



Yourinsurance
Brokers
Your insurance is our business

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BUSINESS INTERRUPTION INSURANCE COVERS ARE NOT ALWAYS CONTEMPLATED AND TO FORMULATE A "DISASTER PLAN" MAY BE OVERLOOKED BY MOST BUSINESS EXECUTIVES.

Although your **assets may be covered** under an insured section against Fire, explosion, storm, water, hail, lightning, Riot & Strike for physical damage, the effects on your business and the consequential loss whilst you are not trading could severely affect your turnover and profits.

Consider a Fire at your premises where due to the damage, you are unable to trade whilst you are at the same time trying to restore the premises and attend to repairs. Fire may not be the only cause of the damage. There may be water damage (from trying to extinguish the flames), smoke damage.

Other than your stock, plant, machinery, the premises may be so damaged that you need to vacate and find alternative premises to occupy whilst trying to complete orders, placate customers and deal with day to day administration.

There may be a deposit required to find alternative premises, arrange phone lines, equipment hire etc.

Records may have been destroyed including customers Invoices which would mean additional costs to reinstate documentation and maintain data operations. You would be forced to pay someone overtime for this function.

This form of Insurance will cover a loss of income that a business could suffer after an unexpected disaster.

Whilst the business is closed because of the disaster or in the process of being rebuilt after it, there may be no trade and therefore no Income but your expenses will continue such as salaries, some purchases, Municipal charges such as electricity (even limited), Insurance premiums.

The cover is so designed to place a business in the same financial position it would have been immediately prior to the loss.

Insurers will continue to pay your Net profit (the profits that would have been earned) plus the Fixed expenses (operating expense and other costs still being incurred) of the business for the period of time that you estimate it would take for the business to begin trading as it were immediately prior to the loss. (This could be anywhere between 6, to 18 months).

Cover may be extended to include Extraneous additional expenses to keep the business going such as :
Temporary Re-Location- Some policies cover the extra expenses for moving to, and operating from, a temporary location;

extra expenses - reimbursement for reasonable expenses (beyond the fixed costs) that allow the business to continue operation while the property is being repaired

BUSINESS INTERRUPTION COVER CAN BE ESSENTIAL FOR YOUR VERY SURVIVAL AS A BUSINESS.

The locality of your business could be crucial if you are a retailer as this is where your customers know where you are for their purchases.

If you cannot trade because of a major fire at your premises, you may have to close the shop for trade thereby discouraging your customers to visit. You may even lose customers to a rival business.

If you offer a service rather than sales or distribution of a product, your Income may still be affected due to an interruption of your business and the Loss of Revenue may be insured so that there is no drop for the period you are unable to trade.

In order for us to calculate a premium for your consideration we would require some information from you as follows :

How to calculate Gross Profit for Insurance purposes:

Closing Stock **plus** Turnover

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VAT No. 4710224538 • Reg No. 2005/040670/07

Directors: M.R. Allison (MS) AIISA (SA); O.C.L. Lister (British); P. Steffens (Australian)



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Less Opening stock & Purchases

We would also require a list of your Fixed working expenses.

A second more simplified option of calculating the Sum Insured is to add Net profit to your fixed Expenses (standing charges). This is relevant to businesses who provide a service with no stock implications.

Alternatively let us have a copy of your Balance sheet or Financial statements (which we will treat as confidential) in order to extract the necessary information.

Please feel free to call us (011 702 6600) to discuss these risk in more detail and give you relevant advice. I am happy to visit with you at your convenience. ([AdminEmail])

Kind regards

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