

Has Your Business Suffered a Loss from Hurricanes Harvey or Irma? I.I.I. Offers Five Steps for Filing an Insurance Claim

Learn what is—and is not—covered by your
business insurance policy

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NEW YORK, September 12, 2017 — Business owners who have suffered damage due to Hurricane Harvey or Irma should contact their insurance professional as soon as possible to get the claims process started, according to the [Insurance Information Institute](#) (I.I.I.).

“Businesses are extremely important to the U.S. economy because they provide both goods and services and jobs, so it’s vital they are up and running swiftly after a disaster,” said I.I.I. CEO [Sean Kevelighan](#). “As an economic first responder, the insurance industry is there to help businesses bounce back from disasters like Hurricane Irma.”

The I.I.I. recommends that business owners take the following steps to start the claims process:

1. Make a list of damaged property; take photos or video—the more detailed the better. Collect business records that are needed to prove the value of damaged equipment, inventory or structures that you are including in your insurance claim.
2. For business income (also known as business interruption) claims, you will need proof of revenue the business was generating both before and after the interruption began. These include revenue or sales documents, expense documents, profit and loss statements, inventory reports, business plans, etc. You'll also want to include budgets or forecasts and other documents that demonstrate the projected income of your business. This will enable you to work with your insurer to determine the amount of potential business income lost.
3. Be prepared to show the adjuster the damaged property as well as financial records or other documents. Note that there may be more than one adjuster, depending on the type of business coverage you have.
4. Get at least two bids from contractors for repairs to your business's structure. And get estimates on the cost of replacing contents and inventory.
5. Keep copies of all correspondence regarding the claim and note the name, title and phone number of everyone you speak with.

For more details, see [Filing a business insurance claim](#).

What is—and is not—covered

As a business owner, it is also important to understand what is and is not covered by insurance, and the various coverage options available to protect your business.

Wind damage

Property damage is typically covered under a Business Owners Policy (BOP) or through a Commercial Multi-Peril (CMP) policy. Most commercial property policies provide either:

- *Replacement cost coverage* - pays to rebuild or repair the property, based on current construction costs.
- *Actual cash value coverage* - pays to rebuild or replace the property *minus* depreciation—a decrease in value due to wear and tear or age. With actual cash value coverage a business may not be in a position to completely rebuild.

Business income insurance (also known as business interruption), is typically included in a BOP or CMP and provides coverage for:

1. Revenue lost due to the closure.
2. Fixed expenses, such as rent and utility costs.
3. Expenses of operating from a temporary location.

To receive appropriate reimbursement from business interruption coverage, *there must be direct physical damage* to the property resulting from an insured event. Be aware that there is

generally a 24- to 48-hour waiting period before business income coverage kicks in.

Determining a business interruption loss involves establishing what the business would have earned had the loss not occurred. Insurance companies take into account past tax returns, profit and loss statements, projected sales and non-continuing expenses. Businesses that rent or lease a building can purchase tenant coverage, which insures on-premises property, including machinery, furniture and merchandise. The building owner's policy will *not* cover contents.

Businesses that were shut down due to utility interruption will have coverage if they purchased the optional utility service interruption endorsement to their business or commercial policy. The interruption in utility service must also result from direct physical loss or damage by a covered peril to the type of property you have elected to cover (water, communications or power services supply). Damage caused by power surge, however, is excluded.

Except in counties on the coast, most commercial property policies cover damage from windstorms. Companies may exclude windstorm coverage from property insurance policies in [14 coastal counties and parts of Harris County](#), Texas. If your business is in one of these counties, you may need to file a claim with the Texas Windstorm Insurance Association (TWIA). You can begin the claims-filing process by calling TWIA's 24-hour Claims Center at 800-788-8247 or filing online at www.TWIA.org/claimscenter.

In Florida, businesses that purchased windstorm coverage through the [Florida Citizens Property Insurance Corporation](#) can contact Citizens Claims Hotline at 866-411-2742.

Flood damage

Small businesses that suffered flood losses will have coverage under the federal government's [National Flood Insurance Program](#) (NFIP), if they purchased a flood insurance policy. The NFIP commercial policy provides up to \$500,000 on the structure and \$500,000 for contents. However, there are limits and business interruption insurance is not included. Private commercial flood policies, available through the standard insurance market, do cover these losses.

Related links

Facts and Statistics: [Catastrophes](#)

Articles: [When disaster strikes: preparation, response and recovery](#); [Does my business need flood insurance?](#); [Protecting your business against contingent business interruption and supply chain disruption](#).

Resources:

[Florida Office of Insurance Regulation](#)

Citizens Property Insurance Corporation

Insurance Institute for Business & Home Safety

Insurance Council of Texas

National Flood Insurance Program

Small Business Administration

Texas Department of Insurance

Texas Insurance Windstorm Association

The I.I.I. has a full library of educational videos on its [You Tube Channel](#). Information about I.I.I. mobile apps can be found [here](#).

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