# **Business Interruption Calculator Guide**

### Overview

This comprehensive quide 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**

- [1] Business Plan: Current operations and projections
- [] Marketing Materials: Advertising and promotion records
- [] Employee Records: Payroll and staffing information
- [] Inventory Records: Stock levels and tumover
- [] 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:

۰	Materials: \$
۰	Labor (variable): \$
۰	Utilities: \$
0	Supplies: \$
0	Other Variable: \$
٥	Total Variable Saved: \$

#### • Fixed Costs (Not Saved):

٥	Rent: \$
0	Salaries: \$
۰	Insurance: \$
٥	Loan Payments: \$
0	Other Fixed: \$
0	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**

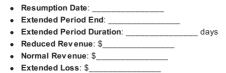
- [] Advertising: Inform customers of relocation
- [] Customer Communication: Phone calls, mailings
- [] Website Updates: Online presence maintenance
- [] **Signage**: Temporary location signs
- [] Public Relations: Media and community relations

# **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**



# 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

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