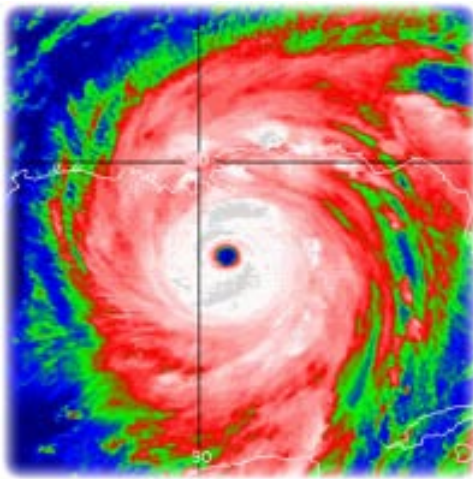


# HURRICANE IKE: HOW TO PREPARE, SUBMIT AND WIN YOUR INSURANCE CLAIM



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## **HURRICANE IKE: HOW TO PREPARE, SUBMIT AND WIN YOUR INSURANCE CLAIM**

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Natural disasters caused by Hurricanes Ike, Katrina and Rita, and man-made disasters such as the destruction of the World Trade Centers have focused new attention on business interruption and extra expense. Business interruption insurance is one of the least understood of the insurance coverages that a business may maintain. The policyholder's property insurance pays the policyholder for damaged property, but it does not protect the policyholder from loss of income or extra expenses. Business interruption coverage provides insurance coverage these losses, and can help can place the policyholder in the position it would be in if "no loss had occurred."

### **BUSINESS INTERRUPTION COVERAGE:**

Business interruption claims are some of the most complex which policyholders encounter. This particular insurance covers lost profits as a result of a suspension of operations caused by an event, as well as the extra expenses needed to re-establish a business after a loss. Of increasing importance to businesses is contingent business interruption, which covers losses incurred as a result of disruptions in a business' supply chain or even "dependent business premises" – i.e. businesses that accept the insured's goods and services. In this age of an "out-sourcing" economy, contingent business interruption is of increasing importance.

There are wide variations in policy provisions, coverage and language. No two policy forms are identical. The business interruption typically provides coverage for:

- Business Income

- Extended Indemnity
- Dependent Premises, Or Contingent Business Income
- Civil Authority Losses
- Losses caused by lack of ingress or egress
- Extra Expense
- Loss Mitigation Expense
- Service Interruption, Suspension, Loss of Utilities

There are several common business interruption claim issues that recur. The first is determining if the policy has been triggered by a covered cause of loss. In addition, business interruption insurance only covers losses incurred during the "period of restoration". This is the time necessary to restore the business back to its pre-loss capacity. Determining the appropriate period of restoration is often a source of dispute. In addition, projecting anticipated revenues, sales, and/or income is frequently contested. Each side will usually have forensic accounting experts experienced in calculating these losses. And, finally, determining which expenses should reasonably be continued and what