

Understanding Your Insurance Coverage for Business Interruptions

Business interruption usually occurs due to property damage caused by extreme weather or events such as fires or floods.

But business interruption that doesn't involve physical damage can prove just as disruptive to your company.

Countless businesses around the world recently experienced massive nonphysical losses when they were forced to shut down due to COVID-19. Although their physical structures remained intact, the situation was far from business as usual.

INTERCONNECTED WORLD

Pandemics are just one of the perils you need to worry about. In today's interconnected world, non damage causes of business interruption are becoming a major issue. These disasters include:

- Cybersecurity attacks
- Product recalls
- Weather-related disruptions
- Regulatory risks
- Reputational damage
- Violence, terrorism and mass shootings



In the past, these types of perils were essentially uninsurable. But **Non Damage Business Interruption (NDBI)** policies can help fill the gaps.

CAN YOUR BUSINESS BENEFIT?

Any company that needs to reduce its uninsured and potentially unidentified risks should consider NDBI insurance.

As we saw during the pandemic, small businesses can be hit particularly hard by NDBI events if they can't open their doors for a while. That's because they tend to have small (or nonexistent) cash reserves.

Many businesses can benefit from NDBI insurance, including:

- Retailers
- Hotels and restaurants
- Pharmaceutical firms
- Aviation and other transportation companies

LOST REVENUE PROTECTION

With an NDBI insurance policy, you can cover everything from profit losses to extra expenses. And your business may be protected against lost revenue due to the disruption.

NDBI coverage can help protect you against natural catastrophes like pandemics and volcanic eruptions (which may disrupt your business for a long time even if you experience no physical damage).

It can also protect you against regulatory risk. For example, you might experience losses if a regulatory agency shuts down a supplier.

CUSTOMIZABLE SOLUTIONS

There is no one-size-fits-all solution. NDBI covers can be stand-alone or added to an existing business interruption or property policy.

Consult with your insurance broker to identify potential disruptions of your income stream that don't involve physical damage, and ask if an NDBI policy is right for your business. Don't wait until the next unexpected event rolls around.

If you have questions specific to your business, or would like additional information, please reach out to your HK Henderson Advisor.

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Saskatoon
Regina
Moose Jaw

hkhenderson.ca
info@hkhenderson.ca
1.888.661.5959

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