

Does Your Commercial Property Insurance Protect Your Business From Losses Due To Government Orders To Shut Down?

By [Richard M. Scherer, Jr.](#)

March 24, 2020 | **CLIENT ALERTS**

As more and more businesses across the country abruptly close as a result of the ongoing COVID-19 pandemic, many clients are asking if the “business interruption” or “business income loss” coverage in their commercial property insurance policies protects them from lost business income as the result of government ordered shut downs.

Each policy is different and determining if your specific policy covers an interruption to your business depends upon the policy’s language. However, it is likely that your commercial property insurance policy includes “business interruption” or “business income loss” coverage. In fact, many policies include coverage where a “civil authority” requires a business to shut down. However, under most policies, coverage is not triggered unless the closure is the result of “direct physical loss or damage” to your business’ property. Accordingly, if your business has closed due to a government ordered shutdown but otherwise remains undamaged, the “direct physical loss or damage” loss requirement is likely not met. However, if your business is contaminated, for example, due to an infected employee or visitor and must be shut down for cleaning, coverage may be triggered.

To have your policy reviewed or with any questions, please contact the Lippes Mathias attorney whom you work with.