

# **Quantifying Potential Contingent Business Interruption Claims Related to the Disaster in Japan**

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Although it may be too early to assess whether a company will incur a Contingent Business Interruption loss related to the earthquake and resulting tsunami in Japan, it is never too early to quantify your potential exposure and review your policy for potential coverage.

To assist risk managers and brokers, [Karen Cusato, CPA, CFE](#) of Cusato Consulting, LLC has developed a Contingent Business Interruption ("CBI") Exposure Worksheet that can be used to estimate the potential exposure to CBI losses related to the earthquake and resulting tsunami in Japan.

The value of a contingent business interruption loss can be surprisingly large per Ms. Cusato. "Even if only 25% of a company's revenues are at risk, their losses may be significantly greater than 25% of the company's net income due to fixed costs and unrealized economies of scale. It is important to estimate your potential losses as soon as possible to assist with making informed business decisions, such as looking for alternative suppliers, and to put insurance companies on notice of potential claims."

For a copy of Cusato Consulting, LLC's Contingent Business Interruption Worksheet, please contact [Cusato Consulting](#).