

Business Income and Extra Expense Worksheet

Establishing Adequate Policy Limits

Firm Name: _____

Location: _____

Completed by: _____

Date: _____

KEY ASSUMPTIONS

1. Maximum length of time to rebuild buildings: _____ months
2. Maximum length of time to replace machinery, equipment, raw materials, supplies, etc.:
_____ months
3. Maximum possible length of time operations could be shut down: _____ months ⁽¹⁾
4. Maximum length of time to replenish stocks of merchandise once operations have been resumed: _____ months
5. Maximum shutdown period for insurance purposes:
Total (3) & (4) = _____ months
6. Maximum time required for business to regain your customer base and for revenues to return to normal once business is operational again: _____ months

Footnote: ⁽¹⁾ The longer number of months between assumptions 1 and 2.

I. CONTINUING PAYROLL EXPENSES FOR KEY EMPLOYEES*

During Maximum Shutdown Period of _____ Months from Assumption (5)

	<u>Department</u>	<u>Amount</u>
1.	_____	_____
2.	_____	_____
3.	_____	_____
4.	_____	_____
5.	_____	_____
6.	_____	_____
7.	_____	_____
8.	_____	_____
9.	_____	_____
10.	_____	_____
11.	_____	_____
12.	_____	_____
13.	_____	_____
14.	_____	_____
15.	_____	_____

TOTAL CONTINUING PAYROLL EXPENSES \$ _____

* Your insurance recovery for payroll expenses will usually be limited only to those employees necessary to resume normal operations. This would normally include executives, managers, supervisors and highly skilled workers. It usually would not include general laborers, retail clerks, or clerical staff if there is no work for these people to perform during the shutdown period. If your workforce is highly skilled and you do not want to lose them, include full payroll for these workers in your figures.

TOTAL OTHER CONTINUING EXPENSES

III. NET PROFIT

1. Using sales projections for the next 12 months, Maximum Net Profit that could be earned during the length of any shutdown of operations:
 - a. _____ Number of months from Assumption (5)
 - b. _____ Net profit for those months
2. Assume the shutdown would occur during the firm's busiest, most profitable months.

IV. POSSIBLE EXTRA EXPENSES

That may be incurred during the Maximum Shutdown Period

<u>Item</u>	<u>Amount</u>
1. Rental of temporary premises	_____
2. Remodeling costs to temporary premises	_____
3. Rental of temporary equipment and furniture	_____
4. Special shipping costs	_____
a. Supplies, raw materials to temporary location	
b. Rush replacement of equipment, supplies, etc.	
c. Freight rate differentials between old and temporary premises	
5. Moving costs (back and forth)	_____
6. Light, power and heat at temporary location	_____
7. Telephone installation and removal charges	_____
8. Extra telephone/communication charges	_____
9. Extra cost of transporting employees	_____
10. Special bonuses and overtime to employees	_____
11. Special advertising costs	_____
12. Security/Watchman costs	_____
13. Special engineering services	_____
14. Extra vehicle costs	_____
15. _____	_____
16. _____	_____
17. _____	_____
18. _____	_____
Total Gross Expenses	\$ _____
<u>Less:</u> Expenses discontinued at original location	_____
NET EXTRA EXPENSE COSTS	\$ _____

II. OTHER CONTINUING EXPENSES

During the Maximum Shutdown Period

<u>Expense Item</u>	<u>Amount</u>
1. Social Security taxes	_____
2. Unemployment taxes	_____
3. Real Property taxes	_____
4. Personal Property taxes	_____
5. Workers' Compensation premiums	_____
6. Group Life/Health/Disability premiums	_____
7. Pension contributions	_____
8. Property & Liability insurance premiums	_____
9. Rental/Lease payments <i>? Building OR Equipment?</i>	_____
10. Interest payments <i>←</i>	_____
11. Advertising and publicity	_____
12. Heat, light, water and power	_____
13. Postage, telephone, telecommunications	_____
14. Professional services	_____
15. Depreciation of buildings, fixtures and equipment	_____
16. Payments/Purchases required under contract	_____
17. Donations, subscriptions, membership fees, etc.	_____
18. Repair & maintenance	_____
19. Travel expenses	_____
20. Vehicle expenses	_____
21. Continuing operating expenses for all departments during the shutdown period	_____
22. _____	_____
23. _____	_____
24. _____	_____
25. _____	_____