

[North Bay floods alert businesses to uncover the quirks of their insurance coverage](#)

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As North Bay business owners directly impacted by last month's floods push through massive recovery efforts, they're also having to deal with the fact that part of their business insurance coverage is useless. That part of the coverage is called business interruption insurance, part of an overall business owners policy (BOP) package. Business interruption coverage compensates business owners for lost income when their company is shut down because of disaster-related damage. It also covers ongoing operating expenses, such as electricity, when business operations are temporarily halted because of a disaster, according to the institute. One very large footnote: Know your disasters. "Flood is not covered under a standard business policy," said Janet Ruiz, state representative for the Insurance Information Institute, a member-based, 501 tax-exempt-status organization headquartered in New York City. "On a standard BOP, business interruption insurance is included and it's a very common coverage for losses like fire, but if the loss comes from a flood or earthquake, it's excluded," said Jennifer Heliotes, account executive at the Petaluma office of InterWest Insurance. That fact has become a painful reality for business owners impacted by the recent storms, including those who run their shops out of the hard-hit Sebastopol outdoor market, The Barlow. Brooks Friedeman, co-owner of Friedeman Wines at The Barlow, found out firsthand. "We do have business interruption coverage, but somewhat tragically that coverage is secondary, such that since the reason for the coverage is not covered (flood)," Friedeman said. "Then we don't get the coverage on top of not getting any property coverage — a point we just learned, unfortunately." There is, however, a specialized policy available called difference in conditions (DIC), which typically offers all-in-one coverage for landslides, mudflows, earthquakes and floods, according to the insurance institute. But DICs don't come cheap, Heliotes cautioned. "I haven't seen a DIC policy for less than \$7,500 (annually), and the deductible will be no less than \$25,000," she said. "And being a small business when your sales are \$3 million or under, you spend your insurance dollars wisely." Because of the steep costs, most small-business owners choose not to purchase DIC coverage, she said. "I have not heard of it," Friedeman said, "but there's no way I could afford that. No way, no how."

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