



**BUSINESS INCOME & EXTRA EXPENSE WORKSHEET
RENTAL PROPERTY**

Insured's Name: _____
Type of Property: _____
Location(s) Covered: _____
Agent / Broker: _____

PLEASE REFER TO THE NOTES AT THE BOTTOM OF EACH PAGE AS YOU COMPLETE THE WORKSHEET

The basic purpose of this worksheet is to help you estimate your needed amount of insurance in the event of a major loss. Completion of this worksheet should be a collaboration between you and your accountant. Using your Profit & Loss Statement, your accountant should be able to complete the worksheet with actuals for the most recent 12 month period. You will need to tell him or her your anticipated level of business activity for the upcoming 12 months of the policy period and the effect on the various income and expense numbers. This worksheet must be completed on an accrual basis. Separate worksheets will need to be completed if separate limits of insurance apply per location, division or type of property.

Most Recent 12 Month Period Ending: _____	<u>Income and Expenses</u>	Estimated 12 Month Policy Period Beginning: _____
\$	A. Gross Rents See Note (A)	\$
+ \$	B. ADD See Note (B) Rental Value of the portion of the building you occupy.	+ \$
+ \$	Tenant charges which become yours in the event of a loss	+ \$
+ \$	Miscellaneous income from tenant occupancy	+ \$
+ \$	Other earnings from your business operations: Describe _____	+ \$
= \$	C. EQUALS TOTAL REVENUES	= \$
- \$	D. DEDUCT: Total Cost of Merchandise and Supplies Consumed	- \$
- \$	E. Are you Excluding OR Limiting "Ordinary Payroll" Expenses? If YES, DEDUCT: All "Ordinary Payroll" Expenses See Note (E) If NO, leave blank.	- \$
= \$	F. Business Income Exposure for 12 Months (Line C. minus Lines D. and E.)	= \$

G. <u>Period of Restoration</u>: See Note (G) Adjust for maximum time to rebuild, repair or replace property damaged by serious loss at an existing location. e.g. 6 months = .5; 9 months = .75; 12 months = 1.00; 18 months = 1.50; 2 years = 2.00. Estimated # of Months = _____ which equates to a factor of _____ Factor G. MULTIPLY Line F. by Factor G.	= \$
H. If "Ordinary Payroll" is Limited to ____ 90 days or ____ 180 days, ADD BACK largest payroll amount associated with the number of days checked above.	+ \$
I. Minimum Amount of Business Income Insurance needed for your estimated Period of Restoration	= \$

- (A):** Gross Rents: Consider changes in occupancy ratios, changes in rents for expiring leases, and business conditions if rents are a percentage of tenant sales.
- (B):** If NOT included in Gross Rents – Tenant Charges could include a portion of tenants' utility charges. If tenants are on a triple net lease, costs are more significant. Miscellaneous might include income from parking, laundry or recreational facilities among others.
- (E):** Ordinary Payroll expenses include payroll, employee benefits if directly related to payroll, FICA and Medicare payments, union dues, and Workers Compensation premiums.
 Some points to consider in deciding whether to exclude or limit Ordinary Payroll (i.e. *other than* officers, executives, managers and employees under contract):
 - Would you lay off all your other employees in the event of a short interruption?
 - Could you get them back when tenantability is restored or would they have gone elsewhere?
- (G): Period of Restoration** - Assume the worst possible situation, such as a devastating fire or explosion and the sprinkler system is impaired or there is heavy smoke damage requiring excessive decontamination, OR a catastrophe peril such as a tornado or hurricane occurs and severely damages your property. Your ability to resume normal operations may be impaired by one or more of the following:
- Delays in obtaining Architectural & Engineering Plans, Zoning Variances, Building Permits, or approvals from Certification Boards.
 - Climactic conditions that would prohibit or postpone repairs or rebuilding.
 - Contractors or others you would depend upon to help you out are loaded with work and have no excess capacity.

I. Minimum Amount of Business Income Insurance needed for your estimated Period of Restoration (Carry over from previous page)	= \$
J. <u>Extended Business Income</u>: After you are back in business, how long will it take to get your business back to pre-loss income levels? Consideration should be given to difficulty in regaining your tenant base, replacing lost or cancelled contracts etc. Indicate number of months you anticipate reduced income after resuming normal operations _____ months. ADD amount of estimated reduced income for the number of months indicated above.	+ \$
K. Are Extra Expenses to be insured AND included in your Business Income Limit of Insurance? If YES , ADD Extra Expenses incurred to avoid or minimize suspension of business and continue operations. (Calculate using Worksheet on page 3). If NO , leave blank.	+ \$
L. YOUR ESTIMATED AMOUNT OF NEEDED BUSINESS INCOME & EXTRA EXPENSE INSURANCE Do <u>not</u> reduce this amount by the Coinsurance Percentage you select below.	= \$

A revised worksheet should be completed and submitted to us if your actuals begin to exceed your original estimated amount of needed insurance.

