

Business Interruption and Property Damage During Civil Unrest

Property damage caused by protest, civil commotion and vandalism is covered under standard insurance policies.

Damage to windows, doors, light fixtures and other items that are part of a building should be covered under the building property coverage included in the policy. Business owners should check with their insurer. Furniture, liquor, glassware office supplies, computers, machinery, and other business related personal property that were damaged or stolen will often qualify for coverage under the business owner's personal property coverage.

Business interruption insurance typically includes civil authority coverage, which provides loss of income that occurs because access to your premises has been prohibited by civil authority, such as a government entity. Curfews are considered civil authority.

Civil authority insurance covers income lost during a limited period of time, typically four weeks. You can extend this time period by paying an additional premium.

Access must be prohibited due to damage by a covered peril to property *not* located at your premises. Some of the lost income is covered during the restricted time period if:

- There is damage to property away from the insured's premises;
- The damage leading to the actions of the civil authority is a covered cause of loss;
- Such damage is within one mile of the insured's premises.¹

Business income coverage is often subject to a waiting period (a type of deductible). The waiting period applies to income losses, including those insured under civil authority coverage. It does not apply to extra expense losses. *A typical waiting period is 72 hours.*

Businesses forced to suspend operations or limit hours due to protests, vandalism or civil commotion, and have business interruption insurance, will be covered.

This coverage is typically triggered by physical damage. For example, if a business is damaged during a civil unrest and must be closed while the damage is being repaired – that qualifies as a business income loss. The mere fact that there is a decline in business due to protests or riots in the area may not be covered.

Companies that incur extra expenses to continue operations while the insured premises is being repaired or replaced may be insured under the extra expense coverage provided in most property policies. Typically, this coverage is afforded for costs incurred to reduce a covered loss of business income.¹

Commercial policy coverage is entirely optional and only 40% of businesses have purchased Business Interruption coverage through a standalone policy or BOP.

A business owner's policy (BOP) often combines property, liability and business interruption coverages for small-to-midsize businesses. Normally, companies with 100 employees or fewer and revenues of up to about \$5 million or less are candidates for a BOP. Some types of businesses, such as restaurants, may be ineligible for a BOP because of the specific risks inherent in the business and may need to consider buying the individual coverages separately. An endorsement or rider can be added to a commercial property insurance policy that will extend the policy's coverage to business interruption losses.

1: [Understanding Business Income Claims During Times of Civil Unrest](#), July 2010, Insurance Journal