COVERAGE INSIGHTS
Understanding Insurance. Making Informed Decisions.
The Holt Group

RISK FINANCE | COVERAGE EDUCATION

The Value of Business Interruption Insurance

Business Income, Extra Expense, Ordinary Payroll



Is Your Business Covered?

When organizations face large-scale disasters or other unexpected losses, ensuring business continuity is often a top priority. Yet, various losses may make it challenging for organizations to avoid operational disruptions or temporary shutdowns. In these instances, even brief closures can carry costly consequences. That's where business interruption insurance can help.

Also known as business income insurance, this form of coverage can be purchased as a supplement to commercial property insurance or secured through a business owner's policy, which refers to a bundled insurance package featuring property and liability coverage. In any case, Business Income insurance can offer much-needed financial protection when organizations' usual business activities are interrupted due to covered losses.

With this in mind, organizations should have a clear understanding of Business Income insurance and the key protections provided by this coverage. The following article highlights the value of Business Income insurance by offering an overview of this coverage and outlining additional policy features.

Business Income Insurance Explained

Business income coverage generally includes financial protection for the various expenses that can arise if an organization is forced to pause its operations or temporarily close its doors due to direct physical damage caused by a covered loss. Examples of covered losses include a range of perils, such as fires, theft, vandalism and certain types of adverse weather (e.g., heavy wind and hailstorms).

When these perils occur, business income coverage may help reimburse the following typical operating costs:

- Income that an organization would be earning if it were running normally
- Commercial mortgage, rent, lease, loan and tax payments due during a disruption
- Payroll expenses to maintain employees' wages amid a closure

This Coverage Insights is not intended to be exhaustive, nor should any discussion or opinions be construed as legal advice. Readers should contact legal counsel for appropriate advice. © Zywave, Inc., The Holt Group LLC All rights reserved. All images are from Google Images and Story Blocks. Revised 2026

The Value of Business Interruption Insurance

Business Income, Extra Expense, Ordinary Payroll

Additional Business Income Policy Features

While standard business income policies can help reimburse typical operating costs incurred following direct physical damage due to covered losses, organizations can also consider several other business income coverage options and endorsements. Here's a breakdown of these additional policy features:

Extra Expense Coverage – Such coverage can help pay for extra expenses that organizations reasonably sustain (beyond typical operating costs) amid disruptions to help them get back up and running. These expenses may include relocating to a temporary business location during the restoration process, expedited shipping fees for essential materials and supplies, and overtime wages for employees who are asked to work additional hours to minimize operational downtime.

Civil Authority Coverage – This coverage can help organizations compensate operating expenses incurred during government-mandated business closures (e.g., citywide curfews, local evacuation orders or temporary road closures).

Service Interruption Coverage – Such coverage can help reimburse operating expenses sustained from disruptions that impact organizations' utility service lines or any plants, substations and equipment that supply these services (e.g., electrical, steam, gas, water, sewer and telecommunication).

Contingent Business Interruption (CBI) Coverage – This coverage may offer financial protection for operational disruptions caused by covered losses among organizations' suppliers and business partners. CBI coverage can be especially useful for organizations that rely heavily on third parties to make critical purchases, deliver essential materials and supplies or conduct other key business functions.

Conclusion

Business income insurance can make all the difference in helping organizations stay resilient amid unanticipated disasters and reduce the financial fallout stemming from related disruptions, thus allowing them to reopen their doors with ease and foster ongoing operational success. By reviewing the protection this coverage provides and considering additional policy features, organizations can tailor their business income insurance to their particular needs.

THE HOLT GROUP
Risk Management

Protect Team Members. Control Risk. Control the Cost of Risk.
HERE TO HELP | www.theholtgroupllc.com

This Coverage Insights is not intended to be exhaustive, nor should any discussion or opinions be construed as legal advice. Readers should contact legal counsel for appropriate advice. © Zywave, Inc., The Holt Group LLC All rights reserved. All images are from Google Images and Story Blocks. Revised 2026