

## About Us

Venbrook Insurance Services is one of the most experienced property and casualty insurance brokerage firms in the state.

We are proud to have an experienced team of employees serving some of the region's finest businesses. This team represents the full array of property and casualty insurance carriers. Their knowledge and experience have earned the trust of many small and large firms throughout the area.

Many business owners fail to consider how they would manage if a fire or natural disaster rendered their business premises temporarily unusable. According to the Federal Emergency Management Agency (FEMA), almost 40 percent of all businesses that close down following a disaster never open again.

With advanced planning, there are measures you can take to protect your company's bottom line. To safeguard your business, consider business continuity coverage, an insurance coverage added to your property package that funds the restoration of your business operations after a loss.

### Venbrook Insurance Services

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## Business Continuity Insurance



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Bottom Line

Time to Review Your Business Continuity Insurance



# Types of COVERAGE

There are three types of business continuity coverage and specific items to consider for each:

## Business Income

This is designed to replace income your business would have incurred had no loss occurred. Business income is generally defined as the net profit or loss before taxes, plus continuing normal operating expenses, including ordinary payroll (payroll for employees other than officers, executives, department managers or employees under contract). Coverage is generally limited to the loss of income sustained until the property is restored, and/or a specific timeframe following the loss.

### Specific Items to Consider:

- It's important to review ordinary payroll annually. In the past, manufacturers chose not to insure their direct labor costs—unskilled labor was easily replaced. Consider if that's still true in your marketplace today.
- Review your projected timeframe for resuming business. After a major loss, getting up and running takes much longer than you may anticipate and can cost much more, too.
- You may be back in business but your customers are still going to your competitor. An Extended Period of Indemnity extension may be necessary to give you more time to restore your business to pre-loss level.

## Extra Expense

This is designed to pay for necessary expenses incurred during the period of restoration of the property. Extra expenses include those necessary

to continue operating the business at its original location or at a temporary replacement location until the original location is repaired.

### Specific Items to Consider:

- Not all businesses would lose customers after a major loss. For example, a law firm would retain its clients, and there would still be a flow of revenue; however, the costs involved in renting new office space, moving, and hooking up new phones and computers is considerable. Transitions are more expensive than you think. Increased rent, employee overtime and moving costs are examples of extra expenses that service organizations should consider insuring.

## Contingent Business Continuity

This is an extension of coverage designed to cover loss of income your business incurs due to a property loss at a key supplier or customer location. For example, if a key supplier experiences a fire at its plant and is unable to deliver parts or goods necessary for the continuation of your business, you may have a claim for a contingent business continuity loss.

### Specific Items to Consider:

- Contingent business continuity is the most overlooked area of exposure to loss. Your interdependency on your supplier (under contract or not) or one large customer could put your business in jeopardy when that party suffers a major loss. Contingent business continuity coverage can fill this gap.

Finally, complete a Business Income Worksheet every year to review all your exposures. The Business Income Worksheet requires financial information for the current

year as well as projection into the next year. The projection portion is often skipped, but trying to see into the future is important for setting proper overall limits.

## About Your REPRESENTATIVE

Falene Nurse

Writer

*"We know that business insurance can be a challenge to understand. Let our team of P&C experts help you uncover your exposures and develop a sensible plan today."*