



IBC
Insurance Bureau
of Canada

BUSINESS INSURANCE

Things to know in the **event of a loss**

Has your business sustained damage, bringing operations to a standstill? Get the general information you need about business insurance right here. Remember, however, that each policy provides different types of coverage and has different exclusions, so it's important that you check the terms of your insurance contract, as they take precedence at all times.

Business insurance claims

BASIC PRINCIPLES



Your business's insurance contract must be in effect at the time of loss for coverage to apply.



The damage must have been caused by a peril covered under the contract.



The most an insurer will pay is the limit generally shown on the Declarations page. The policy may specify a single amount that covers all types of insured property (building, equipment and merchandise) or separate amounts for each type of insured property (e.g., one amount for the building, another for equipment and another for merchandise).

COVERED LOSSES

The two most common types of losses are:

Direct losses

Direct losses refer to damage caused directly to the insured property, including buildings, machinery, equipment and merchandise. You are covered for such losses if your policy covers the perils that caused the damage (e.g., fire, wind and water).

Indirect losses

These are expenses or losses that are indirect results of property damage. You may receive compensation for indirect losses when such losses are the result of a covered peril that has caused direct damage to your property.

VARIOUS TYPES OF COVERAGE

In addition to coverage for business property, insurance contracts may include other types of coverage.

Here are the most common ones:

Additional expenses

This coverage pays for the additional expenses that a business must incur to continue its operations following an insured event. These are the expenses you wouldn't have had to pay if the event hadn't occurred.

For example: relocation costs, moving expenses, connection fees for various services (such as telecommunications and electricity) and the additional cost of renting a new business space.

Operating losses

This coverage protects against loss of profits due to business interruption following an insured event.

It compensates for lost profits resulting from decreased sales or increased operating costs.

Prohibition of access to insured premises

This coverage pays for any additional expenses you incur when civil authorities prohibit access to your business as a direct result of damage to nearby property caused by a covered peril.

Vendors or customers

Loss of goodwill / Contingent business interruption

Various types of coverage provide protection if you suffer a business interruption resulting from an insured loss at:

1. A customer to whom you provide products, materials or services;
2. A neighbouring business that causes a drop in customer traffic to your business;
3. A supplier who can no longer supply to you as they did before.

Seasonal fluctuation / Automatic seasonal increase

This coverage increases the amount of insurance coverage for your merchandise during peak periods.

Data breach insurance / Valuable papers insurance / Valuables and records insurance

These types of coverage pay for the cost of restoring valuable documents or critical files required to resume business operations.

Claims under these types of coverage are usually subject to time and amount limits. To find out the maximum amount payable, please refer to your policy's Declarations page.

THE BUSINESS INSURANCE CLAIMS PROCESS

When a loss occurs, you must contact your insurer to report the loss as soon as possible.

A claims adjuster will be assigned to your case and will inform you of the payments you are entitled to.

Settling a claim typically involves the following steps:

1. Emergency work is done to prevent further damage.
2. A repair and rebuild estimate is prepared for the damaged areas.
3. A list of damaged, destroyed or stolen items is created. The claims adjuster will tell you what documents may be needed to settle different parts of your claim.
For example: a list of destroyed items, copies of your financial statements and delivery slips.
4. Items are either cleaned, repaired or replaced, depending on their nature and condition (and the type of settlement you chose when you purchased your insurance policy).
5. The damaged parts of the building are rebuilt.

IBC IS THERE TO INFORM AND SUPPORT YOU

Have questions about business insurance? Visit infoinsurance.ca 1 877 288-4321



IBC
Insurance Bureau
of Canada