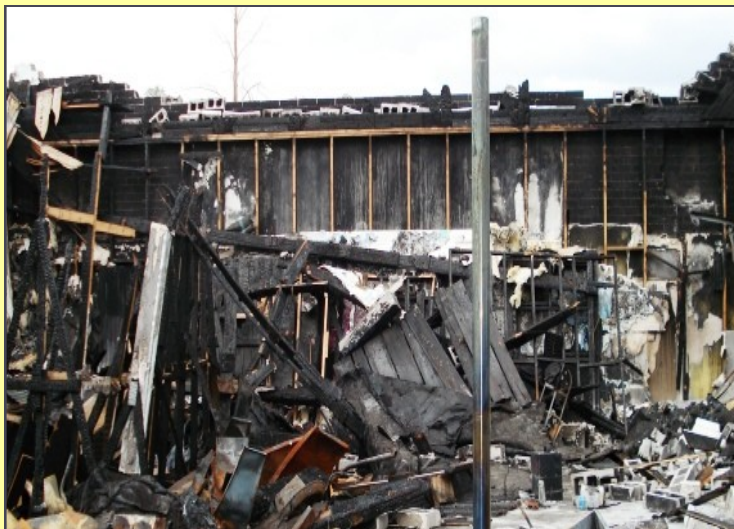


The Barnes Broadcast

Property and Business Interruption - What If We Don't Rebuild “as Was”?

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Your company has just suffered a significant loss at a key property. But management doesn't want to rebuild as it was before the incident. How will this affect your property damage and business interruption claim? And how can you balance the need to achieve management's goals while still maximizing insurance recovery?

After the initial chaos, confusion, and massive disruption typical of a catastrophic loss, a company is faced with a myriad of decisions. Most of them ultimately focus on the same issue: How can we mitigate the loss and resume operations as quickly as possible? A major part of this process typically includes repairing or rebuilding the damaged facility.

The basic intent of property damage and business interruption coverage is to repair or replace damaged property and to reimburse the insured for lost profits and continuing costs. However, the insured may find that it doesn't want to—or can't—repair or replace the property “as was.” Some reasons may include:

- Building codes have changed since original construction.
- It is impractical or inefficient to rebuild the previous design.
- Operations can be enhanced, changed, expanded, or minimized—by making significant changes.
- The damaged location can more effectively be consolidated into or moved to another location.

The basic property insurance policy allows the insured to be reimbursed for costs to repair or replace the damaged assets and the business interruption impact for the time required to repair or replace “with due diligence and dispatch.”

Property Damage and Business Interruption Can be Confusing! Please contact us with any questions you may have and what your options are as an insured.

Next Broadcast:

Broken Condos ... We can help if you have had an interruption to your construction project due to the stalled economy!