

# Business Interruption Calculator Guide

## Overview

This comprehensive guide helps you calculate business interruption losses, document lost revenue, and maximize your business interruption claim recovery.

## Step 1: Understanding Business Interruption Coverage

### What is Business Interruption?

- ☐ **Definition:** Coverage for lost income due to covered property damage
- ☐ **Trigger:** Must be caused by covered peril
- ☐ **Duration:** From date of loss until business resumes
- ☐ **Limits:** Policy maximum and time limits
- ☐ **Deductible:** Waiting period before coverage begins

### Types of Business Interruption

- ☐ **Gross Earnings:** Lost revenue minus saved expenses
- ☐ **Net Income:** Profit lost due to interruption
- ☐ **Extra Expense:** Additional costs to continue operations
- ☐ **Extended Period:** Coverage beyond resumption of operations
- ☐ **Civil Authority:** Government-ordered closures

## Step 2: Documentation Requirements

### Financial Records

- ☐ **Profit & Loss Statements:** 3-5 years historical data
- ☐ **Tax Returns:** Business tax filings
- ☐ **Bank Statements:** Business account records
- ☐ **Sales Records:** Daily, weekly, monthly sales data
- ☐ **Customer Records:** Client lists and contracts
- ☐ **Vendor Records:** Supplier contracts and payments

### Operational Records

- ☐ **Business Plan:** Current operations and projections
- ☐ **Marketing Materials:** Advertising and promotion records
- ☐ **Employee Records:** Payroll and staffing information
- ☐ **Inventory Records:** Stock levels and turnover
- ☐ **Equipment Lists:** Business equipment and values
- ☐ **Lease Agreements:** Property and equipment leases

## Step 3: Lost Revenue Calculation

### Historical Revenue Analysis

- ☐ **Monthly Revenue:** 12-24 months of sales data
- ☐ **Seasonal Patterns:** Identify seasonal variations
- ☐ **Growth Trends:** Business growth or decline patterns
- ☐ **Market Conditions:** Industry and economic factors
- ☐ **Special Events:** One-time revenue sources

### Revenue Calculation Methods

- ☐ **Historical Average:** Average monthly revenue
- ☐ **Trend Analysis:** Projected revenue based on trends
- ☐ **Comparable Period:** Same period previous year
- ☐ **Market Analysis:** Industry benchmarks
- ☐ **Expert Opinion:** Professional business valuation

## Step 4: Business Interruption Worksheet

### Pre-Loss Financial Analysis

- **Monthly Revenue (Last 12 months):**
  - Month 1: \$ \_\_\_\_\_
  - Month 2: \$ \_\_\_\_\_
  - Month 3: \$ \_\_\_\_\_
  - Month 4: \$ \_\_\_\_\_
  - Month 5: \$ \_\_\_\_\_
  - Month 6: \$ \_\_\_\_\_
  - Month 7: \$ \_\_\_\_\_
  - Month 8: \$ \_\_\_\_\_
  - Month 9: \$ \_\_\_\_\_
  - Month 10: \$ \_\_\_\_\_
  - Month 11: \$ \_\_\_\_\_
  - Month 12: \$ \_\_\_\_\_
  - **Average Monthly Revenue:** \$ \_\_\_\_\_

## Lost Revenue Calculation

- **Date of Loss:** \_\_\_\_\_
- **Projected Resumption Date:** \_\_\_\_\_
- **Total Interruption Period:** \_\_\_\_\_ days
- **Monthly Lost Revenue:** \$ \_\_\_\_\_
- **Daily Lost Revenue:** \$ \_\_\_\_\_
- **Total Lost Revenue:** \$ \_\_\_\_\_

## Saved Expenses

- **Variable Costs Saved:**
  - **Materials:** \$ \_\_\_\_\_
  - **Labor (variable):** \$ \_\_\_\_\_
  - **Utilities:** \$ \_\_\_\_\_
  - **Supplies:** \$ \_\_\_\_\_
  - **Other Variable:** \$ \_\_\_\_\_
  - **Total Variable Saved:** \$ \_\_\_\_\_
- **Fixed Costs (Not Saved):**
  - **Rent:** \$ \_\_\_\_\_
  - **Salaries:** \$ \_\_\_\_\_
  - **Insurance:** \$ \_\_\_\_\_
  - **Loan Payments:** \$ \_\_\_\_\_
  - **Other Fixed:** \$ \_\_\_\_\_
  - **Total Fixed Costs:** \$ \_\_\_\_\_

## Step 5: Extra Expense Documentation

### Temporary Operations

- ☐ **Relocation Costs:** Moving to temporary location
- ☐ **Equipment Rental:** Temporary equipment needs
- ☐ **Additional Labor:** Overtime and temporary help
- ☐ **Communication:** Phone, internet, mail forwarding
- ☐ **Transportation:** Delivery and travel costs

### Mitigation Expenses

- ☐ **Emergency Repairs:** Immediate damage control
- ☐ **Security:** Property protection costs
- ☐ **Cleanup:** Debris removal and sanitization
- ☐ **Temporary Utilities:** Power, water, gas
- ☐ **Storage:** Inventory and equipment storage

