

Gross Earnings Actual Loss Sustained

WORDS AND PHRASES IN QUOTATION MARKS HAVE SPECIAL MEANING AS DEFINED IN THE DEFINITIONS SECTION OF THIS FORM.

1. INDEMNITY AGREEMENT

This Form insures the actual loss of "business income" sustained by the Insured resulting from necessary partial or total interruption of the Insured's business or the impossibility of tenant occupancy of the insured premises as a result of direct physical loss or direct physical damage by the insured perils, to building(s), equipment or stock on the "premises" specified in the Declaration Page(s), occurring during the term of the policy.

2. INDEMNITY PERIOD

The Insurer will pay for loss of "business income" during that period of time needed to rebuild, repair or replace the destroyed or damaged property with the exercise of due diligence and dispatch by the Insured, but in no event to exceed:

- (a) The period of time required to resume "normal" business operations;
 - (b) 12 months after the date of such destruction or damage;
- whichever is the shorter length of time.

The Insurer's obligation to pay begins with the date of destruction or damage and is not limited by the expiration of this Policy. If, however, media, data storage devices and program devices for electronic data processing are destroyed or damaged by a peril insured against, then the indemnity period in respect to such destruction shall not extend beyond 30 consecutive days after resumption of "normal" business operations.

3. MEASURE OF RECOVERY / DETERMINATION OF ACTUAL LOSS SUSTAINED

The measure of recovery in the event of an insured loss under this form shall be "business income" reduction that is sustained by the insured business at the premises where the destruction or damage occurred, less any charges and expenses that do not necessarily continue during the interruption of business.

Due consideration shall be given to the continuation of "normal" charges and expenses, and to "payroll expense", to the extent necessary to resume operations of the Insured with the same quality of service which existed immediately preceding the insured loss or damage.

Loss settlement will be based on particulars or details contained in the books of account of the insured 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:

- (a) by complete or partial resumption of operation of property insured, whether such property is damaged or not; or
- (b) by making use of merchandise or other property at the premises insured or elsewhere;

then such reduction shall be taken into account in arriving at the amount of the loss under insurance provided by this Form.

5. EXTENSIONS OF COVERAGE

Moving to another location

If the Insured resumes operations at a location that is not described in the Declaration Page(s), the indemnity period for insurance under this Form will not start until the Insured first begins to relocate its business to the new premises. In such a case, the indemnity period (subject to item 2 above) will be limited to the time that would have been needed to resume business operations had no relocation of the Insured's business taken place.

Expenses to Reduce Loss

The Insurer shall also pay expenses that are necessarily incurred to reduce loss under the insurance provided by this Form. In no event however shall the total of such expenses paid by the Insurer exceed the amount by which the loss under this insurance is reduced because such expenses are paid.

Leasehold Interest

If, as result of loss or damage to the Insured's premises the landlord is forced to terminate the lease, the Insurer will pay for any additional rent incurred by the Insured to move the Insured's business to other premises equivalent in size, condition and location to the Insured's former premises.

Leasehold Interest coverage applies:

- (a) For the balance of the Insured's current lease term, excluding any extension possibilities or renewal options;
 - (b) For 12 months after the date of the loss or damage;
- whichever is the shorter length of time.

Damage to newly acquired property

The Insurer will pay up to a maximum of \$100,000 for the actual loss sustained of Insured's "business income" due to destruction or damage by an insured peril to newly acquired property that is owned, rented or controlled by the Insured. This coverage attaches at the time of the acquisition of such property and extends for a period of 30 days or to the date of the endorsement adding such property, whichever comes first.

Professional fees

The Insurer will also pay up to a maximum of \$10,000 for necessary and reasonable fees paid to professionals for producing and certifying any information that may be required by the Insurer in order to arrive at the loss payable under this Form. Coverage does not include the fees and cost of any of the Insured's employees or of public adjusters.

Interruption by Civil Authority

This Form is extended to include the actual loss as covered hereunder during the period of time, not exceeding 30 days, 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 an insured peril under this policy.

6. EXCLUSIONS

The Insurer shall not be liable:

- (a) For any increase of loss caused by:
 - (i) interference in the rebuilding, repairing or replacing of the property damaged or destroyed;
 - (ii) delays or loss of time in resuming or continuing business;
 - (iii) loss of or reduction in free access to or control of the premises;
arising out of strikes, lock-outs or labour disturbances including, but not limited to, the presence of striking workers or their sympathizers on or about the "premises" or elsewhere;
- (b) For loss due to fines or damages for breach of contract arising out of late completion or non-completion of orders;
- (c) For any penalties of whatever nature;
- (d) For any loss due to the suspension, lapse or cancellation of any lease or license, contract or order, when such suspension, lapse or cancellation may affect the Insured's "business income" after the period following any loss during which indemnity is payable;

- (e) For expenses incurred to extinguish a fire;
- (f) For any increase of loss arising from, caused by, or contributed to by, the operation of any by-law, ordinance or law regulating zoning or the demolition, repair or construction of buildings or structures, unless by-laws insurance coverage is otherwise and specifically added by endorsement to the Policy.

7. PERMISSION

Permission is 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.

8. 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.

9. VERIFICATION OF VALUES

The Insurer or its duly appointed representative shall be permitted at all reasonable times during the policy period, or within a year after termination or expiration, to examine the Insured's books, records and such policies as relate to any insurance provided in this Form. Such examination shall not waive nor in any manner affect any of the terms or conditions of this Form.

10. DEFINITIONS

- (i) "Business Income" means,
the sum of:
 - (a) Total net sales, plus
 - (b) Other earnings derived from operations of the business including "rental income";less the cost of:
 - 1. Merchandise sold, including packaging materials for such merchandise,
 - 2. Materials and supplies consumed directly in supplying the service(s) sold by the Insured, and
 - 3. 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 "business income".
In determining "business income", due consideration shall be given to the experience of the insured business before the date of damage or destruction and the probable experience of the insured business had no loss occurred.
- (ii) "Normal" means,
the condition which would have existed had no loss occurred.
- (iii) "Payroll Expense" means,
salaries and wages for the following employees of the Insured:
 - (a) officers and directors;
 - (b) department managers and foremen;
 - (c) other employees who are vital to the business (including any such employees under contract);

provided that their services could not be dispensed with should the insured business be interfered with or interrupted.

- (iv) "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.
- (v) "Rental Income" means,
the sum of:
 - (a) actual total annual gross rent or rental value of the occupied portion(s) of the building(s);
 - (b) estimated annual rental value of the unoccupied portion(s) of the building(s); and
 - (c) a fair rental value of the proportion(s), if any, of the building(s) occupied by the Insured.