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Risk Management Services

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BUSINESS INTERRUPTION WORK SHEET

All entries to be on an annual basis

- 1 A. Net sales value of production/operations (see explanatory note 2A) \$ _____
- B. All other earnings derived from operations of the business:
- 1) Cash discounts received \$ _____
 - 2) Commissions or rents from leased departments \$ _____
 - 3) Other \$ _____
- C. Total "A" plus "B" \$ _____
- D. Deduct only cost of (see explanatory note 2B):
- 1) Raw stock from which such production is derived, including "freight in" \$ _____
 - 2) Materials and supplies consumed directly in the conversion of raw stock into finished stock or in supplying the service(s) sold \$ _____
 - 3) Merchandise sold, including packaging and materials therefor \$ _____
 - 4) Service(s) purchased from outsiders (not employees) for resale which do not continue under contract \$ _____
 - 5) Total deductions \$ _____
- E. GROSS EARNINGS_"C" minus "D" \$ _____
- F. Add or deduct anticipated increase or decrease for next 12 months \$ _____
- G. Anticipated Gross Earnings for coming year \$ _____
- H. Ordinary payroll (including employee benefit costs and taxes on said payroll) \$ _____
- I. Largest ordinary payroll expense for calendar days (90, 120, 150, or 180) \$ _____

2. **A. Explanatory Notes: To obtain annual net sales value of production from operations, the following procedure is recommended:**

- i. NET SALES (gross sales less discounts granted, returns, allowances, bad debts and prepaid freights, if included in sales figure) \$ _____
- ii. DEDUCT inventory at beginning of year, priced at sales value (if applicable) \$ _____
- iii. BALANCE \$ _____
- iv. ADD inventory of finished stock on hand at end of year, priced at sales (if applicable) \$ _____
- v. TOTAL of annual net sales value of production during year \$ _____

B. Explanatory Notes: To obtain cost of raw stock, merchandise sold or materials and supplies consumed (if applicable), the following procedure is recommended:

- i. Inventory at beginning of year, priced at sales value \$ _____
- ii. ADD net cost of raw stock merchandise, materials and supplies purchased during the year (including trucking and transportation charges on said incoming purchases) \$ _____
- iii. TOTAL \$ _____
- iv. DEDUCT inventory at end of year, priced at sales value \$ _____
- v. Amount for deductions 1, 2 and 3 of D on Page 1 \$ _____

(Adjust for inventory increase or decrease caused by price fluctuations)

EXTRA EXPENSE WORK SHEET

All entries to be on a monthly basis.

- | | |
|---|-----------------|
| 1. Rental of temporary premises per month | \$ _____ |
| 2. Rental of temporary equipment per month | \$ _____ |
| 3. Net cost of equipment purchased | \$ _____ |
| 4. Expense of moving equipment, etc. | \$ _____ |
| 5. Cost of cleaning temporary premises | \$ _____ |
| 6. Light, power, heat at temporary location | \$ _____ |
| 7. Communications equipment installation at temporary location | \$ _____ |
| 8. Extra communications (i.e., telephone) charges | \$ _____ |
| 9. Radio, newspaper, TV advertising/announcements | \$ _____ |
| 10. Police or watchman service | \$ _____ |
| 11. Cost of engineering service | \$ _____ |
| 12. Extra cost of transporting employees | \$ _____ |
| 13. Rental and use of vehicles | \$ _____ |
| 14. Bonuses and overtime to employees | \$ _____ |
| 15. Expenses of making arrangements to have supplies and raw materials delivered to another location | \$ _____ |
| 16. Differentials in freight rate | \$ _____ |
| 17. TOTAL EXTRA EXPENSE | \$ _____ |
| 18. Deduct expenses discontinued at original location because of loss (see worksheet Calculating Non-continuing Expenses) | \$ _____ |
| 19. NET EXTRA EXPENSE | \$ _____ |

CALCULATING NONCONTINUING EXPENSES

	Average Monthly Cost	Non-continuing Amount
1. Ordinary Payroll		
2. Payroll-Executive Officers		
3. Lease/Rental Payments		
4. Interest on Mortgage/Loans		
5. Taxes on Property, Inventory, Etc.		
6. Public Relations/Advertising Expenses		
7. Delivery Fees		
8. Utilities		
9. Depreciation		
10. Maintenance/Repairs		
11. Travel Expenses		
12. Commissions To Sales Force		
13. Franchise or Royalty Fees Based On Sales		
14. Fees for Outside Services/Accountants, Etc.		
15. Insurance Premiums Based On Sales, Payroll, Etc.		
16. Other:		
TOTALS		

TOTAL NONCONTINUING EXPENSE \$ _____

CALCULATING DURATION OF INTERRUPTION AND PROBABLE MAXIMUM LOSS

Process	Months After Loss (Circle Expected)
Debris Removal/Clean-up	1 2 3 4 5 6 7 8 9 10 11 12 15 18 21 24
Design	1 2 3 4 5 6 7 8 9 10 11 12 15 18 21 24
Contractor Selection	1 2 3 4 5 6 7 8 9 10 11 12 15 18 21 24
Construction	1 2 3 4 5 6 7 8 9 10 11 12 15 18 21 24
Order/Purchase Machinery and Equipment	1 2 3 4 5 6 7 8 9 10 11 12 15 18 21 24
Install and Test Equipment	1 2 3 4 5 6 7 8 9 10 11 12 15 18 21 24
Train Replacement Employees(if any)	1 2 3 4 5 6 7 8 9 10 11 12 15 18 21 24
Replace Work-In-Process Inventory	1 2 3 4 5 6 7 8 9 10 11 12 15 18 21 24
"Normal" Sales Volume Restored*	1 2 3 4 5 6 7 8 9 10 11 12 15 18 21 24
Maximum Expected Duration.....	_____ Months

PROBABLE MAXIMUM LOSS CALCULATION FOR LOSS OF EARNINGS

Formula:

_____ % Sales/Production loss during interruption**

X Annual Gross Earnings of \$ _____

- Non-continuing Expenses of \$ _____

+ Extra Expenses of \$ _____

= Probable Maximum Loss \$ _____

* Note: If after continuation of operations, the extended period of indemnity endorsement may be needed.

** Note: If business is seasonal, calculate the amount of production or sales that would be lost if the interruption occurred during peak season.