Current version — Oct 31, 2026
Update history: https://continuityhub.org/business-interruption-insurance-complete-professional-guide/

WORKSHEET 1: THE THRESHOLD PHYSICAL-TRIGGER TEST

Before building an arithmetic claim, test your interruption event against the policy's threshold requirement: **direct physical loss or damage at scheduled premises by a covered cause of loss**. If this physical trigger fails, business income coverage will not engage regardless of revenue loss.

Section A: Incident Profile & Location Verification

POLICY MATCH

Named Insured:		**Policy / BOP Number:**	
Scheduled Loss Address:			
Date & Time of Loss:		**Policy Period Active:**	

Section B: Peril Audit — Covered Peril vs. Excluded Scenario

PERIL TEST

Scenario Tested	Qualifies?	Contractual Determination Rule (from Guide)
☐ Kitchen / Electrical Fire	COVERED	Classic direct physical damage to insured premises; triggers restoration clock.
☐ Windstorm / Hail / Structural Damage	COVERED	Standard covered peril causing physical breach to roof, walls, or inventory.
☐ Frozen / Burst Pipes	COVERED	Covered under standard water damage forms (provided heat maintenance condition met).
☐ Falling Demand / Economic Recession	EXCLUDED	Zero physical damage. Financial consequences without physical damage are uninsured.
☐ Bad Weather / Snow (No Phys Damage)	EXCLUDED	Snow slowing foot traffic without physical property damage does not trigger coverage.
☐ Key Supplier Bankruptcy / Insolvency	EXCLUDED	Financial failure of vendor is not physical damage. (Requires physical damage for CBI).
☐ Pandemic / Communicable Disease Order	EXCLUDED	Standard forms exclude virus/disease. Government closure order is not physical damage.
☐ Pure Cyber Incident / Ransomware Lock	ROUTED	Data/system lock without physical destruction belongs on Cyber BI policy, not Property.

Section C: Physical Damage Substantiation Audit

EVIDENCE CHECK

Evidence Item Required	Status	Verification Notes & Inspector Sign-Off
Incident Report / Fire Dept Run Log	☐ Ready	
Date-Stamped Photographs of Damage	☐ Ready	
Adjuster / Engineer Site Inspection	☐ Done	
Cause of Loss Determination Report	☐ Filed	

WORKSHEET 2: RESTORATION CLOCK & TIME-DEDUCTIBLE CALCULATOR

The **period of restoration** runs from the moment of loss until property should reasonably be restored working with *reasonable speed and due diligence*. The **waiting period (time deductible)** absorbs the opening 48 or 72 hours of income. Extra expense runs from hour 1 without waiting.

Section A: Clock Setup & Waiting-Period Countdown

TIME DEDUCTIBLE

Loss Occurred (Date/Hour):		**Policy Waiting Period:**	[ ] 48 Hours [ ] 72 Hours [ ] Other: ___
Payment Clock Starts:		**Expected Restoration End:**	
Target Reopening Date:		**Total Days Interrupted:**	

Section B: Payment Clock Arithmetic Calculator

DAILY BURN MATH

Calculation Factor	Formula / Standard	Actual Case Numbers
1. Daily Baseline Revenue ($)	Monthly Baseline / 30.4 days	
2. Daily Net Profit ($)	Monthly Net Profit / 30.4 days	
3. Daily Continuing Expenses ($)	Monthly Fixed Costs / 30.4 days	
4. Gross Daily Income Loss ($)	Row 2 + Row 3	
5. Waiting Period Deduction ($)	Row 4 × (Waiting Hours / 24)	– $
6. Total Restoration Days Covered	Total Interruption Days − Deductible Days	
7. Base Indemnity Payable ($)	Row 4 × Row 6	$

Section C: Due Diligence Progress Log (Defending Restoration Clock)

DUE DILIGENCE AUDIT

Insurers dispute restoration length if repairs show unexplained drift. Document diligent progress below:

Milestone	Contractor / Entity	Permit / Doc #	Date Started	Date Finished	Proof Filed
Emergency Mitigation					☐ Work Order
Permit Application					☐ City Receipt
General Contracting					☐ Signed Contract
Equipment Delivery					☐ BOL / Tracking
Final Certificate of Occ					☐ Sign-Off Sheet

WORKSHEET 3: FIXED COSTS & ORDINARY PAYROLL INVENTORY

Continuing expenses are normal operating fixed costs that **necessarily continue** during closure. Expenses that stop (raw ingredients, routine packaging) are not paid. Payroll for retained personnel is covered subject to policy ordinary payroll limitations.

