

Business Interruption Insurance Coverage and COVID-19

The Bureau of Insurance encourages you to read your business interruption insurance contract carefully to understand the coverage it provides. The following information may be helpful as you read your contract:

- Typically, business interruption insurance coverage is triggered when the policyholder sustains: (1) physical damage, (2) to insured property, (3) caused by a covered peril, (4) resulting in quantifiable business interruption loss, (5) during the time it takes to restore the damaged property.
- **Business interruption policies typically exclude viruses and bacteria and/or communicable disease.**
- Business interruption coverage is designed to protect businesses against income losses sustained because of disruptions to their operations after a physical loss or damage has occurred. The coverage typically indemnifies the insured for the loss of revenue that would have been earned if there had been no business interruption. The coverage also pays for continuing normal operating expenses incurred during the time it takes to restore the damaged property.
- Contingent business interruption coverage provides insurance for financial losses resulting from disruptions to a business's customers or suppliers, typically requiring that the underlying cause of damage to the customer or supplier be of a type covered for the business's property.

Virus and Disease

- Business interruption policies typically exclude viruses and bacteria and/or communicable disease.
- The exclusions generally state that there is no coverage for loss caused by or resulting from any virus, bacterium, or other microorganism that induces or can induce physical distress, illness, or disease.
- Viruses and disease coverage may be available if this protection is specifically stated as covered by the policy.

Civil Authority Coverage

- Civil authority coverage is another additional coverage that may be purchased as a part of business interruption coverage. This coverage is provided for losses caused by the forced closure of property by a civil authority. This coverage typically applies when an insured is unable to access its property due to a government order because of physical damage to adjacent or nearby property. This coverage also typically requires physical damage to property as the trigger. If the policy requires physical damage to adjacent or nearby property and the insured cannot establish a causal connection between the government order and that physical damage, then there likely will be no coverage.

This explanation does not represent an evaluation or interpretation of coverage of an individual consumer's policy. It is intended for general informational purposes only.