



Business Interruption Basics

Keeping your business operating in a fashion that is as close to normal as possible is crucial to its recovery. While business interruption insurance will pay for your covered losses, your only chance of surviving and prospering is to keep serving your customers. Insurance adjusters know from many years of experience in helping businesses recover from disasters that there are some operational strategies and emergency recovery procedures to follow as you pick up the pieces. If possible, continue conducting business operations as normally as possible, making business decisions as if you had no insurance policy. Your customers will appreciate your efforts to provide them continuing service.

Business Interruption Basics

- Extra expense coverage is designed to help the business continue operations.
- Loss of income provides for the loss of net profits your business would have earned, including those expenses that continue during the period of business interruption.
- Business interruption is usually activated when the business is directly damaged by a covered peril such as fire, storms, lightning, riots, or explosion at the insured premises.
- Most policies do not cover losses resulting from interrupted water, electrical, and natural gas supplies, or telecommunications service, unless the interruption occurs on the premises.

Expediting Your Business Interruption Claim

- Prepare a list of steps required to promptly resume operations on a full, or even a partial, basis.
- To help you calculate the amount of your business income loss your adjuster will need:
 - Historical sales records
 - Income and expense information as shown in recent profit and loss statements and/or income tax forms
 - Other business records that might assist in projecting what your profits would have been had your business not been interrupted.
- Consider ways to reduce continuing expenses. Your adjuster will review this with you.
- If portions of your inventory are lost or damaged beyond recognition a “book inventory” will be needed to evaluate your loss. It is important that any inventory shipments received or sales made after the disaster are documented separately from pre disaster business.



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Things you should do immediately

- Start a physical inventory as soon as possible. It may be required by your insurer. Your employees or a professional inventory service may take the inventory. Discuss with your adjuster the options and get his or her opinion on the best method for you to conduct the post disaster inventory.
- Organize your books and records. Your adjuster will need to examine these in order to evaluate the damages.
- Close out the books as of the date of the loss and maintain a separate, accurate record of any sales or operating expenses that continue after the loss. Remember that the adjuster will need to verify these expenses as part of the claim process.
- Maintain accurate records for extra expenses incurred to expedite the resumption of operations.
- Create a written record of any communications received regarding orders to evacuate, including who ordered the evacuation, date, and time.

Some ways you may reduce loss of business income

- Carefully consider ways to continue business operations, even if on a partial basis. Consider ways to expedite repairs and replacement of destroyed inventory.
- Rent another temporary facility if your current location is not serviceable.
- Enlist the support of your non competitor business associates, if they can help you maintain service or supplies to your customers.
- Downsize your operation if a portion of your building remains serviceable.
- Consider sending printed materials to your customers describing how you plan to continue operations during the restoration period.
- Act quickly to restore and protect your inventory, but keep damaged property for the adjuster's inspection.