



Sustainable Business: Business Interruption Insurance & Continuity

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Contents

- The Need for Business Continuity Planning
- Business Continuity Plan
- Business Income Coverage
- Properly Valuing Operations for Coverage and Quick Recovery
- Wrap Up and Questions



Two Components for Minimizing Business Disruption and Loss

Business Continuity Plan

- Designed to prevent failure
- Risk inclusive
- Works to avoid big losses
- *There still may be loss*
 - Reaction time
 - Strategies
- Components support determination of Insurance need

Business Income Coverage

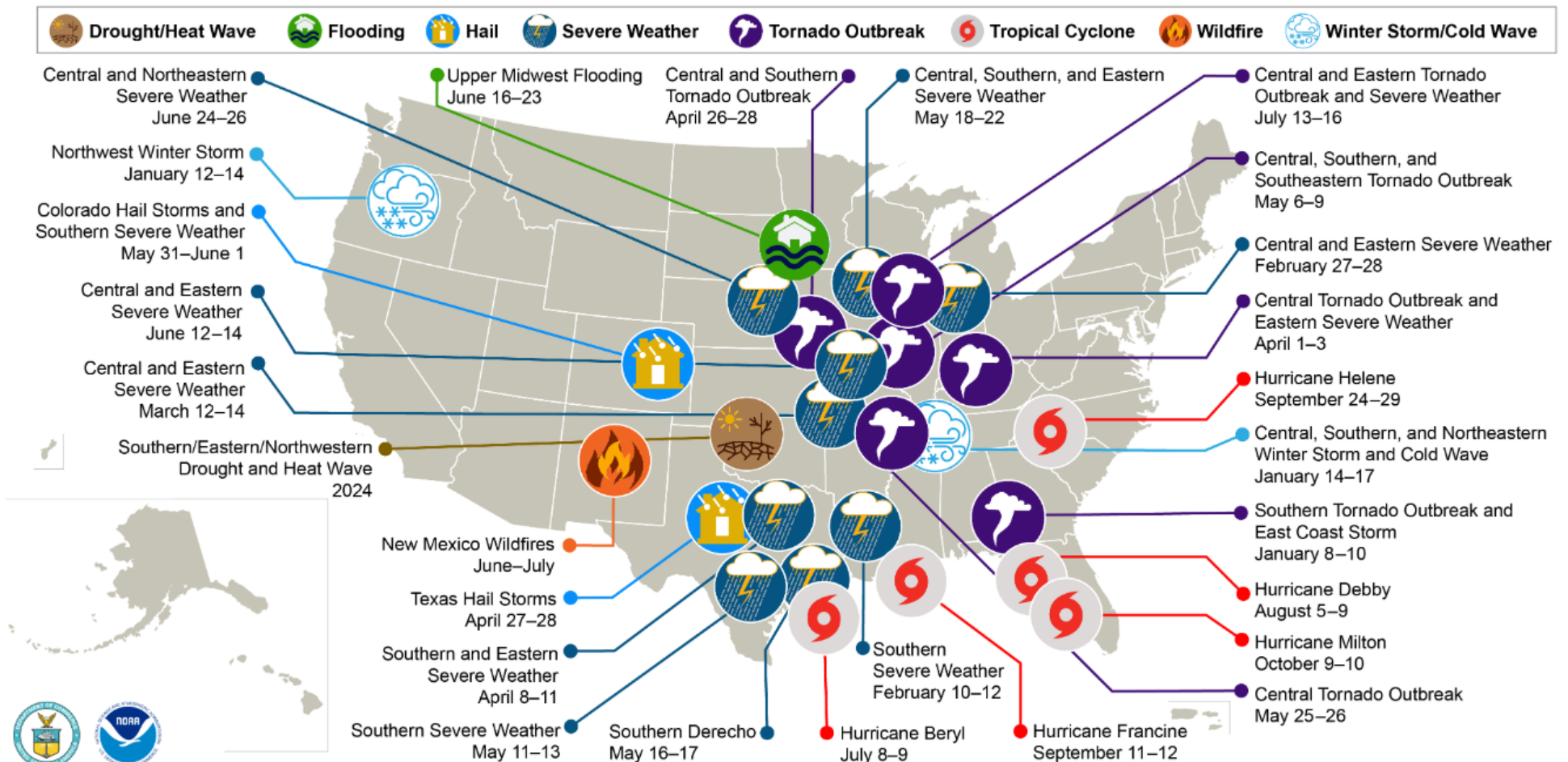
- Insurance designed for failure
- Risk specific
- Property
- Business Interruption
- Contingent Business Interruption
- Only works when there is a loss
- Increases business survival



