

Business Interruption Insurance

Concept- The object is to restore the business to financial position that would have been achieved had the peril insured against not happened. To avail benefits of this insurance, insured should first have material damage insurance policy (e.g. Fire Insurance Policy). Business Interruption Insurance helps to preserve the financial stability of the business by covering the anticipated earnings made from the use of insured's assets or business.

Coverage - Before Business Interruption Insurance can operate, material damage must occur resulting in an interruption affecting the business. Policy will not operate unless:

- There is a material damage insurance in force (e.g. Fire Insurance) covering the insured's interest in the property at premises specified and such damage resulting from a peril insured which caused the said interruption.
- The material damage insurers have paid or admitted liability for damage.

Sum Insured - An adequate amount for the period chosen and depending on the net profits, standing charges of the insured's business, such as wages, rent etc.but items like additional cost of working can also be covered.

Basis of Indemnity - This depends on the indemnity period chosen by the insured which usually does not exceed three years from the date of the damages affecting the business and during which the policy protection operates. Assessment of the indemnity is based on the value of stock immediately before the damage and compensation is calculated on the percentage basis for loss suffered by each item as mentioned in the policy.

Premium rating - Calculated at a rate percent on the sum insured.

Subject otherwise to the terms, conditions and exclusion of the Policy.