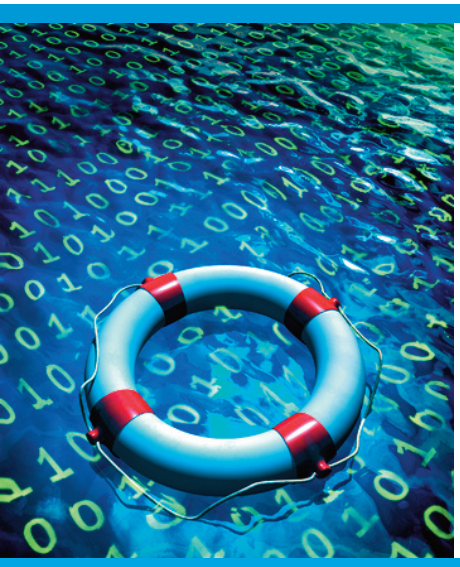

bi(PREPARED!)

[the business interruption e-source]

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BUSINESS INTERRUPTION CONSULTANTS, INC.

END THE CONFUSION ABOUT BI

Business interruption insurance, also known as business income insurance, is a type of property insurance. A business whose property has sustained a direct physical loss such as fire damage or a damaged roof due to a tree falling on it in a windstorm and has to close down completely while the premises are being repaired may lose out to competitors. A quick resumption of business after a disaster is essential. That is why business interruption insurance is so important. There are typically three types of business interruption insurance. A business can purchase any one or combination of these.

- **Business Income Coverage:** Compensates for lost income if a company has to vacate its premises due to disaster-related damage that is covered under the property insurance policy. Business income insurance covers the profits the company would have earned, based on financial records, had the disaster not occurred. The policy also covers operating expenses, such as electricity, that continue even though business activities have come to a temporary halt.
- **Extra Income Coverage:** Reimburses the company for a reasonable sum of money that it spends, over and above normal operating expenses, to avoid having to shut down during the restoration period.
- **Contingent Business Interruption Insurance:** Protects a business owner's earnings following physical loss or damage to the property of the insured's suppliers or customers, as opposed to its own property.

This article is credited to *The Insurance Handbook*, page 10, Insurance Information Institute.

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ARE YOU PREPARED?

FOR HURRICANE SEASON? ...FLOOD? ...FIRE?

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Don't allow your business become another casualty of the next unknown disaster.

Be Prepared! Be Protected!™

Get the Facts!

HOT ATLANTIC COULD HEAT UP HURRICANE SEASON

The tropical Atlantic is hotter than ever, leading hurricane forecasters to maintain their predictions for an active hurricane season, despite its slow start. Tropical Atlantic sea temperatures have been 2 to 3 degrees warmer than normal since April. Paul Walker, senior meteorologist for Accuweather.com, said conditions for the hurricane season to fully begin have not come together. Dennis Feltgen, spokesman for the National Hurricane Center, said tropical waves are just now beginning to increase in strength and frequency. Global weather patterns are shifting due to La Nina. This means that sea surface temperatures in the tropical Pacific are cooling, which causes a shift in global rainfall, resulting in less wind shear in the Atlantic. Wind shear, which tears forming tropical storms apart, increases across the Atlantic in El Nino years, resulting in fewer hurricanes. In May, the National Hurricane Center predicted 14 to 23 named storms this year, with three to seven growing into major hurricanes. The center's next forecast will be released on August 5.

This article credited to Kate Spinner, Sarasota (FL) *Herald-Tribune*, 7/20/10, Page N/A as reported in *Insurance Daily Digest*, 7/23/10, from The Insurance Information Institute.

Business Interruption Consultants, Inc. has opportunities for experienced sales consultants!

RESPONSIBILITIES INCLUDE: promotion & sale of website and company services to commercial property insurance agencies.

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CATASTROPHES: INSURANCE ISSUES

The term "catastrophe" in the property insurance industry denotes a natural or man-made disaster that is unusually severe. An event is designated a catastrophe by the industry when claims are expected to reach a certain dollar threshold, currently set at $25 million, and more than a certain number of policyholders and insurance companies are affected.

Disaster losses along the coast are likely to escalate in the coming years, in part because of huge increases in development. One catastrophe modeling company predicts that catastrophe losses will double every decade or so due to growing residential and commercial density and more expensive buildings.

There have been four catastrophes that fall into the mega catastrophe category, greatly exceeding the $25 million threshold. The first two, Hurricane Andrew (1992) and the Northridge earthquake (1994), were both watershed events in that they were far more destructive than most experts had predicted a disaster of this type would be. The third, the terrorist attack on the World Trade Center in 2001, altered insurers' attitudes about man-made risks worldwide. Hurricane Katrina (2005), the fourth catastrophe, is not only the most expensive natural disaster on record, but also an event that intensified discussion nationwide about the way disasters, natural and man-made, are managed.

This article is credited to *The Insurance Handbook*, page 10, Insurance Information Institute.

(FUNNY!)

[a little insurance humor]

"Did I Get What?"

Rodney Fullofit walks into an insurance office and asks for a job. We don't need anyone he was told.

"You can't afford not to hire me," Rodney said. "I can sell anyone, anytime, anything!"

"Well we have two prospects that NO ONE has been able to sell. If you can sell just one, you have a job."

He was gone about two hours. He returned and handed them two checks, one for $25,000 and another for $50,000.

"How in the world did you do that?" they asked.

"I told you I'm the world's best salesman," Rodney said. "I can sell anyone, anywhere, anytime!"

"Did you get a urine sample?" they asked.

"What's that?" he asked.

"Well, if you sell a policy over $20,000, the company requires a urine sample. Take these two bottles and go back and get urine samples."

Rodney was gone about six hours, and they were getting ready to close when he walked in with two five gallon buckets, one in each hand. He set the buckets down, reached into his pocket and produced two bottles of urine. He set them on the desk and said, "Here's Mr. Brown's and this one is Mr. Jones's".

"That's good," they said, "but what's in those two buckets?"

"Well, I passed by the Holiday Inn and they were having a state teacher's convention, so I stopped and sold them a group policy!"

[Send us your insurance jokes for a chance to be in our next newsletter at info@bisimplified.com]

BE INFORMED!

The Department of Homeland Security/FEMA is asking all entities to "voluntarily" develop their disaster preparedness plans and is requiring it for all government vendors/contractors. Be ready for the next business opportunity or when disaster strikes. For assistance writing or reviewing your contingency plan, **contact Business Interruption Consultants: info@BISimplified.com. Be Prepared! Be Protected!™**

PLEASE CONTINUE TO GIVE US YOUR COMMENTS AND ASSOCIATED ARTICLES ON TOPICS OF INTEREST.

WE WELCOME YOUR INPUT!

Send us your comments, questions and jokes to be published in upcoming issues.

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