The Need for Business Continuity Planning

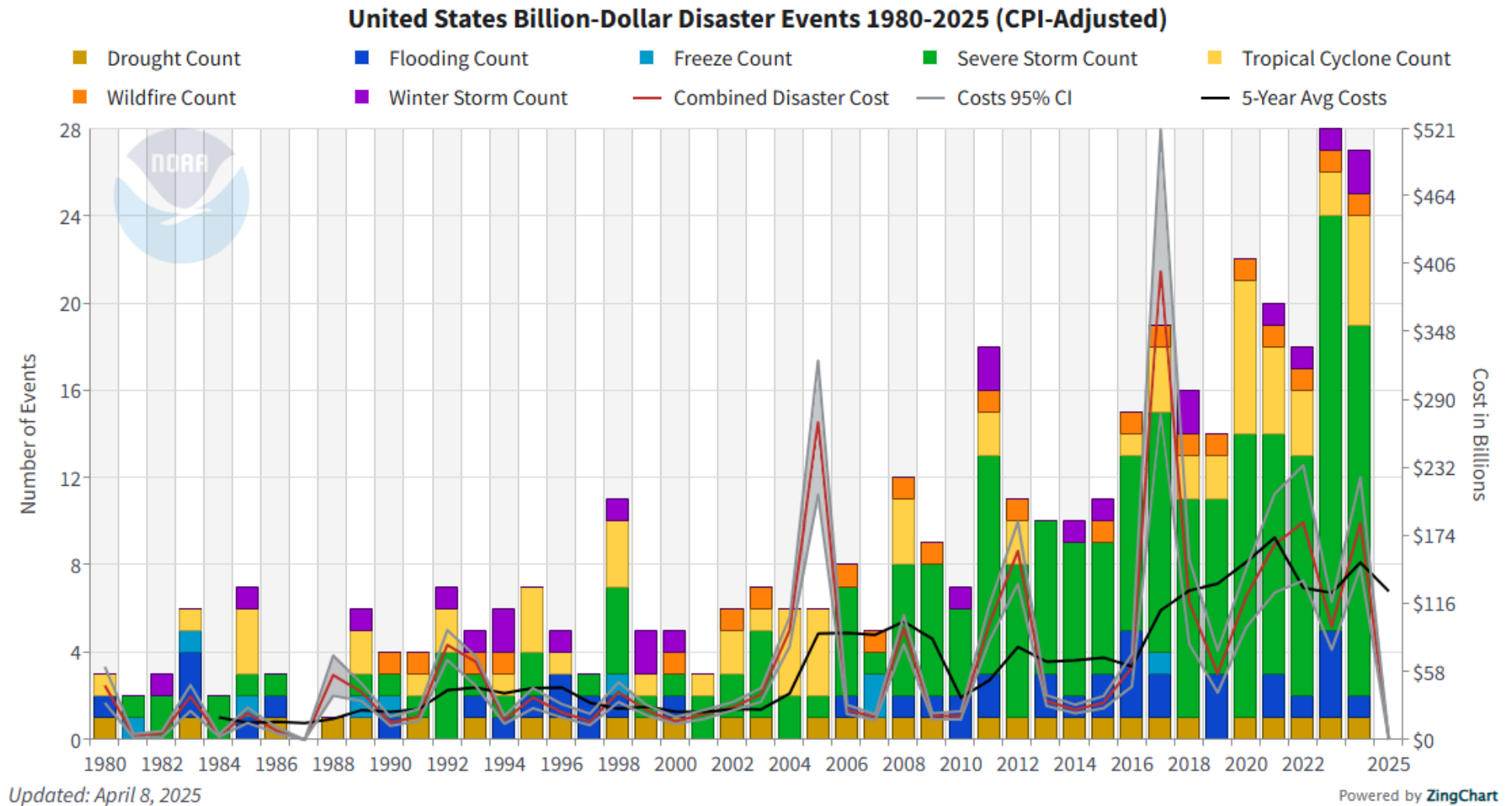
Why Are Business Continuity Plans Important?

