Policyholder Playbook Episode 22: Look to Insurance for Business Loss Caused by Issues With Suppliers or Customers

By Greg Van Houten | April 16, 2024

RELATED PRACTICES Insurance Recovery, Litigation

To receive future posts by email, please subscribe here.

Show notes:

The best policyholder advocates look to insurance whenever business operations are interrupted... But not just when business operations are interrupted by something internal. I mean a big customer is closed due to a hurricane. A supplier is behind in providing key parts due to political unrest. A payment provider is offline due to a ransomware attack. Things happen to upstream or downstream participants and your business loses money, sales, revenue. There's insurance for that, and in fact many businesses have that insurance, but it is not always top of mind and so often goes untapped.

What I'm talking about is contingent business interruption coverage. Contingent business interruption coverage is often found in commercial property insurance policies, cyber insurance policies, and more specialized insurance forms like political risk and political violence forms. The coverage reimburses the policyholder for losses it incurs when a supplier or customer—someone in the policyholder's stream of commerce—has been affected in some way that interrupts the

© 2026 Haynes and Boone, LLP

policyholder's business—a fire, hurricane, flood, riot, ransomware attack, data breach, political unrest, you name it—if your business has been affected and is losing money, due to something having gone wrong with an upstream or downstream business, a supplier or customer, think insurance.

One bit of advice, for those who stayed tuned in to the end here, some policy forms are drafted only to provide contingent business interruption coverage if ***direct*** suppliers or customers are affected. When claims have arisen, some insurers have disputed whether the suppliers or customers who have caused the loss are "direct" suppliers or customers. Knowing this, the best policyholder advocates counsel their clients to discuss revising that policy language with their brokers. It's not always possible, but the deletion of the word "direct," or broadening that language, can make a significant difference.

© 2026 Haynes and Boone, LLP