

How a Business Income Loss Is Calculated

Two different approaches. Same result.

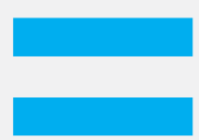


Bottom-Up Approach

Projected Net Income
for the Loss Period



Expenses That Continue
Throughout the Loss Period



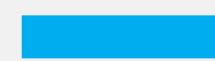
Business Income Loss

*Ideal approach for lengthier loss periods
and more complex losses.*

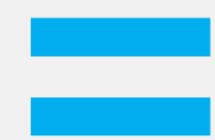


Top-Down Approach

Estimated
Lost Sales



Non-Continuing
Expenses



Business Income Loss

*Ideal approach for short loss periods, especially
those that are a week in length or shorter.*

Bottom-Up Approach Example

\$20,000

in Projected Net Income

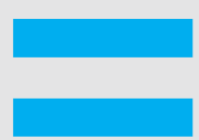
*(Net profit or loss that would have been earned
or incurred, if not for the loss event.)*



\$89,000

in Continuing Expenses

(Includes normal operating expenses.)



\$109,000

Projected Business Income Loss

Top-Down Approach Example

\$180,000

in Projected Lost Sales

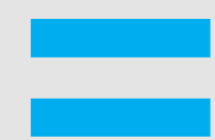
*(\$0 in sales was reported over the loss period, but
any sale would be deducted from projected sales.)*



\$71,000

in Non-Continuing Expenses

*(Primarily includes variable expenses directly
tied to revenue, such as the cost of goods
sold and supplies.)*



\$109,000

Projected Business Income Loss