

BUSINESS INCOME LIMIT SETTING & COINSURANCE SELECTION

Named Insured: _____

Location: _____

	Past 12 months	Projected 12 months
	<u>Amount</u>	<u>Amount</u>
A. Gross Revenues*		
B. Cost of Goods Sold		
C. Operating Expenses		
D. Net profit before Taxes		
Projected Annual Operating Expenses that will continue after loss:		
	Real Estate Taxes	
	Ordinary Payroll	
	Owners/ Management Payroll	
	Insurance	
	Lease payments	
	Professional Fees	
	Interest payments	
	Miscellaneous	
E. TOTAL ONGOING OPERATING EXPENSES		
(exclude ordinary payroll if coverage is not wanted)		
F. Total projected Gross Profit & Ongoing Expenses (lines D+E)		
G. Total projected Net profit before taxes and operating expense (lines C+D)		

Line F, above, represents an estimated amount of financial loss you might incur over a twelve month period. It is possible your operation would be down for a full twelve months, or there are expenses you do not wish to continue, such as ordinary payroll, and therefore you might choose a limit of insurance on line E less than Line D. You might also consider it possible your operation would never be down for a full 12 month period; or it could be longer. Would any seasonal aspect of the operation influence your chosen limit? This is a decision you must weigh carefully.

H. Limit desired (choose 50%, 60%, 70%, 80%, 90%, 100% or 125% of Line F)	
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I. Coinsurance desired (H/G)	
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Line J, below, represents additional expenses** you think might be incurred in allowing the operation to continue for any one month. (multiply by how many months you could be shut down after a covered loss)

J. \$ _____ x #months shut down _____ =	
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G. TOTAL AMOUNT TO BE INSURED (LINES H+J)=	
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* Gross Revenues = Gross sales less discounts and allowances for bad debts, returns; prepaid freight; sales taxes, if included in sales; add any other earnings derived from operation of the business.

** Examples of "additional expenses" are rent expense incurred (i.e. rent of temporary premises), maintenance of temporary premises, insurance for temporary premises, security for temporary premises, rent for temporary equipment, moving or transportation expenses, utilities for temporary premises, etc..