

## Gross Earnings Mercantile or Non-Manufacturing

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### 1. INDEMNITY AGREEMENT

This Form insures, up to the limit specified in the Declaration Page(s), against loss directly resulting from necessary interruption of the Insured's business caused by direct physical loss or direct physical damage by the perils insured against, to building(s), equipment or stock on the "premises" specified in the Declaration Page(s), occurring during the term of the policy.

### 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 "premises" insured as specified in the Declaration Page(s) 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 a peril insured against.

### 3. RESUMPTION OF OPERATIONS

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

- (a) by complete or partial resumption of operation of the property insured hereby, whether damaged or not, or
  - (b) by making use of merchandise or other property at the location(s) specified in the Declaration Page(s) or elsewhere;
- such reduction shall be taken into consideration in arriving at the amount of loss hereunder.

### 4. EXPENSES TO REDUCE LOSS

This Form also insures such expenses as are necessarily incurred for the purpose of reducing loss hereunder (except expense incurred to extinguish a fire), 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 the Co-Insurance Clause.

### 5. CO-INSURANCE CLAUSE

In the event of loss hereunder, the Insurer shall not be liable for a greater proportion thereof than the amount insured hereby bears to the co-insurance percentage specified in the Declaration Page(s) of the "gross earnings" that would have been earned (had no loss occurred) during the twelve (12) months immediately following the date of damage to or destruction of the property insured hereby.

### 6. SPECIAL LIMITATION

With respect to loss resulting from damage to or destruction 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 under this form shall not exceed:

- (a) thirty (30) consecutive calendar days; or
- (b) the length of time that would be required to rebuild, repair or replace such other property insured hereby as has been damaged or destroyed;

whichever is the greater length of time.

### 7. SPECIAL EXCLUSIONS

The Insurer shall not be liable 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.

### 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" described in the Declaration Page(s) 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 by a peril insured against under this policy.

## 9. 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 business of the Insured.

## 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. PREMIUM ADJUSTMENT

If within 12 months after the expiration of this Policy the Insured shall file with the Insurer a premium adjustment application form showing:

- (a) the total amount of insurance carried on "gross earnings" as defined herein, less the limit of liability on "ordinary payroll expense" if the Ordinary Payroll (90 or 180 day limitation) is in effect, or "ordinary payroll expense" if the Ordinary Payroll Exclusion is in effect, during the annual term of this Policy and that such amount was not decreased during the said annual term; and
- (b) that 80% of "gross earnings" as defined herein, less "ordinary payroll expense" if the Ordinary Payroll (90 or 180 day limitation) or the Ordinary Payroll Exclusion is in effect, certified by the Insured's Auditors as earned during the Insured's financial year most nearly concurrent with the annual term of the Policy was less than the total amount of insurance carried thereon;

then the Insurer will allow in respect of its pro rata proportion of the difference a return of premium not exceeding 50% (25% if the co-insurance requirement is less than 80%, where eligible) of the premium paid by the Insured under this Form in respect of such "gross earnings" (less "ordinary payroll expense", if the Ordinary Payroll [90 or 180 day limitation] or the Ordinary Payroll Exclusion is in effect).

In the event of loss originating within the term of this Policy, the premium for the full term of this insurance on the full amount paid or payable for such loss shall be regarded as earned and no return premium shall be allowed in respect thereof. The Insurer reserves the right to inspect the Insured's books, records and such policies as relate to this insurance for verification of any statement filed for the purpose of adjusting the premium of this insurance.

Furthermore, the length of time of necessary interruption of business for which indemnity is payable is limited, in addition to those provisions set out in this Form, to a maximum of 12 consecutive calendar months following the date of damage or destruction.

## 12. ADDITIONAL DEFINITIONS

Wherever used in this Form:

*Gross Earnings means,*

**the sum of:**

- (a) total net sales, and
- (b) other earnings derived from operations of the business

**less the cost of:**

- (a) merchandise sold, including packaging therefor,
- (b) materials and supplies consumed directly in supplying the service(s) sold by the Insured, and
- (c) service(s) 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.

*Premises means,*

the entire area within the property lines at the location(s) specified in the Declaration Page(s), including areas under adjoining sidewalks and driveways.

*Normal means,*

the condition that would have existed had no loss occurred.