

Ten Things Every Company Needs To Know About Insurance Coverage For Hurricane Sandy

1. ***There is a good chance you have coverage.*** There is a good chance that affected companies have insurance for some or all of the property damage, loss of profits, and expenses resulting from Superstorm Sandy.
2. ***Your policies may cover flood damage.*** Many business property policies cover both flood and wind damage, sometimes subject to special terms or limitations. Even if there are exclusions for flood damage, companies may be able to establish coverage through other covered causes.
3. ***Hurricane deductibles should not apply.*** Some policies have special deductibles for hurricane-related damage. Sandy, though, likely was not classified as a “hurricane” when it made landfall, and damages thus may not trigger hurricane-related deductibles.
4. ***You may have coverage for losses due to business interruption.*** Most business property policies cover losses that occur when a company loses profits due to physical damage to its own facilities. These policies also often cover extra expenses that businesses incur to mitigate losses, potentially including expense of shifting production from a damaged plant to other facilities.
5. ***You may be covered even absent physical property damage.*** Even if your facilities or offices sustained no physical property damage, you may still have coverage under most property policies if (a) your location was shut down by acts of civil authority, (b) you had a sustained inability to enter or leave your facility, or (c) there were interruptions in key services, such as power or phone outages.
6. ***You may be covered for the costs of preparing for Superstorm Sandy.*** Many property policies provide coverage for costs incurred to prevent or mitigate imminent damage. Because reasonable steps taken to prepare for and minimize losses may have saved insurers money, insurers should pay for these efforts.
7. ***You may need to consider liability insurance as well as property insurance.*** Because business interruptions sometimes can result in third-party claims against your company, you may need to seek coverage under your general liability policies, and you should provide prompt notice under those policies if circumstances warrant it.
8. ***Some policies contain strict time requirements.*** Many policies contain tight deadlines for complying with certain coverage requirements, including short time frames for providing notice and submitting proofs of loss, and time limits on when you can sue the insurer if there is a dispute. If necessary, communicate now with your insurer to negotiate an extension or tolling arrangement.

9. ***Supply chain losses may be covered.*** Many property policies cover lost profits and extra expenses incurred due to interruptions that block a company's ability to obtain components necessary to make its own product, or its ability to deliver its product to the customer. Even disruptions at a supplier's supplier may be sufficient to trigger this "contingent business interruption" coverage.
10. ***You should review all of your policies and get help if you need it.*** Companies should review all relevant policies to identify potential coverage. Because there can be many pitfalls in securing insurance coverage for Sandy-related losses, it is best to consult experienced professionals early in the process, including your broker, private claims adjusters, and counsel.

Gilbert LLP is a Washington-based law firm that focuses its practice on insurance recovery for businesses and other entities of all sizes. Our firm has a national reputation for effectively advising corporate clients on their risk management programs, negotiating with insurers to recover insurance proceeds, and litigating cutting-edge insurance coverage disputes on behalf of policyholders. Our lawyers have recovered billions of dollars from insurers. For more information, contact **Richard Shore** at shorer@gotofirm.com or **Jonathan Cohen** at cohenj@gotofirm.com. Please note that this bulletin is provided for general informational purposes only and does not constitute legal advice, which only can be rendered based on the specific circumstances of each particular situation.