



Riots and Business Insurance

Due to the social unrest occurring across various parts of our country, Avalon has received numerous inquiries regarding coverage under business insurance policies. During this troubling time, there may be some comfort in knowing that property damage caused by rioting, civil commotion and vandalism is generally covered by most policies.

Damaged Buildings and Business Property

Damage to buildings and business property caused by the perils of riots or civil commotions is typically covered under most business owners and commercial insurance property policies. Other losses such as theft of property by forcible entry and vandalism are typically covered as long as the premises are not considered vacant. Please note that certain types of damage, such as to windows, signs, doors, plantings, etc. may be subject to special conditions or limits.

As a reminder, each claim will be reviewed on its own merits by the insurance company for coverage determination.

Keep in mind, because of COVID-19 many employees have been working from home. Most policies do have Vacancy Conditions which restrict coverage in connection with buildings/offices that have been vacant for a specified number of days (typically, 60 days). Some insurance companies have not officially provided any guidance as to how they would enforce the vacancy provisions. Some have said that they will take into consideration vacancy due to government order, while others have offered more specific solutions, such as endorsements. Avalon's Business Insurance policyholders with certain markets may receive additional information on solutions available for vacancy issues.

Business Income & Extra Expense Coverage

Many businesses have been forced to close or significantly limit their hours due to rioting and civil commotion. Therefore, their income has been considerably affected. In order for there to be coverage for loss of income due to this reason, under most policies, the following are generally considered:

- The insured's location would have had to suffer a physical loss, such as rioters set fire to the building.
- The area immediately around the insured's business has had access limited or restricted by action of the civil authority due to loss or damage to property (other than insured's premises) due to a covered peril AND the action of the civil authority is taken in response to dangerous conditions or the civil authority needs unimpeded access to the area. The radius is generally one mile of the insured premises.
- If the civil authority has limited access to the area surrounding the insured's business, then the insured may be able to claim loss of business income for up to 4 weeks *even if* the insured's premises sustained no actual loss.

In an ordinary situation, the Business Income & Extra Expense coverage would only be activated in the case the business was shut down due to the physical damage to insured's premises by riot, civil commotion, etc. There is a 72-hour waiting period for most policies, but this varies by insurer.

Shipper's Interest Coverage, also known as Marine Cargo Insurance

Marine cargo insurance is written to provide coverage for physical loss or damage from external causes. These policies would typically respond to physical loss or damage caused by people participating in a strike, labor disturbance, riots, and civil commotions. Coverage is provided for physical loss or damage to insured property directly caused by vandalism, sabotage, and malicious acts.

Business owners understand that including insurance is an essential element to an overall business plan. With a business owner's policy (BOP), small to midsize businesses can obtain comprehensive coverage combining property, liability, and business income. Endorsements are available to some commercial property insurance policies to extend coverage for business income losses. Talk to your Avalon Representative to review your coverage and answer any questions that you may have. We are always here to assist with your business insurance. You may also visit our website at:

www.avalonrisk.com.

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