

How Will Commercial Property Insurance Policies Respond to Riot, Vandalism, and Civil Commotion?



Riot, civil commotion, and vandalism are commonly covered perils under commercial property policies. Damage to an insured's building and personal property caused by these perils should be covered. Separate coverage for plate glass is generally also available and policies should be reviewed to confirm. Lost income due to civil unrest caused by "Civil Authority" or actual damage to covered property may be available to offset the financial loss caused by the civil unrest.

In response to the recent unrest, the following policy terms should be reviewed:

- **Civil disturbance:** Also called "civil unrest," this is a broad term encompassing any disruption of normal social order. For example, strikes and protests.
- **Riot:** This term refers to mobs that are out of control and often violent. A peaceful civil disturbance may escalate into a riot once all calm conversation has been overwhelmed by anger and destruction.
- **Vandalism:** Vandalism is defined as action involving a deliberate attempt to damage or destroy property. Vandalism famously accompanies riots.

Business Income Coverage

Once the policy is triggered due to damage to buildings or personal property by a riot or vandalism, business income coverage should be triggered for the period of restoration. This is the time between the initial damage to the property, up to the time it is repaired and operations resume. Many policies also have a "waiting period" of up to three days before coverage is triggered.

Civil Authority Actions

"Civil Authority" provides coverage for lost income and extra expenses. It applies when business operations are shut down by government order, due to physical damage to properties in a defined geographic area near the insured location. An example would be damage and/or looting to neighboring properties that prompts an order for the entire block to be closed, thus preventing business operations at the insured location.

The insurance carrier will have the ultimate determination on coverage based on specific facts surrounding the loss particulars. Please consult with EPIC Insurance Brokers and Consultants on any questions.