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Are you insured for loss of utility service?

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Street flooding was the immediate product of a recent water-main break in Boston's Financial District, but ultimately was not the costliest result. Water from the broken water-main flooded an underground gas line, resulting in a breach of gas service and loss of revenue to businesses for nearly ten days. In the insurance world, this event is referred to as Service Interruption. Because the event causes property damage to a utility service and not your own property, coverage for Service Interruption is not typically included under the standard property insurance policy.

To fully protect your property and revenue stream from a Service Interruption event, you must add an endorsement to your property policy to insure the direct damage and time element aspects of Service Interruption. The standard endorsement limits coverage, in terms of dollars and scope of utility services covered. Coverage options include loss due to downed overhead transmission lines, and loss of specific services: power, water, communications, sewer, etc. Generally, Service Interruption extends the same scope of "causes of loss" covered by your property policy to events that occur to outside utility property.

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