U.S. 2024 Billion-Dollar Weather and Climate Disasters



This map denotes the approximate location for each of the 27 separate billion-dollar weather and climate disasters that impacted the United States in 2024.

Increasing Frequency, Increasing Cost



Additional Threats Impacting Business Continuity



Source: <https://www.deskera.com/blog/business-continuity-plan-bcp/>

Impact on Small Businesses

Majority of businesses that never reopen are small businesses:

99.7%

of all employers

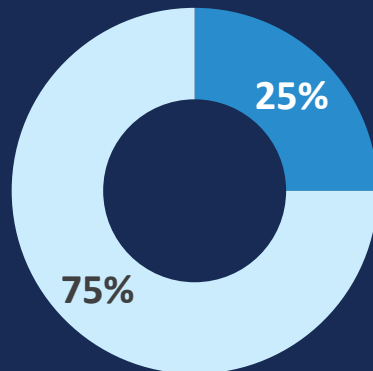
65%

of net new jobs

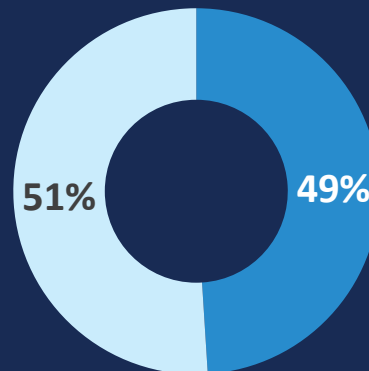
97.5%

of all U.S. exporters

**75% of Small Businesses have
NO Business Continuity Plans**



**51% of Businesses Globally have
NO Business Continuity Plans**



- Business Continuity Plans
- NO Business Continuity Plans

Real-World Business Continuity Plans in Action

Success

Karmak
Ransomware
Attack

Marriott
International
Data Breach

German
Telecom Giant
Fire

Failure

HSE (Ireland)
Ransomware
Attack

City of Atlanta
Ransomware
Attack

NHS Foundation
Trust
Ransomware
Attack

Examples in the News

- AT&T Outage in 2024
- Fire damages OVHcloud's data center
- COVID-19
- Fire destroyed office Building of Cantey Technology, a managed services provider (MSP)
- Marketing firm in Southeast Texas recovers after Hurricane Harvey
- Flooding forced Buffalo Trace Distillery to close for 10 days.



Lessons Learned

- Proactive planning is crucial
- Cybersecurity is a major concern
- Legacy systems pose risks
- Employee training is important
- Clear communication is key



Business Continuity Plan Planning for a Quick Recovery

Top 5 Reasons to Establish a Business Continuity Plan

1

Legal & Regulatory Compliance

- Industry Sector Specific
- Negligence – “failure to prepare” and “failure to plan”

2

Demands by Organizations for their Vendors

3

Maximize Insurance Coverage

4

Reputation & Resilience Management

5

Standards

What is a Business Continuity Plan?

NFPA 1660

An ongoing process to ensure that the necessary steps are taken to identify the impact of potential losses and maintain viable recovery strategies, recovery plans, and continuity of services.

BCI/DRJ

The process of developing prior arrangements and procedures that enable an organization to respond to an event in such a manner that critical business functions can continue within planned levels of disruption.

ISO 22301

The capability of an organization to continue delivery of products within acceptable time frames at predefined capacity during disruption.

