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FACT SHEET: Insurance Coverage During Civil Unrest

To help California business owners understand some of the key insurance issues relating to civil unrest, the information provided below is intended to present a general overview of relevant insurance coverages and some important tips to consider. Although the information below serves as an overview, policyholders are strongly encouraged to read the terms of the policy purchased, as terms and definitions can vary from one policy to another.

Business/Commercial Insurance: Standard commercial policies typically include coverage for physical loss or damage to the insured premises and other business property resulting from looting, vandalism, and riots. Whether a specific loss will be covered depends on the actual language in the applicable policy and any coverage exclusions that may apply. It is important to check your specific insurance policy for the following coverages:

- **Vandalism, Malicious Mischief:** Vandalism is generally defined as willful and malicious damage to, or destruction of, the policyholder's property; malicious mischief is similar to vandalism and generally defined as the willful destruction of property for vicious or mischievous purposes.
- **Riot and Civil Commotion**: Both a riot and a civil commotion involve a revolt by a gathering of people in a public place. A civil commotion is similar to a riot, but involves a greater number of people. Riot and civil commotion can be difficult to differentiate. The perils are often listed together in a policy.
- **Business Income Coverage:** This coverage is for the loss of income sustained due to the necessary suspension of business operations during a period of restoration. The suspension of business operations typically must be caused by direct physical loss or damage to the policyholder's premises resulting from a covered peril.
- **Civil Authority Coverage:** Business income insurance typically includes civil authority coverage, which provides loss of income due to prohibited access to the business premises by civil authority such as a governmental entity. Civil authority insurance covers income lost during a limited period of time. Businesses that are forced to limit hours or suspend operations due to rioting, vandalism, or civil commotion and have coverage for this particular loss of income may be covered after an initial waiting period.
- **Glass Coverage**: Many commercial policies cover glass breakage. However, some insurance companies require that glass coverage, such as plate glass insurance, be added to the standard policy by endorsement for an additional premium.

Other Coverages:

- **Auto Insurance:** Damage to vehicles because of riot or civil commotion is covered under the **Comprehensive** portion of an automobile policy. This is an optional coverage, separate from Collision coverage and from the mandated Liability insurance under the Financial Responsibility Laws in California.
- **Homeowners' & Renters' Insurance:** Standard homeowners' and renters' policies will typically cover damage to the property including contents caused by a riot or civil commotion, vandalism, or malicious mischief. However, this coverage may be subject to exclusions such as vacancy of the property, usually over 60 days. If you have a California FAIR Plan policy, these coverages are optional, so you should verify that you purchased these additional coverages.

Tips for Businesses with Claims:

1. **Preservation of Property:** As soon as it is safe, businesses should do what they can to secure the business against further loss, such as boarding up shattered windows and securing inventory. Expenditures made to secure property against further loss is typically covered by a commercial policy. Businesses should consider contacting their insurance company to determine whether such expenditures will be covered.

2. **Report Claims Immediately:** If you have sustained a loss due to the recent civil unrest, you should report damages immediately to your insurance agent/broker or insurance company. Generally, policies require that claims resulting from criminal behavior be reported promptly to law enforcement. Review and comply with any reporting deadlines required by your policy such as reporting theft or vandalism to the police within time periods specified in the policy.

3. **Track Expenses and Save Damaged Property:** Track all the expenses you incur to preserve your property and complete emergency repairs. Save your damaged property so it can be inspected by your insurance adjuster. Consider taking photos and video of the damaged property - especially damaged property that is perishable and must be discarded.

4. **Document Communications with Insurance Agent, Adjusters, and Insurance Company:** Log all of your conversations with your insurance company, agent/broker, and/or adjuster about your claim and policy limitations in a dedicated "claim diary." If your adjuster says something is excluded, limited, or subject to certain conditions, ask the adjuster to point out the specific provision in your policy being cited.

5. **Hire Licensed Contractors:** The California Contractors State License Board (CSLB) has publications that can help you identify and avoid problems before they occur. Contact the CSLB at 1-800-321-2752 to obtain a free copy of their publications and/or verify the licensing status of a contractor.

6. **Grace Periods for Paying Premiums:** Businesses affected by looting should contact their insurance companies about the grace periods and premium rebates that the Insurance Commissioner has ordered as a result of the COVID-19 crisis. Because of the Commissioner's prior actions, businesses should be provided additional time to pay premiums and may qualify for lower premiums during the pandemic.

7. **Contact CDI for assistance:** Work with your insurance company, agent/broker, and/or claims adjuster to achieve a settlement that you believe is fair and consistent with your coverage. If you have a question about your insurance or a dispute with your insurer, please call the California Department of Insurance at 1-800-927-4357 or visit us at www.insurance.ca.gov.

Please note: These tips are for general guidance only and are not a substitute for legal advice.