### Marketing and Customer Retention

- ☐ **Advertising:** Inform customers of relocation
- ☐ **Customer Communication:** Phone calls, mailings
- ☐ **Website Updates:** Online presence maintenance
- ☐ **Signage:** Temporary location signs
- ☐ **Public Relations:** Media and community relations

## Step 6: Extended Period Coverage

### Understanding Extended Period

- ☐ **Definition:** Coverage beyond resumption of operations
- ☐ **Duration:** Typically 30-90 days after resumption
- ☐ **Purpose:** Time to rebuild customer base
- ☐ **Limits:** Policy maximum and time restrictions
- ☐ **Documentation:** Proof of continued losses

### Extended Period Calculation

- **Resumption Date:** \_\_\_\_\_
- **Extended Period End:** \_\_\_\_\_
- **Extended Period Duration:** \_\_\_\_\_ days
- **Reduced Revenue:** \$ \_\_\_\_\_
- **Normal Revenue:** \$ \_\_\_\_\_
- **Extended Loss:** \$ \_\_\_\_\_

## Step 7: Civil Authority Coverage

### Government-Ordered Closures

- ☐ **Trigger:** Government order preventing access
- ☐ **Coverage:** Lost income during closure
- ☐ **Duration:** Length of government order
- ☐ **Limits:** Policy maximum and time limits
- ☐ **Documentation:** Official government orders

## Civil Authority Documentation

- ☐ **Government Orders:** Official closure notices
- ☐ **News Reports:** Media coverage of closure
- ☐ **Business Records:** Impact on operations
- ☐ **Financial Records:** Revenue during closure
- ☐ **Correspondence:** Communications with authorities

## Step 8: Claim Documentation Checklist

### Required Documentation

- ☐ **Financial Statements:** P&L, balance sheets, tax returns
- ☐ **Sales Records:** Daily, weekly, monthly sales data
- ☐ **Customer Lists:** Client information and contracts
- ☐ **Employee Records:** Payroll and staffing data
- ☐ **Vendor Records:** Supplier contracts and payments
- ☐ **Bank Statements:** Business account records

### Supporting Documentation

- ☐ **Business Plan:** Current operations and projections
- ☐ **Marketing Materials:** Advertising and promotion
- ☐ **Inventory Records:** Stock levels and values
- ☐ **Equipment Lists:** Business equipment inventory
- ☐ **Lease Agreements:** Property and equipment leases
- ☐ **Insurance Policies:** Business insurance coverage

### Loss Documentation

- ☐ **Date of Loss:** When business interruption began
- ☐ **Cause of Loss:** What caused the interruption
- ☐ **Impact Assessment:** How business was affected
- ☐ **Mitigation Efforts:** Steps taken to minimize loss
- ☐ **Recovery Timeline:** When business will resume
- ☐ **Ongoing Losses:** Continued impact after resumption

## Step 9: Common Calculation Errors

### Revenue Calculation Mistakes

- ☐ **Using Gross Revenue:** Should use net revenue
- ☐ **Ignoring Seasonal Variations:** Not accounting for patterns
- ☐ **Including Non-Covered Revenue:** Revenue not affected by loss
- ☐ **Overstating Growth:** Unrealistic projections
- ☐ **Missing Market Factors:** External economic conditions

### Expense Calculation Errors

- ☐ **Not Identifying Saved Expenses:** Variable costs eliminated
- ☐ **Including Fixed Costs:** Costs that continue regardless
- ☐ **Double-Counting Expenses:** Including same cost twice
- ☐ **Missing Extra Expenses:** Additional costs incurred
- ☐ **Incorrect Allocation:** Wrong expense categorization

## Step 10: Professional Resources

### When to Seek Professional Help

- ☐ **Complex Business:** Multiple revenue streams
- ☐ **Large Losses:** Significant financial impact
- ☐ **Disputed Claims:** Insurer disagreement
- ☐ **Time Constraints:** Approaching deadlines
- ☐ **Lack of Expertise:** Unfamiliar with BI calculations

### Types of Professionals

- ☐ **Public Adjusters:** Licensed claim advocates
- ☐ **Accountants:** Financial analysis and documentation
- ☐ **Business Valuators:** Professional business assessment
- ☐ **Attorneys:** Legal representation
- ☐ **Business Consultants:** Industry expertise

## Step 11: Quality Control Checklist

### Before Submitting Claim

- ☐ **All Documentation Complete:** Nothing missing
- ☐ **Calculations Verified:** Math checked and double-checked
- ☐ **Supporting Evidence:** Photos, receipts, correspondence
- ☐ **Timeline Documented:** Clear chronology of events
- ☐ **Professional Review:** Expert opinion obtained

## Ongoing Claim Management

- ☐ **Regular Updates:** Keep insurer informed of progress
- ☐ **Document Changes:** Any modifications to claim
- ☐ **Monitor Recovery:** Track business resumption
- ☐ **Maintain Records:** Keep detailed documentation
- ☐ **Follow Up:** Ensure timely processing

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*This guide is for informational purposes only. Business interruption claims can be complex and may require professional assistance.*