



Boy Scouts



IN THIS ISSUE:

>> Business Interruption Insurance

BUSINESS INTERRUPTION INSURANCE

When the subject of Loss of Income is brought up, there are typically several questions that arise regarding exposure and adequate coverage. This is a brief overview of some of the things that should be considered.

First, the council must determine what exposure they have and how they would respond in the event of one or more of their locations being shut down. Shut downs could occur for a day or two or even for an entire season.

For example, some councils have more than one office location. If an office were shut down, they may incur some Extra Expense to temporarily move operations, but they wouldn't actually lose any income. The council may have a budget for such an occurrence or they may purchase insurance. This type of coverage is called extra expense coverage and goes hand in hand with loss of income coverage.

Another scenario is a camp being shut down.

Some councils may already have an agreement with a neighboring council or camp with contingencies in place to minimize any potential loss. Other councils simply may not have access to this type of option. Insurance, when considered, should always contemplate the worst case scenario.

What if an entire camp is destroyed? What if only the Dining Hall is destroyed? What if a cabin is destroyed? All these scenarios require different responses.

The council must be prepared for anything. First, start with what resources are available within the council and how the council may be able to absorb certain losses. Once you know what the council is capable of retaining you can evaluate the other costs and expenses to determine the appropriate level of coverage to purchase.

The amount the council can retain can then be used to determine the deductible when purchasing insurance. The higher the deductible on your insurance policy, the better the credits that may be available to the council. However, you should never retain more than you can afford to lose.

You know you need insurance, but how much do you need? How do you know if you are purchasing the right type of insurance for your council? Business Interruption Insurance can be confusing and you do not want to find out how it all works after you have an accident. Consider this, look at your budget. What would happen if you lost a main stream of income? What would happen to the council? Making sure you have the proper insurance is just as important as purchasing the insurance.

Included in your Newsletter is a simple Business Income Worksheet developed just for the councils. You will see factors such as extra expense (discussed earlier in this newsletter) and ordinary payroll. Ordinary Payroll is the payroll assigned to non-management personnel such as camp staff. Would the council continue to pay the camp staff if the camp were shut down for a week? What about a month? Or a season? If the council would pay the non-management staff then they should include that in their figures when determining how much coverage they would like to purchase.

So, you've completed the worksheet. You have determined your revenue, continuing expenses and non-continuing expenses. You have figured out how much extra expense and ordinary payroll you need to purchase. You're finished, right? Not quite yet. As with any insurance policy, coverage must be triggered. Most policies require damage to the insured's property for coverage to be triggered. What if you are shut down by authorities due to a fire down the road that never reaches your camp? Or because of an outbreak of a virus? These coverages are available through our program.

Make sure you discuss the exposures with your risk management committee and have your agent insure your council for the exposures that you need. Explain the exact scenarios and have your agent contact USI, the BSA purchasing group administrator.

FOR MORE INFORMATION CONTACT:

USI Colorado LLC Program Administrator, Leah Gearhart
leah.gearhart@usi.com | 800.873.8500 | bsa.usi.com



CAMP BUSINESS INTERRUPTION WORKSHEET

CAMP: _____

(Current Year)

(Next Year)

12 Month Period Ending

Estimated for 12 Month Period Beginning

INCOME & EXPENSE

A. Gross Revenue

\$ _____

\$ _____

(Includes tuition, camp store, conference rental, donations, other revenue)

B. DEDUCT:

Discounts

- _____

- _____

Bad Debt

- _____

- _____

Collection Expenses

- _____

- _____

C. Net Revenue

\$ _____

\$ _____

D. ADD: Other earnings from your business operations (not investment income or rents from non-insured properties):

Rents

+ _____

+ _____

Other

+ _____

+ _____

E. Total Revenue

\$ _____

\$ _____

F. DEDUCT:

1. Cost of services and supplies purchased from outsiders (not your employees) that do not continue under contract, if you are shut down

- _____

- _____

2. All non management staff payroll - EXCLUDED

- _____

- _____

.....



CAMP BUSINESS INTERRUPTION WORKSHEET

G. Total Business Income exposure for 12 months

	\$	\$

H. ADD Extra expenses the council will incur in the event of a loss

	+	+

I. ADD 'Ordinary Payroll' you would like to include. This is non-management staff that would continue to receive payroll in the event that the above location would be closed due to a covered cause of loss.

	+	+

Total Business Income plus Extra Expense & Ordinary Payroll

	\$	\$

This worksheet is only a guide to assist you in estimating your Business Interruption exposure. Please consult with your Accountant or other Financial Advisors.

Completed By:

Date:

If you include 'Ordinary Payroll' list the titles of the employees that are included here:
