

Business Interruption Coverage Explained
Florida Conference Property and Casualty
Risk Management Program
September 2004

In light of worship service cancellations, pre-school closings, and other hurricane-related damage many churches have inquired about business interruption coverage. Business interruption coverage is included in the conference-wide property and casualty insurance policy that covers all Florida Conference UMC properties in the 2004 plan year. This brief explanation is intended to help explain this coverage and is not an official statement or a substitute for the insurance policy itself. There are important definitions, exclusions, conditions and limits not explained in this brief statement.

Business interruption coverage for Florida Conference United Methodist churches can, in some circumstances, replace income (including donations, rental income, tuition, fees) lost to damage caused by a covered event, such as a hurricane. Claims for business interruption coverage must be filled with a CJW adjustor, just like all other property/casualty insurance claims and is subject to deductions and all others terms of the insurance policy. Typically, for example, if a church has suffered damage to its sanctuary and during the several months it takes to complete repairs the church suffers a significant decline in income (when compared to the same time frame in previous years) then a claim may be justified. Business interruption coverage for a church is not simply a matter of claiming lost income because of lower attendance or a cancelled worship service, but rather there must be physical damage to church property that requires suspension of normal operations or suspension of access to church property due to orders by civil authorities, for example. As with any loss, the church is required to produce evidence to substantiate the claim, in this case, including a variety of current and historical financial records. Business interruption claims are typically settled at the end of a claims process and will include an examination of income and expense over a substantial period of time.

For more information about business interruption coverage please see the attached excerpt from the policy, contact Jim Severance in the conference risk management office, or contact the CJW property adjustor.

This summary highlights some of the features of the Florida Conference United Methodist property and casualty insurance plan. This summary is for illustrative purposes only. The controlling terms and conditions are contained in the official insurance documents and policy. If there are any conflicts between the information in this summary and the terms of the insurance policy, the terms of the insurance policy shall control.

The Conference Risk Management Committee
Lakeland, Florida