

FOR YOUR CONSIDERATION

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COMM. MIKE CHANEY: UNDERSTANDING BUSINESS INTERRUPTION INSURANCE

By Insurance Commissioner Mike Chaney

JACKSON, Miss. – My office continues to get questions daily about how the Coronavirus (COVID-19) is impacting businesses. Business interruption insurance is vitally important to a strong economy at any time but especially given our current circumstances.

Businesses generally purchase insurance to protect themselves from potential losses. Business interruption or business income insurance coverage are examples of those types of insurance coverage and are usually offered as a supplement (Supplemental Policy) to a business owners property insurance policy to recover financial losses that may result from an interruption or cessation of the business' operations.

Extra Expense coverage is additional coverage that may be purchased as a part of business owners' business interruption or business income coverage. Extra expense coverage is complementary to business interruption insurance coverage. It is designed to compensate the business owner for those necessary extra expenses to operate while the business is being repaired to enable the insured to minimize suspension or interruption of the business' operations.

Civil Authority Coverage is also additional coverage under a business owner's policy. It covers situations where the business has not been damaged but has been ordered to shut down by civil authorities.

With the outbreak of the Coronavirus, some business owners may be wondering whether their insurance policies cover losses resulting from a business shut down or other losses related to the Coronavirus. Under the business interruption or business income policy, there likely is no coverage as losses occurring as a result of a virus or bacteria are typically excluded by admitted companies. Non-admitted companies, aka as Surplus lines carriers, may not have the same exclusions in their all peril policies.

This is my advice: Business owners with questions about their coverage should read their policies and contact their agent/broker or insurer directly for assistance. They should consider whether it is in their best interest to file a claim. They should also consider financial stimulus options that may be available from both Federal and State governments.

It's important to note that, while the Mississippi Insurance Department often helps consumers as an

advocate in the claims process, we do not have the authority to require insurers to extend coverage under existing policies the owner may have, especially if there are specific exclusions of Business Interruption coverage.

The Mississippi Insurance Department is here to assist you. Please call my office at 601-359-3569 or email consumer@mid.ms.gov with your questions.

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