Section A: Fixed Overhead & Facilities Ledger

FIXED OVERHEAD

Expense Category	Payee / Account #	Monthly Amount ($)	Proof Document	Adjuster Verified?
Premises Rent / Mortgage			Lease Agreement	[ ] Yes [ ] Pending
Equipment Leases (Ovens/Kit)			Master Lease / Schedule	[ ] Yes [ ] Pending
Business Debt / Bank Loan			Promissory Note / Stmt	[ ] Yes [ ] Pending
Standing Utilities (Base Tier)			Monthly Electric/Gas Bill	[ ] Yes [ ] Pending
Commercial Insurance Prem.			Premium Billing Invoice	[ ] Yes [ ] Pending
Real Estate / Property Taxes			County Tax Assessment	[ ] Yes [ ] Pending
Standing Professional Fees			Retainer / SLA Contract	[ ] Yes [ ] Pending
SUBTOTAL FIXED OVERHEAD	*Sum of rows above*	**$**		

Section B: Kept Payroll & Essential Staff Register

PAYROLL LIMITS

Check policy endorsement: ordinary payroll may be capped at 30, 60, or 90 days, or excluded unless specifically endorsed:

Employee Name / Role	Classification	Monthly Gross ($)	Policy Day Limit	Retention Justification (To Avoid Reopening Failure)
Head Baker / Head Chef	[ ] Key [ ] Ord		180 Days	Core recipe execution; irreplaceable upon reopening.
General / Clinic Manager	[ ] Key [ ] Ord		180 Days	Directs restoration, vendor coordination, claim documentation.
Senior Technician / Lead	[ ] Key [ ] Ord		[ ] 30 [ ] 60 [ ] 90	Licensed technical role required by local operating permits.
Front Desk / Shift Staff	[ ] Key [ ] Ord		[ ] 30 [ ] 60 [ ] 90	Customer retention, phone rebooking, interim logistics.
Assistant Staff / Line Crew	[ ] Key [ ] Ord		[ ] 30 [ ] 60 [ ] 90	Trained equipment operators; rehiring causes 60-day lag.
TOTAL CONTINUING PAYROLL	*Total Monthly*	**$**	**Total Monthly Continuing Expenses (Overhead + Payroll): $**	

Current version — Oct 31, 2026
Update history: https://continuityhub.org/business-interruption-insurance-complete-professional-guide/

WORKSHEET 4: EXTRA EXPENSE FIRST-HOUR MITIGATION LOG

Extra expense funds costs to **minimize the shutdown itself**: renting temporary space, expediting machinery freight, paying overtime, moving inventory. In standard forms, extra expense carries **no waiting period** and is payable from hour 1 because every dollar spent shrinking closure saves several dollars in business income indemnity.

Section A: Mitigation Authorization & Policy Terms

HOUR-1 AUTHORITY

Extra Expense Policy Limit:	$	**Waiting Period on EE:**	**NONE (0 Hours)**
Stand-alone vs Included:	[ ] Included in BI [ ] Extra Exp Endorsement	**Monthly Limitation (%):**	[ ] 100% [ ] 40/80/100 [ ] None

Section B: First-Hour & Ongoing Extra Expense Log

SPEND TRACKING

Date/Hour	Action Category	Vendor / Payee Details	Amount ($)	Loss-Reduction Justification	Invoice #
	Temp Space Rental	Commissary Kitchen / Pop-up		Restores partial production within 48h.	
	Expedited Freight	Air Freight / Overnight Delivery		Cuts machine replacement lead from 6 wks to 4 days.	
	Overtime Wages	Staff Double Shifts		Accelerates debris removal and clean setup.	
	Stock Relocation	Refrigerated Van / Storage		Saves $15,000 perishable ingredients from spoilage.	
	Temp Utility Hookup	Mobile Diesel Generator		Powers refrigeration while main panel replaced.	
	IT / POS Redirect	Cellular Hotspot / Cloud POS		Enables credit card processing at pop-up stall.	
	Customer Outreach	Emergency Signage & Notice		Directs foot traffic to temporary pickup counter.	
	Specialty Cleaning	Commercial Sanitization		Satisfies health inspection 5 days earlier.	
TOTAL EXTRA EXPENSE CLAIMED			**$**	**Net Savings in Interruption Indemnity: $**	

Section C: The Economic Benefit Test (Insurer Substantiation)

ECONOMIC TEST

Insurers examine whether extra expense spending was economically justified. Complete the economic proof below:

Estimated Interruption Loss **WITHOUT** Extra Expense:	___ days × $____ / day = $_____
Actual Interruption Loss **WITH** Extra Expense:	___ days × $____ / day = $_____
Gross Income Indemnity Saved by Spending:	$_____ (Must exceed Extra Expense claimed)

Current version — Oct 31, 2026
Update history: https://continuityhub.org/business-interruption-insurance-complete-professional-guide/

WORKSHEET 5: POLICY EXTENSION AUDIT & BOUNDARY CHECKER

Extensions sit around standard business income coverage. Each has specific contractual prerequisites: Civil Authority requires *nearby physical damage*; Utility Services requires endorsement for *plant vs transmission lines*; Cyber-driven outages route to standalone cyber coverage.

