strikes your business location; the location may be temporarily unusable. Your business will not be producing income and may continue to incur fixed costs (rent, utilities, etc.). Standard property insurance does not cover the loss of income caused by the temporary closure of the business. Business interruption insurance can be included in the property insurance coverage to cover this loss.

Business interruption coverage covers:

- The income your business would have made during the period your business location is unusable. This amount is determined by your historic financial records.
- The costs and expenses incurred by your business even though the location is unusable. Again, these fixed costs are determined by analysis of historical financial records.
- Costs incurred in having to move and operate from a temporary location also may be covered.
- Extra expense coverage is offered by insurers to lower business interruption costs. For example, if your business can stay open by renting a piece of equipment, then the extra expense of the rental would be covered because the insurer would rather pay the extra expense of the rental than the cost of a shut down.

Business interruption insurance is probably the most valuable coverage your business can have. It is also coverage that is frequently overlooked by businesses. This is because it is easy to forget that income cannot be produced without an operating business or the business owner believes property insurance will cover all losses. Again, property insurance only covers the physical loss or damage to the location and contents of a business – it does not cover the loss of income while the location is being repaired or the continual fixed costs while the location is being repaired.