

ONE-PAGE SUMMARY – COMMERCIAL PROPERTY / BUSINESS INCOME BUSINESS INTERRUPTION COVERAGE

This summary is not a replacement for the terms of the policy of insurance, shall not have the effect of altering the coverage afforded by the policy, and shall not confer new or additional rights beyond those expressly provided for in the policy. This information is only provided as guidance to the policyholder in understanding the terms of the policy of insurance. You should consult your policy, agent and insurer if you have questions about your particular coverage.

Commercial property insurance generally provides coverage to the policyholder for direct physical loss of or damage to their building and contents due to a covered cause of loss. Many insurers' commercial property policies include business income coverage (also referred to as business interruption coverage) either as a coverage within the primary policy form itself or as an additional coverage provided by endorsement.

Business income coverage generally provides for the net income that would have been earned by the insured plus normal operating expenses incurred that continue despite the suspension of operations. The coverage is provided only during the period of restoration, the period from when the physical loss or damage occurs until the time the property is repaired, and the location is ready for normal operations to resume.

Most business interruption insurance policies cover losses sustained due to a suspension of business where the suspension was caused by direct physical loss of or damage to property or the insured's premises, and where the loss or damage is caused by or results from a specified peril or covered cause of loss. For such policies, a government ordered shutdown may not trigger business interruption insurance coverage in the absence of physical damage to the insured property.

Perils Typically Covered

Property insurance coverage is evaluated, in part, based on what specifically caused the physical loss or damage. Some policies identify the specific perils (types of incidents that could cause damage) that are covered such as fire, wind, and vandalism. However, many policies are written on an "open peril" or "all risk" basis, meaning a covered cause of loss is anything that is not otherwise excluded from the insurance policy contract.

Your policy may not cover pandemics or viruses. Viruses and infectious diseases are generally excluded as covered causes of loss in business income coverage.

Common Exclusions

The most common types of perils (causes of loss) excluded from property insurance policies include flood, earthquake, war, wear and tear, pollution, and virus or bacteria.

Common Coverage Triggers

Commercial property insurance policies, including the business income coverage component, typically require direct physical loss or damage to tangible property in order to trigger coverage.

Other Common Coverages

Civil Authority Coverage provides coverage for business income losses when a civil authority prohibits access to the policyholder's premises. Civil Authority coverage requires that the restriction to the business be a result of a direct physical loss insured against in the policy. Civil Authority coverage is usually provided for a limited time, such as 30 days, and is typically subject to a waiting period.

Contingent Business Interruption Coverage provides coverage for a policyholder's business income losses resulting from loss or damage to property owned by others, such as suppliers of goods and services, as long as the cause of damage to the supplier or customer's premises is of the type covered by the insured's own property policy.