

Insurance Considerations for Riots, Vandalism and Civil Unrest



Riots, vandalism and civil unrest can create unique challenges for business owners—resulting in stolen, damaged or defaced goods and extensive property damage. That’s why it’s crucial to secure proper commercial insurance coverage to adequately protect your business in the event that such a situation occurs within your community.

Review the following guidance for an outline of various insurance solutions that can offer compensation for losses related to riots, vandalism and civil unrest, as well as best practices to consider when making claims in these situations.

Coverage for Riots, Vandalism and Civil Unrest

The following forms of commercial insurance coverage can provide protection in the event that your business suffers a loss related to riots, vandalism or civil unrest:

- **First-party property insurance**—This form of coverage can offer compensation for physical losses or property damage to the insured premises and contents. Losses caused by riots, vandalism or civil unrest are typically covered on both “named peril” and “all risk” commercial policies. However, be sure to review your policy to ensure it doesn’t exclude these situations. Keep in mind that your policy might utilize different terminology for these situations (e.g., “civil commotion” as opposed to “civil unrest,” or “riots” and “malicious mischief” as opposed to “vandalism”). Make sure you understand all policy definitions.
- **Business interruption insurance**—This type of policy (also known as business income insurance) can provide coverage for loss of income that results from having to temporarily halt business operations to recover from a physical loss or property damage to the insured premises. For your policy to be triggered, the halt of business operations must be directly caused by a physical loss or property damage that was incurred by a covered peril—such as a vandal smashing your property’s windows with a brick. In addition, some insurers might not allow your policy to be triggered unless the physical loss or property damage results in a “complete and total” halt of business operations. This means that if the physical loss or damage only affects some of your operations—but not all—you might not be covered. With this in mind, be sure to review your policy wording to understand the full extent of your coverage.
 - **The civil authority clause**—Most business interruption policies also include a civil authority clause, which can offer compensation when an action or order of civil authority temporarily prevents or restricts access to the insured premises—forcing the affected business to either limit hours or halt operations altogether. Although this clause still requires a physical loss or property damage to occur in order to be triggered, the damaged property does not necessarily have to be owned by your business—it typically just needs to occur within a set distance of your operations.

Provided by Baldwin Krystyn Sherman Partners

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- **Extra expense insurance**—This type of policy can provide coverage for additional expenses that result from continuing business operations while the insured premises is being repaired or replaced due to a physical loss or property damage that was incurred by a covered peril. This might include costs such as the added expense of shipping necessary business supplies overnight rather than at the standard delivery rate in order to resume operations as soon as possible.

business incurred by taking plenty of pictures as evidence. Further, make sure you keep track of all expenses related to the loss by saving receipts and bank statements.

For additional coverage guidance, contact us today.

Best Practices When Making a Claim

If riots, vandalism or civil unrest take place within your community and result in losses for your business, consider these best practices when making a claim:

- **Report it immediately**—Be sure to report the incident right away to the local authorities and consult your broker for immediate claims assistance.
- **Prevent additional losses**—When the loss occurs, try to do everything you can to mitigate the risk of further damages (e.g., boarding up your property's windows and doors). However, only take these precautions if it is safe to do so. Avoid any mitigation measures that could put you or your employees at risk of injury or fatality.
- **Beware of waiting periods**—Make sure you consider any waiting periods or other deductibles that might apply when making a claim. For example, most business interruption policies are subject to a 72-hour waiting period—meaning that you won't be covered for any loss of income that occurs for the first three days following the incident.
- **Document all expenses and damages**—To ensure the best possible compensation for your loss, be sure to document the full extent of the damages that your