

Contingent Business Interruption Profits – Recipient Property

Intact Insurance Company

1. INDEMNITY AGREEMENT

The Insurer agrees with the Insured subject to the terms and conditions expressed herein that so long as this Form shall be in force if any building or other property or any part thereof at the "premises" described in the Declaration Page(s) of the recipient property (being property to which the Insured's products are being shipped) shall be directly physically destroyed or directly physically damaged by a peril insured against at any time during the period of insurance and the business carried on by the Insured at the premises described in the Declaration Page(s) be in consequence thereof interrupted or interfered with, the Insurer will pay the Insured in respect of the amount of insurance stated in the Declaration Page(s) the amount of loss resulting from such interruption or interference in accordance with the provisions herein contained.

2. MEASURE OF RECOVERY

The amount of insurance as stated in the Declaration Page(s) is limited to the Insured's interest in loss of "gross profits" due to (a) "Reduction in Turnover" and (b) "Increase in Cost of Working" and the amount payable as indemnity thereunder shall be:

- (a) In respect of "Reduction in Turnover": The sum produced by applying the "rate of gross profit" to the amount by which the "turnover" during the "indemnity period" shall, in consequence of the destruction or damage by a peril insured against, fall short of the "standard turnover".
- (b) In respect of "Increase in Cost of Working": The additional expenditure (subject to Provision Clause (b)) necessary and reasonably incurred for the sole purpose of avoiding or diminishing the reduction in "turnover" which but for that expenditure would have taken place during the "indemnity period" in consequence of the destruction or damage by a peril insured against, but not exceeding the sum produced by applying the "rate of gross profit" to the amount of the reduction thereby avoided;

less any sum saved during the "indemnity period" in respect of such of the "insured standing charges" as may cease or be reduced in consequence of the destruction or damage by the perils insured against;

provided that if the sum insured by this item be less than the sum produced by applying the "rate of gross profit" to the "annual turnover", the amount payable shall be proportionately reduced.

3. ADDITIONAL EXCLUSIONS

The Insurer shall not be liable under this Form for:

- (a) any loss due to fines or damage for breach of contract, for late or non-completion of orders, or for any penalties of whatever nature.

4. DEFINITIONS

- (a) **"Gross Profit"**: The sum produced by adding to the "net profit" the amount of the "insured standing charges", or if there be no "net profit", the amount of the "insured standing charges" less such a proportion of any net trading loss as the amount of the "insured standing charges" bears to all the standing charges of the business.
- (b) **"Net Profit"**: The net trading profit (exclusive of all capital receipts and accretions and all outlay properly chargeable to capital) resulting from the business of the Insured at the premises after due provision has been made for all standing and other charges including depreciation, but before the deduction of any taxation chargeable on profits.
- (c) **"Turnover"**: The money paid or payable to the Insured for goods sold and delivered and for services rendered in course of the business at the premises.
- (d) **"Indemnity Period"**: The period beginning with the occurrence of a peril insured against and ending no later than 12 months thereafter during which the results of the business shall be affected in consequence of the destruction or damage at the described premises of the recipient property by a peril insured against, except that if media for, or programming records pertaining to, electronic data processing or electronically controlled equipment including data thereon, be destroyed or damaged at the described premises of the recipient property by a peril insured against, then the "indemnity period" in respect thereof shall not extend beyond:
 - (i) thirty days after the occurrence of such destruction or damage, or
 - (ii) the date upon which liability ceases under this insurance for the loss arising from other property destroyed or damaged by the same occurrence, whichever shall be the later.
- (e) **"Insured Standing Charges"**: All standing charges are insured unless specified in the Declaration Page(s) in which case only those standing charges so specified are insured;
The following shall in no event be deemed to be standing charges:
 - (i) Depreciation of stock,
 - (ii) Bad debts,
 - (iii) Wages and salaries other than salaries to permanent staff and wages to foremen and important employees whose services could not be dispensed with, should the business be interfered with or interrupted.
- (f) **"Rate of Gross Profit"**: The "rate of gross profit" earned on the "turnover" during the financial year immediately before the date of the destruction or damage by a peril insured against.

To which such adjustment shall be made as may be necessary to provide for the trend of the business and for variations in, or special circumstances affecting the business, either before or after the destruction or damage by perils insured against or which would have affected the business had the destruction or damage by perils insured against not occurred. The figures thus adjusted shall represent as nearly as reasonably practicable the results which but for the destruction or damage by a peril insured against, would have been obtained during the relative period after the destruction or damage by a peril insured against.

- (g) **"Annual Turnover"**: The "turnover" during the 12 months immediately before the date of destruction or damage by perils insured against.

To which such adjustment shall be made as may be necessary to provide for the trend of the business and for variation in or special circumstances affecting the business either before or after the destruction or damage by perils insured against or which would have affected the business had the destruction or damage by perils insured against not occurred. The figures thus adjusted shall represent as nearly as reasonably practicable the results which, but for the destruction or damage by perils insured against, would have been obtained during the relative period after the destruction or damage by a peril insured against.

- (h) **"Standard Turnover"**: The "turnover" during that period in the 12 months immediately before the date of the destruction or damage by perils insured against which correspond with the "indemnity period".

To which such adjustment shall be made as may be necessary to provide for the trend of the business and for variations in or special circumstances affecting the business either before or after the destruction or damage by perils insured against or which would have affected the business had the destruction or damage by perils insured against not occurred, so the figures thus adjusted shall represent as nearly as may be reasonably practicable the results which but for the destruction or damage by a peril insured against would have been obtained during the relative period after the destruction or damage by a peril insured against.

- (i) **"Premises"** means the entire area within the property lines at the location described in the Declaration Page(s) and areas under adjoining sidewalks and driveways.

5. PROVISIONS

- (a) If during the "indemnity period" goods shall be sold or services shall be rendered elsewhere than at the premises for the benefit of the business either by the Insured or by others on his behalf, the money paid or payable in respect of such sales or services shall be brought into account in arriving at the "turnover" during the "indemnity period".
- (b) If any standing charges of the business are not insured by this Form, then in computing the amount recoverable hereunder, as "increase in cost of working", that proportion only of the additional expenditure shall be brought into account which the sum of the "net profit" and the "insured standing charges" bears to the sum of the "net profit" and all standing charges.
- (c) The liability of the Insurer shall in no case exceed the total sum insured hereby or such other sum or sums as may hereafter be substituted by endorsement issued by or on behalf of the Insurer.
- (d) On the happening of any destruction or damage by a peril insured against in consequence of which a claim is or may be made under this Form, the insured shall with due diligence do and concur in doing and permit to be done all things which may be reasonably practicable to minimize or check any interruption of or interference with the business or to avoid or diminish the loss.
- (e) The insurer shall be liable for the actual loss sustained as covered 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.
- (f) If, on the happening of any loss, there is in force more than one policy covering the same interest, irrespective of whether by any term in such contract the insurance granted thereby shall not cover, come into force, attach, or become insurance until after full or partial payment of any loss under any other policy, it is a condition of this Form that such policy or policies will contribute a rateable proportion of the loss unless it is otherwise expressly agreed in writing.

6. PERMISSION

Permission is hereby granted:

- (a) for other insurance concurrent with this Form;
- (b) to make additions, alterations or repairs;
- (c) to do such work and to keep and use such articles, materials, and supplies in such quantities as are usual or necessary to the Insured's business.