



## **Risk Alert**

### **Business Interruption and Extra Expense**

As Fund members begin the recovery process from Hurricane Harvey the Fund's Claims Adjusters are ready to help. As you identify and quantify the extent of your losses be sure to consider the loss of income to the center as a result of temporary disruption of services caused by damaged property. An important part of the coverage afforded Fund members is for loss of income brought about by an interruption of the member's business. Damage to property might also trigger Extra Expense coverage. Extra Expense coverage applies to extraordinary expenses incurred to mitigate damage and/or to restore services.

After Hurricane Ike, several members were significantly affected by that storm. One member was essentially out of business for a short time and unable to derive income from the services to its clients at several of its damaged facilities near the Gulf coast. "Loss of Revenue/Business Interruption" coverage will reimburse a member for lost revenue up to \$1,000,000 that can be reasonably documented during the period of business interruption. If a mental health facility is closed by storm damage and clients cannot be seen during the period of restoration, the documented loss of revenue would be covered by the "Business Interruption" coverage. If the mental health facility can resume operations more quickly in a vacant storefront at a nearby shopping center, the cost of rent and utilities paid by the member to resume services would also be covered up to \$1,000,000 under Extra Expense. The process of determining the extent of loss is based on historical records, the costs that do not continue during the period of interruption and fixed ongoing expenses that do continue.

The Fund's Claims Adjusters are ready to handle claims from Hurricane Harvey for you including any potential loss of income caused by covered damage to your premises. The handling of business interruption claims is quite different from more simple property damage claims so we request your cooperation and patience. Very complicated Business Interruption claims may require involvement by forensic accountants who specialize in this type of claim. Good business records that cover ongoing expenses, past history of income for similar periods and expenses you incur to try to get back in business will help the adjuster achieve a fair result for the center and the Fund.

*Note that Business Interruption and Extra Expense coverage would not apply to losses covered under separate flood policies placed outside the Fund with the National Flood Insurance Program.*