

Understanding Business Income Coverage

It is important to understand the coverage provided in your Business Income policy before suffering a loss. Business Income losses often require more time to settle, as compared to other property losses, due to the confusion surrounding coverage availability. Coverage available to insureds through the Irwin Siegel Agency Human Service program are addressed below.

Off-Premises Utility Failure

This covers the actual loss of Business Income and Extra Expense for the necessary suspension of operations and direct physical loss or damage by a covered cause of loss to property not on the premises but used to supply you with services by Water Supply Services, Communication Supply Services and Power Supply Services. Coverage is not provided for Above Ground Transmission Lines.

There is a \$25,000 limit for this coverage and a waiting period may apply.

When submitting a claim for this coverage, include written documentation from the utility provider regarding the dates that service was out.

Business Income & Extra Expense

When the organization suffers direct physical loss or damage to the described premises that are the result of a covered cause of loss, there is coverage for Business Income and Extra Expense that results from the loss.

The Business Income and Extra Expense limit are determined by the insured when the policy is quoted. Coverage is provided until the insured premises repairs are completed or until the business income limit is exhausted.

ISA also offers Extended Business Income Coverage which begins on the date the property is actually repaired, rebuilt, or replaced and operations are resumed. Coverage ends on the date operations can be restored generating the amount of business income that existed prior to the business income loss, or 360 days after the property is actually repaired, rebuilt, or replaced and operations resume, whichever date occurs first. Coverage extends the period of recovery only, it does not increase the limit of insurance for business income.

Civil Authority

This is an additional coverage under the Business Income and Extra Expense section of the property policy. It pays "the actual loss of Business Income and Extra Expense caused by action of civil authority that prohibits access to the described premises (your premises) due to direct physical loss of or damage to property other than at the described premises caused by or resulting from any covered cause of loss." Coverage is provided for 60 days.

In a hurricane situation, coverage would begin once a mandatory evacuation order was in place and end when the mandatory evacuation was lifted. For claim submission, it is important to obtain written confirmation from the proper authorities of the mandatory evacuation order.

Emergency Vacating Expenses

In the event of a property loss, the first concern of an agency is the safety of employees and consumers. ISA's program includes a \$15,000 limit for reasonable expenses incurred during emergency vacating of the premises.

For the purposes of this coverage, emergency means imminent danger arising from an external event or a condition at the described premises which would cause loss of life or harm to patients or residents.

Documentation of expenses associated with emergency vacating must be provided in order to receive reimbursement. Since this is an Extra Expense coverage, reimbursement will be made for expenses that are above normal expenses. For example, if a salary employee normally works an 8 hour day, only the hours paid in excess of 8 hours would be covered.

Request a copy of ISA's Business Income Checklist for help in calculating Business Income or Extra Expense Loss

Note: This document provides a summary of Business Income and Extra Expense policy features only and does not cover all terms, conditions, and limitations. The policy will contain the actual terms, conditions, and limits of the coverage to be provided. If there is a conflict between this document and the policy, the policy will govern in all cases.