

# Informed Consumer *...Insurance Made Easy*

Helping you to save  
money, become more  
informed and cover  
your fatal gaps



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# "Special Report"

## Lost Business Income

*By Tom Baecker*  
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Your business is closed because you've suffered a fire. Your income stops. How do you pay your bills, your employees, yourself? When can you start to rebuild? Should you rebuild on the same site? How much will it cost to develop new building plans? How long will it take the city to approve your new plans and issue you permits?

Do you know what to do if the "worst happens?" Many times a direct loss to your building will cause an even greater loss to your interruption of business and all the extra expenses associated with the loss.

For example, you suffer a severe fire that destroys the entire inventory that you would sell. Your business income insurance pays you for your lost net profit and your continuing expenses, even though your operations have ceased.

Your insurance is limited to the length of time required, with exercise of due diligence, to repair, rebuild, or replace the part of the property that has been damaged or destroyed.

Suppose, however, that because of city building code changes you must build a completely different type of building and comply with the stringent rules of American Disabilities Act.

Plans take 4 months to complete. The City review process takes three months. Permits take another two and construction is scheduled for four months. How much income will you lose during 13 months? Do you have enough personal resources or business income insurance to sustain you? Suppose there is a construction delay?

How long does your policy pay you for lost income and all those extra expenses? Just one year?

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Suppose it takes longer than 13 months to get back into business?  
Will your insurance extend your lost income payments?

And, then once you're back in business, how long will it take for your business to reach the same income level you were enjoying before the disaster struck you?  
What will you do for income during that time?

Suppose you're renting your building? Now, it may be quicker to find another rental property than to rebuild a building you own, but who will pay for the increased rent you may have to endure?

Will you have the funds to pay for the massive advertising and mailing campaign you'll have to wage to attract your old customers to your new location? And again, where will you find the money to sustain you until your business reaches the level it was before you suffered the loss.

There is no question that these "hidden" losses cost much more than the direct losses. Be sure to realistically zero in where you stand if you "suffer the worst."

- How do current city building codes apply?
- Would you rebuild at the same location?
- How long will it take you to reach your current income level after the loss?
- How many employees could you afford to keep on the payroll?
- And with all the red tape to building, how long will it take before you can again.
- Don't let time drag by when the worst happens

At Baecker Agency, Inc. we take a personal interest in our customers. We like to share information that comes to help you protect yourself and your family from financial loss. If you have any questions, regarding this information or your insurance coverage, please don't hesitate to give us a call at (651) 730-6666 or Email us at [BaeckerAgency@Allstate.com](mailto:BaeckerAgency@Allstate.com)