

# Do You Have Business Interruption Insurance?



# DO YOU HAVE BUSINESS INTERRUPTION INSURANCE?

**Immediately upon finishing this article, pick up your phone, call your insurance agent, and ask him or her if you have business interruption insurance. If you do, set up a meeting to find out what it covers and how it works. If you don't, set up a meeting and go look into it.**

We all know about property and liability insurance. Property insurance covers your things in the event of a loss. Liability insurance covers your a\*\* in the event you cause a loss to someone else. Business interruption insurance (also known as business income insurance) is different. It insures the profit you would have earned but didn't due to some natural disaster or damaging event.

Over the past two years, two of my clients suffered business interruption losses, one due to fire, the other due to robbery. Both had insurance that replaced their things and paid to relocate the fire victim. The insurance companies paid a lot of money to compensate for damages and to replace lost equipment, but, in spite of that, it is doubtful that either company would have survived without business interruption insurance coverage. Both were shocked by the damaging events. Both realized they had a lot of work to do to get their businesses up and running again. However, neither realized how much work there was or how long it would take to recover. A seemingly endless stream of details arose every day. It took months for the companies to get back into the rhythm of business, and the delay caused significant drops in sales, profits, and cash flow.

The reality of business interruption insurance claims is that forensic accountants (who work for the insurance company) will determine your settlement by comparing how much you actually earned before the event to what you actually earned after the event. Your opinions and assertions about what you "shoulda" or "coulda" made won't carry much sway with them. They will want to see good bookkeeping records of your earnings both before and after the event.

My clients collected significant sums for lost profits because they keep really good books and the difference between the before and after earnings were obvious. If you have been following my articles, you know there are many reasons to keep good books. Business interruption insurance is another.

There are two lessons to take away from my clients' experiences: The first is to carry business interruption insurance, and the second is to keep good books. The combination was worth hundreds of thousands of dollars to my clients, and it could save your business.

If you have any further questions, please don't hesitate to mail me at [Martin@annealbc.com](mailto:Martin@annealbc.com) or visit [www.annealbc.com](http://www.annealbc.com)



## **Martin Holland**

Martin Holland is the son of a successful entrepreneur. He grew up hearing about margins and markets, R&D and sales, risk and return on investment. He learned to love the language and rigors of business and grew to believe that business is both the most human of all endeavors and the highest calling. After selling a company in 2011, Martin became a coach in order to help other owners build profitable businesses that do not require their day-to-day involvement.

A native of Norman, Martin earned a B.A. degree from Hastings College in Hastings, Nebraska and a Masters in Business Administration degree from the University of Oklahoma. Over the past 7 years he has written business plans that have raised over \$52.4 million in bank and investor financing. He has helped 157 (and counting) business owners reduce stress and increase performance through clarity of purpose, better marriages, more money, and more free time away from the business.