

Blanket Earnings and Extra Expense

This Form insures the reduction in earnings and additional costs and expenses resulting directly from the necessary interruption of business caused by direct physical loss or direct physical damage to Building(s) or Business Contents, at premises owned or occupied by the Insured and situated as specified in the Declaration Page(s), by the peril(s) insured against during the term of this policy. It is a condition of this insurance that the Insured exercise due diligence and dispatch to continue, as nearly as practicable, the normal operation of the business on the same or other premises by making use of other property or facilities or stock (raw, in process or finished) at the location(s) specified in the Declaration Page(s) or elsewhere. It is a condition of this insurance that the Insured will exercise due diligence and dispatch to rebuild, repair or replace such part(s) of the Building(s) or Stock or Equipment as have been damaged or destroyed.

The Insurer shall be liable:

- a) For the excess of the total cost and expenses of the operation of the business during the period of indemnity (as hereinafter defined) over and above the total cost of such operation that would normally have been incurred during the same period, had there been no interruption of business;
- b) For the reduction in earnings (as hereinafter defined) during the period of indemnity less charges and expenses which do not necessarily continue, resulting directly from the necessary interruption of business from a peril insured against;

all not to exceed the actual loss sustained by the Insured, nor for more than the amount specified in the Declaration Page(s).

1. Interruption by Civil Authority

The Insurer shall be liable 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 any peril insured against under this policy.

2. Exclusions

The Insurer shall not be liable for:

- a) The suspension, lapse or cancellation of any lease, licence, contract or order unless such suspension, lapse or cancellation results directly from the interruption of business, and then the Insurer shall be liable for only such loss as affects the Insured's earnings, during, and limited to, the period of indemnity covered under this policy; nor shall the Insurer be liable for any other consequential or remote loss;
- b) Any increase of loss due to interference at the premises described in the Declaration Page(s) by strikers or other unauthorized persons with rebuilding, repairing or replacing the property or with the resumption or continuation of business or free access to or control of the premises or due to the action of sympathetic strikers elsewhere;
- c) Any loss due to fines or damages for breach of contract for late or non-completion of orders, or for any penalties of whatever nature;
- d) Expenses incurred to extinguish a fire;
- e) Any loss or increase in loss, in excess of \$1000 due to damage or destruction of media for, or programming records pertaining to, electronic data processing or electronically controlled equipment, including data thereon;
- f) Any direct or indirect property damage loss;

3. Definitions

The following terms wherever used in this policy shall mean:

- a) **EARNINGS** – For the purpose of this insurance, "Earnings" are defined as the sum of: (1) total net profit, (2) payroll expenses, (3) taxes, (4) interest, (5) rents, and (6) all other operating expenses earned by the business. In determining 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;
- b) **PERIOD OF INDEMNITY** – The length of time, commencing with the date of damage or destruction, which would be required, with the exercise of due diligence or dispatch, to repair, rebuild or replace the damaged or destroyed property. This period of indemnity is not limited by the expiration date of the policy, nor is it limited to the period the business is actually interrupted, but the period of indemnity will cease when the Insured's business is restored, with the exercise of due diligence and dispatch, to the condition that would have existed had no loss occurred, but in no event for more than 90 days from the date of the completion of repairs, rebuilding or replacement of the damaged or destroyed property,

If the business conducted by the Insured at the premises described in the Declaration Page(s) is shown as a school or college, the Period of indemnity specified in Clause 3(b) shall be replaced by the following:

- c) **PERIOD OF INDEMNITY – SCHOOLS AND COLLEGES** – The Period of Indemnity is defined as and limited to the length of time, commencing with the date of damage to the property insured, as specified in the Declaration Page(s), and ending on the day preceding the beginning of the first school year following the date that the damaged or destroyed property could, with the exercise of due diligence and dispatch, be restored, but not limited by the expiration date of this policy.

If the period of time as provided in Clause 3(c) ends on a date within 30 days immediately preceding the beginning of the first school year, the period of liability for loss is extended to end on the day preceding the beginning of the second school year.

The words "beginning of school year", however modified, shall mean the opening date of school in the Fall as prescribed, or as would be prescribed, in the school catalogue.

4. Pro Rata Clause

The liability under this Form shall not exceed that proportion of any loss which the amount of insurance hereunder bears to all insurance, whether collectible or not, covering in any manner the loss insured against by this coverage.

5. Extensions of Coverage

I. Income Support Properties

Coverage under Blanket Earnings and Extra Expense insures, during the term of this policy, for an additional amount, not exceeding the actual loss sustained by the Insured, nor in any event for more than \$25,000 in any one loss occurrence, against the reduction of earnings and additional costs and expenses, resulting directly from necessary interruption of the Insured's business caused by direct physical loss or direct physical damage by the perils insured against, under Building, Contents, or Property of Every Description, as specified in the Declaration Page(s), to buildings or contents of income support properties, which results directly in a necessary interruption of the business conducted on the Insured's premises, as specified in the Declaration Page(s).

The term "Income Support Properties" means those locations which are not owned, leased or operated by the Insured but which contribute to the Insured's business income, such as:

- a) A supplier of goods or materials to the Insured where a covered loss on the supplier's premises wholly or partially prevents the delivery of materials by the supplier to the Insured; or
- b) A customer or purchaser of the Insured's goods or materials where a covered loss on the customer's premises prevents the customer's acceptance of products produced by the Insured; and
- c) A neighbouring company which attracts potential customers to the Insured's business location, such as a large chain store in a shopping centre where the Insured's business is also located, and which if shut down due to a covered loss, directly results in a necessary interruption of the Insured's business.

II. Off Premises Services Interruption

Coverage under Blanket Earnings and Extra Expense is extended to include loss arising from the interruption of business resulting from the direct physical loss of or damage to property that is located within 1 kilometre of the "premises", from an insured peril under this policy. Such property must be used to generate or supply "services" to the premises.

This coverage only applies to loss, as insured by the Blanket Earnings and Extra Expense coverage provided by this policy, due to "service interruption".

This coverage does not cover loss, as insured by the Blanket Earnings and Extra Expense coverage provided by this policy, during the first 24 consecutive hours of loss of "services" or directly or indirectly arising from:

- (a) loss or damage to electrical transmission lines or distribution lines or their supporting structures;
- (b) loss or reduction of "services" due to lack of sufficient capacity; or
- (c) an intentional reduction in the supply of "services".

The maximum amount payable under this coverage for any one occurrence, regardless of the number of persons and interests insured under the Blanket Earnings and Extra Expense coverage provided by this policy, is not to exceed \$25,000.

As used in this coverage

"services" means electricity, water, gas or steam.

"service interruption" means loss of "services" for a period exceeding 24 consecutive hours.

III. Alterations and New Building Clause

Coverage under Blanket Earnings and Extra Expense is extended to cover loss resulting from direct physical loss or direct physical damage by a peril insured against under Building, Contents, or Property of Every Description, to building alterations, additions or to new buildings while in course of construction and when completed or occupied, provided that, in the event of damage to or destruction of such property (including building materials, supplies, machinery or equipment incidental to such construction or occupancy while on the premises described in the Declaration Page(s) or within 30.5 metres [100 feet] thereof) so as to delay commencement of business operations of the Insured, the length of time for which the Insurer shall be liable shall be determined as otherwise provided herein but such determined length of time shall be applied and the loss hereunder calculated from the date that business operations would have begun had no loss occurred.