COINSURANCE: Coinsurance is a REQUIRED policy condition for Business Income Insurance. Agreed Value is an optional coverage that suspends, but does NOT eliminate the Coinsurance provision. SEE NOTES BELOW, TO BETTER UNDERSTAND COINSURANCE AND AGREED VALUE.

Consult your agent or broker to help you determine an appropriate Coinsurance percentage to be stated on your policy. One possible method to determine a coinsurance percentage is to divide Line I. by the sum of Lines F. and H. e.g.: Line I = \$7,500,000, Line F + H = \$10,000,000. $\$7,500,000 \div \$10,000,000 = 75\%$.

Your valid options for Coinsurance percentages are shown below. When selecting the most appropriate option 'round down'. Circle one:

If Agreed Value applies:	50%	60%	70%	80%	90%	100%	125%			
If Agreed Value does <u>NOT</u> apply:	25%	30%	40%	50%	60%	70%	80%	90%	100%	125%

DO NOT REDUCE LINE L. ABOVE BY THE COINSURANCE PERCENTAGE.

AGREED VALUE COVERAGE OPTION APPLIES - Signature is Required

I certify that this is a true and correct report of values as required under this policy for the periods indicated and that the Agreed Value for the period of coverage is \$ _____. The Coinsurance percentage to be used is _____%. (Minimum is 50%).

Insured's Signature: _____ Official Title: _____

Date: _____

COINSURANCE – INSURANCE TO VALUE REQUIREMENT

In the event of loss during the policy period, we will determine the actual business income exposure from policy year inception to the date of loss. To this actual amount we will add an appropriately projected amount of income exposure for the remainder of the 12 month policy period, comparable to the sum of Line F. and Line H. of this Business Income Worksheet. This more current annual amount will be multiplied by the Coinsurance percentage you selected for your policy. If the policy limit you carry is less than this more current required amount of insurance, your loss payment will be reduced.

Example:	Policy Period = 01/01/20xx to 01/01/20xy	Date of Loss = 08/01/20xx
	Policy Limit = \$3,000,000	Coinsurance = 50%
	Loss = \$1,000,000	
<hr/>		
	Actual Business Income from 01/01/20xx to 07/31/20xx	= \$5,000,000
	Projected Business Income from 08/01/20xx to 01/01/20xy	= + \$3,000,000
	More Current Annual Amount of Needed Insurance	= \$8,000,000
	\$8,000,000 x 50% coinsurance	= \$4,000,000
	Policy Limit of \$3,000,000 < \$4,000,000 required, Therefore,	
	\$3,000,000 ÷ \$4,000,000	= .75 factor
	.75 x \$1,000,000 loss	= \$750,000 payable
	Coinsurance Penalty	= \$250,000 of loss not payable

AGREED VALUE

This provision suspends the Coinsurance provision but does not eliminate it. In order for Agreed Value to be in effect, a signed business income worksheet must be submitted to and accepted by us prior to a loss.

A new worksheet must be submitted if you (1) change the limit of insurance mid-term, or (2) at the end of each 12 month policy period. Failure to submit a signed current worksheet will automatically reinstate the Coinsurance Provision for the period going forward.

EXTRA EXPENSE WORKSHEET

(Expenses in Addition to Normal Expenses to Continue Business)

If Extra Expense is going to be *insured under a separate limit*, complete this Extra Expense worksheet but do NOT make any entry under Line K. in the Business Income Worksheet.

EXPENSES	1st Month	2nd Month	3rd Month	Additional Months	TOTAL
Additional Expenses at Temporary Premises	\$	\$	\$	\$	\$
Bonus for Quick Services	\$	\$	\$	\$	\$
Janitorial and Security	\$	\$	\$	\$	\$
Legal and Other Professional Fees	\$	\$	\$	\$	\$
Overtime Labor of Employees or Additional Staff or Temporary Labor	\$	\$	\$	\$	\$
Other: _____ _____	\$	\$	\$	\$	\$
TOTAL EXTRA EXPENSES TO BE INSURED	\$	\$	\$	\$	\$

OTHER COVERAGE OPTIONS

These exposures are Not Covered under standard industry Business Income Coverage Forms. Consult with your agent or broker if you answer "YES" to any of the following.

1. **Ordinance or Law** - Would complying with ordinances or laws delay your repair or rebuilding? ___ YES ___ NO

2. **Owners Leasehold Interest** - Do you have a favorable long term lease where you derive an income substantially above current market rental rates? ___ YES ___ NO

3. **Dependent Properties** – If properties you depend on to attract customers/tenants (e.g. stadiums, anchor stores) suffered loss or damage from a covered cause of loss, would you incur a loss of income or extra expense as a result of their loss? ___ YES ___ NO