

# Contingent Business Interruption Gross Earnings – Recipient Property

Intact Insurance Company

## 1. INDEMNITY AGREEMENT

Subject to all its stipulations, limitations and conditions, this Form insures, up to the amount stated on the Declaration Page(s) against loss directly resulting from necessary interruption of business conducted on "premises" of the Insured described on the Declaration Page(s) caused by direct physical loss or direct physical damage by the perils insured against, to "building(s)", "equipment" or "stock", of the recipient property (being property to which the Insured's products are shipped), as described on the Declarations Page(s), occurring during the term of this Policy, which wholly or partially prevents the acceptance of products produced by the Insured and results directly in a necessary interruption of the Insured's business.

## 2. MEASURE OF RECOVERY

The measure of recovery in the event of loss hereunder shall be the reduction in "gross earnings" directly resulting from such interruption of business less charges and expenses which do not necessarily continue during the interruption of business, for not exceeding such length of time as would be required with the exercise of due diligence and dispatch to rebuild, repair or replace such part of the recipient property as has been destroyed or damaged, commencing with the date of such destruction or damage and not limited by the expiration date of this policy, but not exceeding the actual loss sustained by the Insured resulting from such interruption of business. Due consideration shall be given to the continuation of "normal" charges and expenses, including payroll, to the extent necessary to resume operations of the Insured with the same quality of service which existed immediately preceding the destruction or damage by the perils insured against.

## 3. CO-INSURANCE CLAUSE

In the event of loss for which insurance is provided under this Form, the Insurer shall not be liable for a greater proportion thereof than the amount hereby insured bears to the percentage of the "gross earnings" of the Insured as stated in the Declaration Page(s), dependent upon or affected by acceptance of all products of the Insured by the described recipient property that would have been earned (had no loss occurred) during the 12 months immediately following the date of interruption of the Insured's business.

## 4. RESUMPTION OF OPERATIONS

It is a condition of this insurance that if the Insured could reduce the loss resulting from the interruption of business by:

- (a) complete or partial resumption of operation of the property insured, whether damaged or not, or
- (b) making use of other property at the location specified in the Declaration Page(s) or elsewhere, or
- (c) making use of "stock" ("raw", "in process" or "finished") at the location specified in the Declaration Page(s) or elsewhere,

such reduction shall be taken into account in arriving at the amount of loss hereunder.

The Insured shall also use his or her influence to induce the recipient property to make use of any other machinery, equipment, supplies or location available in order to resume operations and acceptance of products of the Insured and shall co-operate with the recipient property to this effect in every way, but not financially unless such expenditure shall be authorized by the Insurer.

## 5. EXPENSES TO REDUCE LOSS

This Form also insures such expenses as are necessarily incurred for the purpose of reducing loss under this Form (except those expenses incurred to extinguish a fire) and such expenses, in excess of "normal", as would necessarily be incurred in replacing any "finished stock" used by the Insured to reduce loss under this Form, but in no event shall the aggregate of such expenses exceed the amount by which the loss under this Form is thereby reduced. Such expenses shall not be subject to the application of Co-insurance Clause 3.

## 6. GROSS EARNINGS

"Gross Earnings" are defined as the sum of:

- (a) total net sales value of production,
- (b) total net sales of "merchandise", and
- (c) other earnings derived from the operations of the business,

**less the cost of**

- (a) "raw stock" from which such production is derived,
- (b) supplies consisting of materials consumed directly in the conversion of such "raw stock" into "finished stock" or in supplying the services sold by the Insured,
- (c) "merchandise" sold, including packaging materials therefor, and
- (d) services purchased from outsiders (not employees of the Insured) for resale which do not continue under contract.

No other costs shall be deducted in determining "gross earnings".

In determining "gross earnings", due consideration shall be given to the experience of the business before the date of damage or destruction and the probable experience thereafter had no loss occurred.

## 7. MEDIA LIMITATION

With respect to loss resulting from damage to or destruction at the recipient property of media for, or programming records pertaining to, electronic data processing or electronically controlled equipment, including data thereon, by the perils insured against, the length of time for which the Insurer shall be liable hereunder shall not exceed:

- (a) thirty (30) consecutive days; or
  - (b) the length of time that would be required to rebuild, repair or replace such other property herein described as has been damaged or destroyed;
- whichever is the greater length of time.

## 8. INTERRUPTION BY CIVIL AUTHORITY

This Form is extended to include the actual loss as insured hereunder during the period of time, not exceeding two weeks, while access to the premises of the recipient property is prohibited by order of civil authority, but only when such order is given as a direct result of direct physical loss or direct physical damage to neighbouring premises of the recipient property by a peril insured against under this policy

## 9. ADDITIONAL EXCLUSIONS

The Insurer shall not be liable under this Form for:

- (a) any increase of loss caused by delays or loss of time due to the presence of strikers or other persons or to labour disturbances on or about the premises interfering with the rebuilding, repairing or replacing the property damaged or destroyed or the resumption or continuation of business or free access to or control of the premises or due to the action of sympathetic strikers elsewhere;
- (b) loss due to fines or damages for breach of contract for late or non-completion of orders, or for any penalties of whatever nature;
- (c) loss due to the suspension, lapse or cancellation of any lease or license, contract or order, which may affect the Insured's earnings after the period following any loss during which indemnity is payable.

## 10. WAIVER OF TERM OR CONDITION

No term or condition of this policy shall be deemed to be waived by the Insurer in whole or in part unless the waiver is clearly expressed in writing signed by a person authorized for that purpose by the Insurer. Neither the Insurer nor the Insured shall be deemed to have waived any term or condition of this policy by any act relating to the appraisal of the amount of loss or to the delivery and completion of proofs, or the investigation or adjustment of any claim under this policy.

## 11. DEFINITIONS

Wherever used in this Form:

*Finished Stock means*

stock manufactured by the Insured which, in the ordinary course of the Insured's business, is ready for packing, shipment or sale.

*Merchandise means,*

goods kept for sale by the Insured which are not the product of manufacturing operations conducted by the Insured.

*Normal means,*

the condition which would have existed had no interruption of the Insured's business occurred as a result of damage to or destruction of the recipient property by a peril insured against.

*Raw Stock means,*

material in the state in which the Insured receives it for conversion by the Insured into "finished stock".

*Stock In Process means,*

"raw stock" which has undergone any aging, seasoning, mechanical or other process of manufacture at the locations specified in the Declaration Page(s) as applicable to this insurance, but which has not become "finished stock".