

Business cost of civil unrest

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As businesses brace themselves for further trouble or begin to pick up the pieces and count the cost from the spate of rioting that has taken place in London and further afield, law firm Adams & Remers LLP warns that both landlords and tenants should check their lease and insurance arrangements as further trouble could be in store. Steve Mead, legal executive at Adams & Remers comments: "Businesses that lease their property and are unable to trade due to insured damage to or the destruction of their premises should check their leases to make sure that they won't have to pay rent whilst they can't use the property. Unfortunately of course the loss of trade may push many out of business for good."

"Leases generally provide that if the property needs to be rebuilt and this is done within three years then the rent will commence again otherwise if it isn't rebuilt the lease can be terminated. This may cause difficulties for businesses that want to relocate and don't want to return to their current property or for the guarantors of the original lease."

Steve Mead also highlights the difficulties that may now face landlords. "If landlords have insurance in place they will usually be covered for the loss of rent for three years and repair or replacement of the building. The longer term impact however may be felt if they need to refinance a commercial mortgage on the property as the property value may have been affected by the perceived risk and lenders may be more unwilling to lend on properties that have been targeted in the past."

It is important that tenants check their leases and that landlords have sufficient cover for "riot and civil disturbance" and other appropriate risks.

"Both landlords and business owners will need to watch that their insurers do not now exclude this type of cover from their policy and due to the seemingly random nature of this unrest I would urge all business owners or landlords to check they have the correct insurance cover in place."