Business Continuity Plan in Action

- Improves decision-making
- Reduces lost time and protects profits
- Keeps critical elements of your business in operation
- Analyzes risks and mitigate dangers
- Covers all major events and emergencies
- Implements team responsibilities

Business Continuity Plan Components



Creating a Business Continuity Plan



Strategies Within a Business Continuity Plan

- Cold vs Hot site
- Data back up
- Vendor Agreements
- Additional locations
- Temporary staffing
- Regulatory requirements
- Business continuity (aka business interruption) insurance

Having no plan is a strategy

Barriers to Implementation

- Lack of leadership support
- Lack of resources
- No experience of loss
- Perceived small gains
- Inability to properly value business and business operations



Business Income Coverage in Commercial Insurance

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Important considerations for Business Income Insurance



Understanding coverages available, gaps in coverage, and how to reduce risk with each exposure



Policy limits should be sufficient to cover a large amount of time to rebuild



Price of coverage depends on the risk of disaster to the premises.



BI insurance cannot be purchased on its own; it must be added to a Property Insurance policy or included in a Business Owner's Insurance policy



Business Interruption coverage can differ significantly, it is important to understand the policy terms, such as exclusions, coverage limits and waiting periods.



Waiting Period Deductible important to consider in Business Continuity Strategies

Business Income Coverage

- Covered perils
- Importance for business operations

Business Income Coverage is designed to compensate businesses for lost income due to interruptions caused by covered perils, such as fire or natural disasters.

How Business Income Coverage Responds

- Financial support for lost income
- Covering operational expenses
- Continuing payroll expenses

