

What is Business Income?

Business Income, as defined by IRMI, is “commercial property insurance coverage loss of income suffered by a business when damage to its premises by a covered cause of loss causes a slowdown or suspension of its operations.” In simple terms, should you have a property claim which is covered under your policy and forces the close of your business for a period of time while repairing, replacing or rebuilding the damaged property, then the business income portion of your policy will pay for your loss revenues for that period of restoration, as well as extra expenses such as ongoing payroll, and even temporary relocation if necessary.

So how is your business income limit determined?

Understanding your business’ finances is the key to setting appropriate limits. Knowing last year’s revenues/expenses and the coming year’s projected revenues/expenses are critical in getting an accurate number. Add together the following:

1. net income/profit before taxes
2. normal operating expenses that will continue after a loss, including your payroll

Also needed is the length of time you can expect for restoration or repair after a loss.

It is a combination of these three items which helps determine your per day or monthly business income needed to sustain during this loss period. Your agent will be able to walk you through completion of a business income worksheet to determine your total insurance needed.

What steps do I take when there is a loss and I must close my office temporarily?

First is to stop the damage from worsening and protect your property. Second, contact your agent. They can assist with filing a claim and getting the ball rolling right away. Depending on the loss, the claim adjuster can quickly assess the loss by phone to determine if equipment can be repaired or if replacement equipment should be ordered, using their resources to secure at the best possible price. In certain cases funds can be advanced to expedite getting your office up and running as quickly as possible.

Similarly with building losses, they can send out a professional to shore up the damaged area and either coordinate services for repair or advise on possibilities for a temporary relocation. The PPP consults with a restoration team who has dental office setup expertise, whether that be for 30 days, or a full rebuild of your property. In the interim, your business income coverage will help you maintain your business livelihood and staff until you are able to reopen.

Your claims adjuster and PPP agent will work together to return your practice to normal.