

PROFITS INSURANCE CALCULATION SHEET

New Application
 or
 Policy N°

Name & Address of Insured / Applicant

ALL ENTRIES TO BE ON AN ANNUAL BASIS	Previous 12 months	
Net Profit (before taxes)	A	0.00 \$
Standing Charges (Other annual outgo or charges which would continue although the the business is not operating following a claim)		
1. Advertising (contracted amounts only)		0.00 \$
2. Agency Contracts and Expenses		0.00 \$
3. Delivery, Telephone and other services under Contract		0.00 \$
4. Depreciation of Buildings, Fixtures, Fittings & Vehicles not damaged		0.00 \$
5. Charitable Donations, Trade Subscriptions		0.00 \$
6. Auditor's and other fees		0.00 \$
7. Heat, Light and Power under Contract		0.00 \$
8. Insurance Premiums		0.00 \$
9. Travelling Expenses		0.00 \$
10. Interest on Mortgages, Loans, etc.		0.00 \$
11. Rents Payable		0.00 \$
12. Salaries of Executives and Permanent Staff, including foremen and skilled employees whose services would not be dispensed with should the business be interrupted		0.00 \$
13. Taxes, other than those chargeable on Profits		0.00 \$
14. Miscellaneous Fixed Standing Charges (not exceeding 5% of the total amount of above expenses)		0.00 \$
Standing Charges Sub-total	B	0.00 \$
Total (A + B)	C	0.00 \$
Rate of growth anticipated for the year following that shown above (___ % of C)	0.00%	D
Gross Profits, excluding ordinary payroll (C+D)	E	0.00 \$

GROSS PROFITS	
WITH ORDINARY PAYROLL ENDORSEMENT	EXCLUDING ORDINARY PAYROLL ENDORSEMENT
<p>100% of E</p> <p style="text-align: right;"><u>0.00 \$</u></p> <p style="text-align: center;">PLUS</p> <p>80% of the largest ordinary payroll expense for:</p> <p style="text-align: center;"><input type="radio"/> 90 Days</p> <p style="text-align: right;"><u>0.00 \$</u></p>	<p>100% of E</p>

***NOTE 1 :** It is important to keep in mind that an interruption to the business arising out of the insured perils could occur towards the end of the next annual term and it is, therefore, necessary to anticipate at least two years ahead when calculating the amount of insurance required.

***NOTA 2 :** Generally speaking, a Standing Charge is an item or expense which in the event of a total interruption would not be eliminated or, in the event of a partial interruption would not be reduced in proportion to the reduced earnings. Listed are typical standing charges, others may be added as required. If your accounting methods make use of other terms to define Standing Charges it is quite permissible to list them in that way. If you are insuring on an all Standing Charges basis, you may list the total of all expenses and deduct the total of those expenses which are not Standing Charges to arrive at the actual values.

Signature of Insured / Applicant	Title	Date
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GENERAL PURPOSES:

This work sheet and the explanations contained herein are intended as an aid in arriving at a sum to be insured or for making up application for premium adjustment. It is not to be construed as an interpretation of the actual policy in any way.

PERIOD OF INDEMNITY:

This is the time you estimate it will take to re-establish your business to its normal sales level after an insured loss. The worst possible circumstances should be considered when there could be a substantial loss of market. For periods longer than a year the sum insured has to be increased proportionately so that a sufficient amount is available.

DEFINITIONS:

(i) NET PROFIT: Includes taxes payable on profit, and is based on your trading results. Income from other sources such as rents, investments or other capital receipts will not be affected and should not be insured.

(ii) STANDING CHARGES: All expenses which would continue during a total shut-down, or which would continue at a rate out of proportion to the turnover maintained in case of a partial suspension of business. Note that the situation can be quite different for each expense item if a partial or total interruption occurs. A partial interruption involving a key process or during a prime time can greatly affect sales.

The work sheet should be altered, or a new one drawn up, to suit the terms and groupings of expenses as shown in your regular statements. This will facilitate adjustments of premiums, of the amount of insurance and of losses.

(iii) SUM INSURED:

- (i) Net trading profit plus all expenses (Standing Charges),
or
- (ii) Net trading profit plus selected named expenses (Standing Charges).

In either case the following are excluded:

- (a) Depreciation on Stock.
- (b) Bad Debts (other than a Reserve for Bad Debts).
- (c) Salaries and Wages for ordinary employees whose service could be dispensed with.

(iv) ORDINARY PAYROLL: Means the entire payroll expense for all employees of the insured, except officers, executives, department managers, employees under contract, permanent staff, foremen and other important employees as designated by the insured. Salaries of key personnel should be included as an item under the basic coverage. May be insured as an expense item as part of Gross Profit for the full period of indemnity. However, it is usual to insure wages for a shorter period only. This can be done by special endorsement as a separate item of insurance. You must insure for at least 80% of the total wages for the 90 days period.

(a) 90 days (the largest Ordinary Payroll for 90 consecutive days)

A further alternative is to arrange coverage for the largest Ordinary Payroll for two consecutive weeks which the insured is legally obligated to pay or by contract, in lieu of notice to dismissed employees as a result of business interruption caused by a Peril insured against.

OPTIONAL COVERAGES:

(i) Contingent: Loss to premises of others can affect your turnover, and this can arise if your suppliers' plants are involved or if the premises of those you in turn sell are damaged. Either or both contingencies can be insured. There is also possible loss to you if the power, heat, water or gas facilities not owned nor on your premises are destroyed.

(ii) Auditors' Fees: Coverage for the additional fees necessitated by loss settlements. In the event of a claim, the insured is required by the insurer to produce and certify details of the business so that the amount of Profits loss can be determined.

(iii) Fines for Breach of Contract: The basic policy excludes such losses, but coverage can be specifically provided.