

## Back To School: Time To Revisit The Basic Principles Of Business Interruption Coverage

August 29, 2017 | [Indiana Insurance Coverage](#), [Natural Disaster](#), [Policyholder Protection](#)

This time of year is always a good reminder to brush up on basic insurance coverage principles relevant to your industry. Business interruption risk poses a problem for every company, no matter its size or industry; making sure your company understands what coverage it has to protect against this risk is important. After doing a presentation on business interruption coverage with [Grant Thornton's](#) Forensics Advisory Services Group this summer, I was reminded how complex a claim for business interruption can be and the value that is added by having a good forensics accountant and coverage counsel aiding in the claims process. Generally speaking, business interruption and extra expense coverage provides for lost revenues and expenses spent to restore your company. This type of coverage is typically found in property policies and is triggered if there is physical damage to covered property due to a covered loss that results in an interruption of operations. We commonly think of business interruption claims after storms and hurricanes, such as the recent unfortunate events in Texas. However, other types of losses to consider are ingress/egress, political risk, terrorism, and event cancellation if covered by your policy. In addition, having an "all risk" policy provides broader coverage than a "named peril" policy. It also is vital to understand the period of restoration or any other time limit or sublimit the policy may apply, which could affect the amount of possible recovery for your business interruption loss. Most carriers require a lot of supporting documentation to vet your claimed business interruption loss. If your company experiences a business interruption loss, it is important to prepare a loss estimate early and seek cash advances from your carrier to keep your company running as best as possible. Your company also should consider acting reasonably to mitigate its damages during the restoration period. In sum, properly documenting a business interruption claim is often a lengthy process that may require a consultant's help. Similarly, coverage litigation over a business interruption loss can be just as complex. This basic review serves as a reminder of what a company can expect if it faces a business interruption loss.

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