

# BUSINESS INTERRUPTION INSURANCE SIMPLY EXPLAINED

## What is Business Interruption Insurance?

Business interruption insurance is designed to protect your business against the financial loss suffered following a property damage claim.

Unlike buildings insurance, which only covers physical damage, business interruption exists to cover the income your business would have received had the incident not happened

Policies will cover loss of profits and or increased costs, as a result of:

- Damage caused to your premises or contents.
- People not being able to get into your business premises
- Damage occurring at the premises of a supplier or customer

## TYPICAL KINDS OF CLAIMS

The two most common causes of business interruption claims are:

- Fires
- Water damage

Ultimately though, business interruption insurance exists to protect your business from any property related incident that affects your ability to trade for example:

- Burst pipes
- Impact
- Storm
- Theft
- Vandalism

## Why do I need Business Interruption Insurance?

Would your business be able to trade if your physical assets suffered substantial damage?

As a sole trader who relied upon on a laptop and internet connection you could probably get up and running quickly, but if you were a large business with machinery and stock you would be more exposed due to the time it would take to relocate or re-equip.

Whilst the stock could be replaced if you had water damage the building could take at least 2- 3 months to dry out. You could lose essential staff, customers and revenue.

Be aware of the indemnity period you choose. This is the time the insurer will cover business interruption losses following any damage.

When choosing an indemnity period, it is important to consider the maximum amount of time it would take for your business to be able to reach the level of profitability it would have been at, had the loss not occurred, not the amount of time you think it will take to get the business trading again.

## What other insurance might you need?

- Professional Indemnity
- Product Liability
- Public Liability
- Building insurance
- Computer Cover

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