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ISO Introduces Coverage Mobile Business Interruption Options

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ISO has filed new coverage options to address the business interruption exposures of vehicles and mobile equipment.

Traditional business interruption coverage typically responds when loss or damage occurs at a specific location. Commercial policyholders have long been able to protect their revenue stream from adverse events that occur at their brick-and-mortar locations, as well as events that occur at the premises of suppliers and other dependent locations.

ISO's new coverage options will enable business interruption coverage to respond to the exposures presented by vehicles and mobile equipment while away from the policyholder's location.

The evolution of the commercial enterprise has led many companies to rely on vehicles and mobile equipment to support their business operations, according to Kevin Thompson, president of ISO Insurance Programs and Analytic Services.

"Vehicles and mobile equipment can generate a significant percentage of a business's revenue, and when such property is damaged or destroyed, there's a potential for business interruption," says Thompson. "This exposure can be especially significant when the equipment is customized and cannot be repaired or replaced quickly in the event of a loss. There's a need in the marketplace to address this exposure, whether the insured is a small business owner running a mobile pet-grooming business or food truck or a larger business that depends on multimillion-dollar well-drilling or geophysical exploration equipment."

To provide its customers with underwriting flexibility, ISO is introducing the new coverage option as a series of similar endorsements under its commercial property, commercial auto, commercial inland marine, and business owners programs.

This approach gives insurers the ability to choose the appropriate line to place the coverage based on underwriting philosophy, risk appetite, and the nature of the exposure being insured, as well as the preferences of the insured seeking the coverage. The endorsement for each line of business is designed so that business interruption coverage for each risk would be provided under only one line of business.

"For instance, if the insured already has business interruption coverage at the premises, whether under a business owners or commercial property policy, an insurer has the option to extend that coverage to vehicle and mobile equipment exposures as well," says Thompson. "On the other hand, the commercial auto or commercial inland marine option enables writing mobile business interruption coverage within the same policy that insures the vehicles and mobile equipment for physical damage, as well as in situations where the insured does not have premises-based operations at all."

The new options, along with associated advisory rating material, have a planned February 2014 effective date for commercial property, commercial auto, and business owners. In addition, mobile business interruption coverage will be filed later this year under ISO's Capital Assets (Output Policy) and Agricultural Capital Assets (Agri-CAP) programs and will be available through ISO's Inland Marine Handbook.

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