

**POLLUTION LEGAL LIABILITY
FIXED SITE COVERAGE**

Business Interruption Worksheet



Leo
Risk Services

INSTRUCTIONS

- Use this worksheet to calculate your annual business income value and assist us in calculating your Business Interruption needs.
- Please complete all sections. If any section does not apply, indicate with N/A. Attach additional pages if needed.
- This application must be signed and dated by an owner, principal or other duly authorized person.

PART I – APPLICANT

Applicant Name: _____

Location to be Insured: _____

City: _____ State: _____ Zip: _____ Phone: _____

Contact Name: _____ Telephone: _____

Title: _____ Email: _____

PART II – BUSINESS INCOME VALUES

1. Fiscal Year is from: _____ To: _____

See Notes at the end of this application for term definitions.	ACTUAL Values for Most Recent 12-Month Period	ESTIMATED Values for Next 12-Month Period
A Net sales value of production at plant (manufacturing locations) AND net sales (non-manufacturing locations) All calculated at gross sales price less discounts and allowances for bad debts, returns, sales tax and prepaid freight, if included in sales price		
B Other earnings, if any, derived from business operations, such as cash discounts received, commissions or rents from leased departments, etc. Do NOT include income from investments.		
C Total Revenues (A + B)		
D 1. Cost of materials and supplies (manufacturing locations) AND Cost of merchandise sold and supplies consumed in business operations (non-manufacturing locations)		
2. Services purchased from outsiders (not your employees) for resale, which do not continue under contract		

3. Ordinary payroll expense (if coverage is excluded or limited to 90 or 180 days)		
4. Power, heat and refrigeration expenses which would NOT continue		
E Total Deductions (D1 + D2 + D3 + D4)		
F Total Business Income Value (C – E)		
G Coinsurance Percentage:		
Choose one: <input type="checkbox"/> 100% <input type="checkbox"/> 90% <input type="checkbox"/> 80% <input type="checkbox"/> 70% <input type="checkbox"/> 60% <input type="checkbox"/> 50%		
Coinsurance Percentage x F		
H Ordinary payroll expense, if limited coverage:		
Choose one: <input type="checkbox"/> 90 days <input type="checkbox"/> 180 days		
I Total Business Income (G + H)		

Completion of this form does not bind coverage. Applicant's acceptance of company's quotation and company's written agreement to be bound are required to bind coverage and issue policy.

NOTICE TO PUERTO RICO APPLICANTS: Any person who knowingly and with the intention of defrauding presents false information in an insurance application, or presents, helps, or causes the presentation of a fraudulent claim for the payment of a loss or any other benefit, or presents more than one claim for the same damage or loss, shall incur a felony and, upon conviction, shall be sanctioned for each violation with the penalty of a fine of not less than five thousand dollars (\$5,000) and not more than ten thousand dollars (\$10,000), or a fixed term of imprisonment for three (3) years, or both penalties. If aggravating circumstances are present, the penalty thus established may be increased to a maximum of five (5) years, if extenuating circumstances are present, it may be reduced to a minimum of two (2) years.

NOTICE TO NEW YORK APPLICANTS: Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime, and shall also be subject to a civil penalty not to exceed five thousand dollars and the stated value of the claim for each such violation.

NOTICE TO ALL OTHER APPLICANTS: Any person who, knowingly and with intent to defraud any insurance company or other person, files an application for insurance or statement of claim containing any materially false information or conceals, for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent act, which is a crime and may subject such person to criminal and civil penalties.

The applicant represents that the above statements and facts are true and that no material facts have been suppressed or misstated. All written statements and materials furnished to the company in conjunction with this application are hereby incorporated by reference into this application and made a part hereof. If an order is received, the application is attached to the policy, so it is necessary that all questions be answered in detail.

Applicant: _____ Date: _____
Applicant name and title (print): _____
Broker (print name and firm): _____ Contact: _____
Broker address: _____ Telephone: _____
_____ Email: _____

NOTES

A. NET SALES VALUE OF PRODUCTION

Equals the actual or estimated sales of production during the period, plus the net sales value of Finished and Work-in-Process inventories at the end of the period, less the net sales value of Finished and Work-in-Process inventories at the beginning of the period. Changes in Work-in-Process inventory should be reported at the net sales value based on the percentage of completion factor.

STEP 1: Calculate the Net Sales for the Period.

Gross Sales, Less:

- Discounts
- Returns and Allowances
- Sales and Excise Taxes
- Bad Debts and Collection Expense
- Prepaid Freight
- Other (specify):

= Net Sales for Period (stop here for non-manufacturing locations)

STEP 2: Apply Allowance for Changes in Inventory over the Period

Example:

Net Sales for Period:		\$5,000,000
Change in Finished Goods Inventory		
a. Ending Inventory	1,500,000	
b. - Beginning Inventory	<u>1,250,000</u>	\$250,000
Change in Work-in-Progress Inventory		
a. Ending Inventory	100,000	
b. - Beginning Inventory	<u>150,000</u>	<u>\$(50,000)</u>
= Net Sales Value of Production		<u>\$5,200,000</u>

B. DEDUCT

1. Cost of Materials and Supplies

Cost of materials and supplies means the cost of raw materials and supplies consumed directly in the process of converting raw materials into finished goods. The supplies considered in this category also include labels, packaging and shipping supplies, or any other supply which becomes part of the finished product, but not general operating supplies. The cost of materials and supplies figure should represent amounts consumed in the period's production and not just amounts reflecting net sales levels.

2. Services purchased from outsiders (not your employees) for resale which do not continue under contract.

3. Ordinary Payroll

Ordinary Payroll includes the payroll of all of your employees except salaries and wages for officers, executives, department managers and those employees whose salaries and wages are guaranteed under annual compensation contracts. Ordinary Payroll is payroll for those employees who are not essential during a suspension of operations and most likely would be laid off. These employees when laid off should be readily replaceable once business operations are resumed.

Ordinary Payroll Expense means....

(a) ...the payroll expense for all your employees except officers, executives, department managers and employees under contract.

(b) ...and includes payroll, employee benefits that are directly related to payroll, FICA payments that you pay, union dues you pay and workers compensation premiums. Also included are other charges allocated to Ordinary Payroll including Unemployment Insurance (state and federal) and certain retirement fund payments, group disability, health and life insurance expense, etc.

Note that the adjustment for Ordinary Payroll under D.3 of the worksheet is only necessary if the period of time for which you expect to continue paying this expense is to be limited to 90 or 180 days. The deduction should be for the entire 12 month period being calculated (Actual or Estimated Values) and the expected time for continuance (90 or 180 days) is added back in under H.

Note also that in an actual business income loss situation, Ordinary Payroll is only allowable to the extent it is actually and necessarily paid to the employees, and not claimed or paid elsewhere in your claim.