

# PROPERTY BUSINESS INCOME WORKSHEET

Insured: \_\_\_\_\_ Location: \_\_\_\_\_ Policy No: \_\_\_\_\_

	Actual Values	
	Latest Year	Next Year.
<b>A. Establish Gross Earnings:</b>		
<b>A-1. Annual Net Sales:</b>		
a. Gross Sales less sales taxes, discounts, returns, bad debts and prepaid freight, if included in sales	\$	\$
b. Less Sales Value of finished stock inventory (for mfg. only, use Chart I)	\$	\$
c. Net sales or net sales value of promotion	\$	\$
<b>A-2. Other Earnings from Operations:</b>		
Add cash discounts, rents, commissions & royalties	\$	\$
<b>A-3. Total Net Earnings ("A-1.c." plus "A-2.")</b>	\$	\$
<b>A-4. Less Cost of Goods Sold</b>		
a. Raw Stock for production (for mfg. only, use Chart II)	\$	\$
b. Directly consumed supplies for goods or services	\$	\$
c. Merchandise (with packaging) sold (for mfg. only, use Chart II)	\$	\$
d. Outside services if not under contract	\$	\$
e. <b>Total Cost of Goods Sold</b> (Sum of A.-4a., A-4b., A-4c. and A-4d.)	\$	\$
<b>A-5. Gross Earnings ("A-3" minus "A-4e")</b>	\$	\$
<b>A-6. Less Ordinary Payroll (if elected):</b>		
Either excess of 90 or 180 days or total ordinary payroll including benefit costs, taxes and insurance	\$	\$
<b>A-7. Business Income Basis: ("A-5" minus "A-6")</b>	\$	\$

<b>B. Establish Limit of Insurance</b>	<b>No. of Months</b> _____ ÷ 12 X Values in "A-7"			
<b>B-1 Recovery Period ("A-7" times _____ No. of months ÷ 12)</b>	\$ _____ \$ _____			
<b>B-2 Deduct estimated noncontinuing expenses during recovery period:</b>				
	Expense Item	Continuing	Discontinued Latest Year	Discontinued Next Year
\$	Executive Salaries including benefits	\$	\$	\$
\$	Office and supervisory salaries	\$	\$	\$
\$	Depreciation	\$	\$	\$
\$	Total from supplemental listing	\$	\$	\$
<b>B-2 Total Discontinued Expenses</b>			\$	\$
<b>B-3 Add Estimated Extra Expenses</b> (From Extra Expense Worksheet)			\$	\$
<b>B-4. Amount of Insurance ("B-1" minus "B-2" plus "B-3")</b>			\$	\$
<b>B-5. Adjusted Amount of Insurance, if both BI and EE provided</b>			\$	\$

	Chart I Finished Stock Inventory at Sales Value		Chart II Raw Stock or Merchandise		
	Curr. Yr.	Next Yr.		Curr. Yr.	Next Yr.
Ending inventory adjusted to sales value	\$	\$	+Beginning Inventory	\$	\$
Less Beginning inv. adjusted to sales value	\$	\$	+Purchases	\$	\$
Sales value of stock	\$	\$	+Supplies	\$	\$
			-Ending Inventory	\$	\$
			Value Consumed	\$	\$

<b>Signature:</b> _____	<b>Title:</b> _____	<b>Date:</b> _____
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**Worksheet Guidelines** (Enter data for most recent fiscal year and projected year (reflect growth). If there are both manufacturing and non-manufacturing operations, determine Gross Earnings on separate worksheets, before combining Gross earnings on single worksheet to determine limit of insurance.)

Gross Sales less returns, and direct expenses (A-1.a.)	The 12 month revenues for all of the firm's operations, less: <ul style="list-style-type: none"> <li>• value of merchandise returned by customers,</li> <li>• cash discounts awarded to customers for prompt payments,</li> <li>• uncollectable receipts (bad debts) and collection expenses,</li> <li>• freight costs included in selling price,</li> <li>• commissions or royalties paid to independent contractors</li> <li>• sales taxes.</li> </ul>
Sales Value (A-1.b.)	This item only applies to Manufacturing operations. This step adjusts the Gross Sales to reflect the actual volume of goods manufactured during the period, rather than what was sold. The finished stock inventories must be adjusted to reflect their value as if they were sold. In Chart I, subtract the beginning finished stock inventory adjusted to sales value from the ending finished stock inventory at sales value. Enter the result on line A.1.b.
Net Sales (A-1.c.)	Subtract the sales value (plus or minus) from the Gross Sales.
Other Earnings (A-2.)	Other earnings includes; <ul style="list-style-type: none"> <li>• cash discounts received from supplying vendors</li> <li>• rents for leased property</li> <li>• commissions, franchise fees and Royalties from sales</li> </ul> Do not include investment income or bank interest, as these items are not effected by a covered loss.
A-3.	Add A-1.c. and A-2 to establish Total Net Earnings
Cost of Goods Sold (A-4)	The direct cost of manufactured products or goods held for sale that will not continue during an interruption. : Only include cost of materials. Do not include ordinary payroll, expenses or overhead.
Stock (A-4.a.)	For manufacturers only, refer to Chart II. Subtract the ending stock inventory from sum of beginning stock inventory and raw stock (include direct transportation costs) purchased during the year.
Supplies (A-4.b.)	Includes supplies consumed in direct manufacturing operations (including utility services used in Mfg.).
	For non-manufacturing firms only. Refer to Chart II. Subtract the ending inventory from the sum of the beginning inventory and goods purchased during the year. This should include the value of packaging and wrapping materials directly used with the product.
Services (A-4.d.)	Deduct cost of outside services, if not under contract. This includes services that assist with the processing or sale of the product: i.e. product modification (Mfg.) or installation (Non-Mfg.).
Total Cost of goods sold (A-4.e.)	The sum of Raw Stock (A-4.a.), Supplies (A-4.b.), Merchandise (A-4.c.) and Outside Services (A-4.d.)
Gross Earnings (A-5.)	Subtract Cost of Goods Sold (A-4.e.) from Total Net Earnings (A-3.)
Ordinary Payroll (A-6.)	If elect to exclude or limit ordinary payroll, enter value of payroll to that will not be covered. Include actual payroll, employee benefits, taxes, union dues and Workers Compensation insurance. This does not include payroll for officers, executive, department managers, employees under contract or specifically described employees.
Business Income Basis (A-7.)	Subtract Ordinary Payroll (A-6.) from Gross Earnings. This represents the probable maximum Business Income loss.
Recovery Period Adjustment (B-1.)	Estimate recovery period in months, which may take well over a year. Include the estimated time required to restore operations and return to the pre-loss sales level.
Discontinued Expenses (B-2.)	Examine actual expenses to determine any costs may be discontinued during an interruption. Common expense categories are listed. Attach a supplemental listing for others and include in total.
Extra Expense (B-3.)	Consider anticipated costs, above normal expenses, necessary to continue sales; i.e. alternate facilities, freight, overtime or advertising.
Amount of Insurance (B-4.)	The estimated Amount of Insurance is determined by subtracting discontinued expenses (B-2.) from Recovery Period Adjustment (B-1.) and adding Extra Expenses (B-3.)
Adjusted Amount of Insurance (B-5)	Modify the amount in B-4. to reflect the benefit that the Extra Expense allocation will have in reducing the Business Income loss amount.