Extension 1: Civil Authority Verification Checklist

NEARBY DAMAGE RULE

Contractual Condition	Verified?	Mandatory Evidence & Verification Rule
1. Direct physical damage to **nearby** property	[ ] Yes [ ] No	Address of damaged property: _____ Must be within policy geographic distance (typically 1–5 miles).
2. Formal government order prohibiting access	[ ] Yes [ ] No	Attach official order from Mayor, Police, Fire Marshall, or Civil Defense.
3. Order issued **because** of the nearby damage	[ ] Yes [ ] No	Order issued for public safety/clearance. Order without damage = NO COVER.
4. Duration & waiting period compliance	[ ] Yes [ ] No	Policy duration limit: [ ] 2 Weeks [ ] 3 Weeks [ ] 4 Weeks Civil authority waiting period: _____ hours (deductible).

Extension 2: Utility Services (Off-Premises Failure) Audit

PLANT VS. LINES

Endorsement Feature	Policy Setting	Coverage Boundary Analysis
Utility Endorsement Present?	[ ] Yes [ ] No	If NO endorsement, off-premises power/water failure is excluded.
Covered Services Scheduled	[ ] Electric [ ] Water [ ] Gas [ ] Comm/Tel	Only scheduled utility services are eligible for interruption payment.
Scope of Damage Trigger	[ ] Plant / Station Only [ ] Lines / Transmission [ ] Both Plant & Lines	**CRITICAL:** If policy covers "Generating Plant Only", a downed transmission line or blown street transformer is UNCOVERED.
Overhead Transmission Lines	[ ] Included [ ] Excluded	Many policies expressly exclude overhead lines damaged by wind or ice.

Extension 3: Cyber-Driven Shutdown Routing Protocol

PROPERTY VS. CYBER

Incident Characteristic	Property Policy BI	Cyber Policy BI (Stand-alone)
Trigger Mechanism	Direct tangible physical destruction (fire, water).	Data corruption, system encryption, server outage.
Policy Form	Commercial Property / BOP form.	Cyber Incident / Data Breach policy form.
Ransomware Shutdown	EXCLUDED (No physical property damage).	**PRIMARY TRIGGER** (System interruption cover).
Action Required	Close claim on property policy to avoid delay.	Notify Cyber carrier within mandatory notification window.

Current version — Oct 31, 2026
Update history: https://continuityhub.org/business-interruption-insurance-complete-professional-guide/

WORKSHEET 6: DEPENDENT PROPERTIES (CONTINGENT BI) EXPOSURE REGISTER

Contingent Business Interruption (CBI) responds when **physical damage occurs at someone else's premises** and your revenue stops as a result. The damage at the dependent location must be caused by a peril covered by your policy. Map dependent locations and policy limits below:

Section A: Policy Contingent Coverage Terms

POLICY TERMS

Contingent BI Limit:	$	**Coverage Structure:**	[ ] Scheduled Only [ ] Blanket Terms
Waiting Period (CBI):	[ ] 48 Hours [ ] 72 Hours [ ] Other: ___	**Sub-limit Applicable:**	[ ] Yes (Amount: $_____) [ ] No

Section B: Dependent Property Register (3 Classic Shapes)

DEPENDENCY MAPPING

Dependency Type	Name & Facility Address	Scheduled in Policy?	Covered Cause Parity?	Monthly Revenue at Risk ($)	Backup Source Available?
1. Key Supplier Component maker, distributor		[ ] Yes [ ] Blanket	[ ] Fire [ ] Storm [ ] Flood (If cov)		[ ] Yes [ ] No (Single source)
2. Key Supplier #2 Refrigerated food distributor		[ ] Yes [ ] Blanket	[ ] Fire [ ] Storm [ ] Flood (If cov)		[ ] Yes [ ] No (Single source)
3. Key Customer Anchor client / corporate buyer		[ ] Yes [ ] Blanket	[ ] Fire [ ] Storm [ ] Flood (If cov)		[ ] Multi-client [ ] Sole buyer
4. Leader / Magnet Mall anchor, convention center		[ ] Yes [ ] Blanket	[ ] Fire [ ] Storm [ ] Flood (If cov)		[ ] Foot traffic tied [ ] Destination

Section C: Contingent Claim Documentation Protocol

CLAIM STANDARD

The Burden of Proof is Yours: In a contingent claim, you prove *your* lost income. The supplier's physical misfortune is the trigger, but your historical accounting records establish the indemnity amount:

- Attach 12–24 months of verified purchase orders or customer invoices showing dependency history.
- Obtain written confirmation or public news report of direct physical damage at the supplier's scheduled address.
- Document mitigation efforts: quotes from alternative suppliers, spot-market purchases, freight expedite costs.
- Verify cause parity: if supplier was closed by flood but flood is excluded on your policy, CBI does NOT pay.