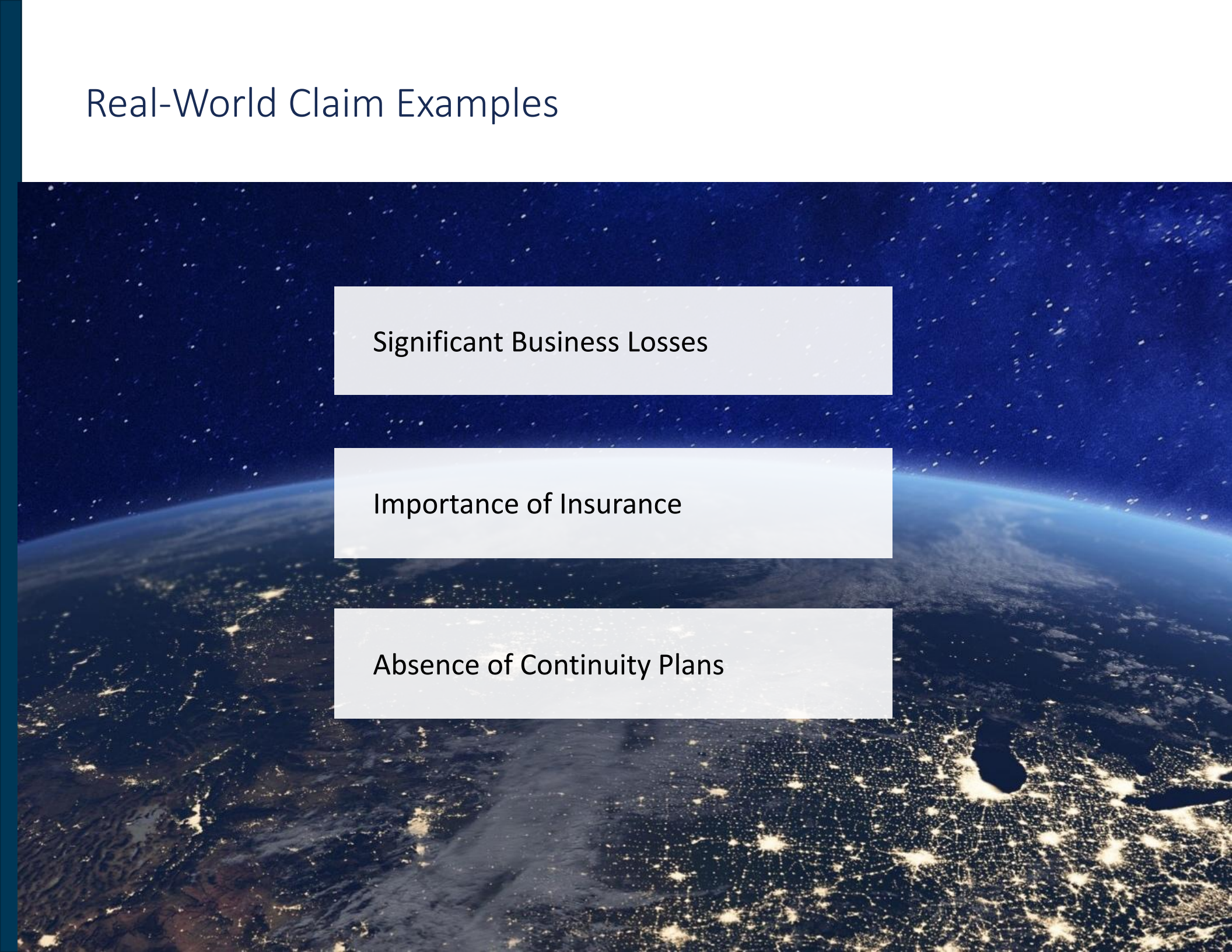
Common Policy Language

- Importance for business owners
- Key insurance terms and definitions
 - Period of Restoration
 - Actual Loss Sustained
- Navigating policy details

Importance of Extra Expense Coverage

- Business continuity planning
- Temporary facilities
- Customer relationship preservation

Real-World Claim Examples



Significant Business Losses

Importance of Insurance

Absence of Continuity Plans



Case Study: Restaurant Fire

Impact of the Fire

The fire closed the restaurant for several months, significantly impacting its operations and financial health.

Financial Losses

Without business interruption insurance, the owner faced substantial losses in revenue and employee wages.

Risk of Bankruptcy

The financial strain from the incident led to potential bankruptcy for the restaurant owner, highlighting the need for insurance.



SHOP CLOSED
FOR WATER DAMAGE!
SORRY

Case Study: Flooded Retail Store

Impact of Flooding

The flooding caused extensive damage to inventory and infrastructure, leading to significant financial losses.

Business Continuity Plan

The absence of a solid business continuity plan left the store vulnerable to such disasters, demonstrating the need for preparedness.

Need for Insurance

Without business interruption insurance, the owner faced serious financial hurdles that could jeopardize the future of the store.

Importance of Business Income Coverage

Financial Health Protection

Business income coverage safeguards a company's financial stability during unexpected interruptions, ensuring operational continuity.

Understanding Policy Language

Comprehending policy language is crucial for effective coverage. It helps businesses make informed decisions regarding their insurance needs.

Business Continuity Plan

A robust business continuity plan can significantly reduce losses and facilitate quicker recovery from disruptions.



Properly Value Operations for
Coverage & Quickly Recover



Why *Properly* Value Operations and Income?

- Data collected to value operations and drive strategy selection for business continuity
- Following a major loss, revenue is a thing that businesses cannot do without.
- **Most businesses underestimate the time it takes to return to normal operations**

Educated Selection of Strategies

- Business income worksheets for both BI application and in business continuity planning.
- Ordinary Payroll Coverage assists in the retention of valued employees
- Seasonal Variation of revenue identification may support different decision making
- Dependent business income sources can be identified
- Extra Expense identifies expenses that may be insured



Key Takeaways

- Proper valuation is crucial
- Fully understand your coverage gaps, policy limits, and importance of purchasing business interruption insurance
- A Business Continuity Plan will improve decision making, reducing lost time, protecting profits, and maintaining critical business operations in the event of a disaster
- Disasters and business interruptions will occur
- Cybersecurity is critical
- Having no plan is a plan

Wrap Up and Questions

Resources

- [McGriff Weathering the Storm Guide](#)
- [How to Minimize Business Interruption During Hurricane Season](#)
- [MMA 2025 Business Insurance Trends Report](#)

Websites

Cape Cod Commission:

www.capecodcommission.org/our-work/business-recovery-planning/

Disaster Recovery Institute International (DRI):

www.drii.org

Ready.gov:

www.ready.gov/business

Open for Business:

www.disastersafety.org

Business Continuity Institute:

www.thebci.org



Never settle for less.

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