

DISABILITY INCOME INSURANCE FOR YOUR STORE

by Linda Carter

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email: LC@the-retail-advisor.com

We are all very aware of the disaster that has affected New Orleans and all its citizens. What you may not be aware of is that up to a half or more of the businesses in that city may be unable to open their doors again. They may have had property insurance but as the months go by their cash reserves will be depleted and they will not have the cash needed to start over. For New Orleans businesses, it may be months before they are even allowed into the city to survey any damage that may have occurred. Then, when they get their business open, it will take months before they can hope to bring their sales volume up to where it was before the disaster.

There is a way to insure these losses. Like a Disability Income insurance policy for individuals, there is an insurance vehicle to replace the business's income during the time the store is closed due to disaster. It is called Business Interruption insurance.

Business interruption insurance compensates you for lost income if your company has to vacate the premises due to disaster-related damage that is covered under your property insurance policy, such as a fire. Business interruption insurance covers the profits you would have earned, based on your financial records, had the disaster not occurred. Reimbursement under business interruption insurance is usually triggered by some kind of damage to the property where the business is conducted. Usually there is a deductible either in a flat dollar amount or a waiting time. If it is a waiting time, it is at least 24 hours, meaning that payments do not begin until the business has been disrupted for a day. Those looking to buy business interruption insurance must purchase additional coverage in the form of special endorsements for the policy to pay for certain emergency events. For example, most business interruption forms do not include coverage for perils such as emergency evacuation by civil authority or a major utility disruption. If these coverages are needed, they must be added by endorsement.

Other endorsements you may need are:

- * Extra Expense coverage needed to get your business up and running quickly, for example an extra trip to market to purchase replacement goods
- * Extended coverage to help replace lost income after the business opens but before the sales volume reaches the same level it had prior to the disaster,
- * Contingent Business Interruption coverage -- losses suffered from loss/damage to property that prevents a supplier from supplying goods and/or services to you, or that prevents customers from accepting goods and/or services from you.
- * Services Interruption/Off Premises Power coverage -- losses suffered from loss/damage to the property of any service provider including electrical equipment & systems, fuel, water, gas, liquid gases, sewage, steam, telephone, fiber optic cable, telecommunications, heating, refrigeration and/or air conditioning systems, or utility plants
- * Interruption by Civil or Military Authority coverage: losses suffered when, as a result of loss, damage, or other event, access to your property is restricted by order or action of civil or military authority.

* Ingress/Egress coverage -- losses suffered when, as a result of loss, damage or other event, entry to or exit from your property is impaired.

If you do not have Business Interruption Insurance, get it. If you do have it, review your coverage with your insurance agent to make sure you are covered for all your risks.

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510 Red Oak, Allen, TX 75002
Phone: 877-206-1299