

## Why Business Interruption?

The life blood of a successful business is a healthy cash flow. Products are produced and sold, or services provided; wages and other overheads and expenses paid; profits made.

Impede or stop the process, even temporarily and like a plant denied water, or a heart of blood, the business suffers. If the interruption is severe enough the business may never recover if there is not sufficient capital to call on during the lack of cash flow.



Business Interruption insurance is not a guarantee of prevention and cure of all the calamities that can beset a business, but it is the means of ensuring that the policyholder will have the security of available money to pay ongoing business expenses, retain trained experienced key employees, recover any additional expenditure on loss mitigation and to receive payment of the net profit which the business would have earned had the interruption not happened.

Therefore, if insurance is not arranged on the basis of insuring ongoing expenses which are those which cannot be avoided and which have to be paid whether the business operates at 10 % or 100% capacity then the business may fail.

Research conducted on businesses who suffer a major fire (not necessarily a total loss) show that 43% of businesses never re-open for trading despite having some form of insurance in place, 28% of businesses fail within 3 years of the loss and ONLY 29% survive.

Its best to have an expert assist you to put together your Business Interruption insurance which will give your business the best chance of survival when an insurable major loss occurs.



Sear Insurance Brokers are experts within your industry and will provide the technical advice required to insure your business correctly and provide security to your business going forward.