

AGRICULTURAL PROPERTY COVERAGE

BUSINESS INTERRUPTION – MILK PRODUCTION

Certain words and phrases that appear in bold have special meaning as defined in the DEFINITIONS Section.

The titles of sections or paragraphs listed below should not be considered for purposes of interpreting the intent of this Form; these titles have only been inserted for ease of reading.

INDEMNITY AGREEMENT

1. This Form insures against loss directly resulting during the **indemnity period** from necessary interruption of milk production of the **Insured's** farm operations caused by direct physical loss or direct physical damage to **farm buildings, building equipment or livestock** insured under this Policy by the insured perils not otherwise excluded under an **Agricultural Property Form** and occurring during the policy period.
2. This insurance, subject to the amount of insurance stated in the Declaration Pages(s), is limited to loss of **gross profit** due to reduction in **turnover** and increase in cost of working, and the amount payable shall be:
 - 2.1. in respect of reduction in **turnover**: the sum produced by applying a rate of 50% to the amount by which the **turnover** during the **indemnity period** shall, in consequence of the direct physical loss or direct physical damage caused by an insured peril not otherwise excluded under an **Agricultural Property Form**, fall short of the standard **turnover**;
 - 2.2. in respect of increase in cost of working: the extra expense necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the reduction in **turnover** which, but for that extra expense, would have taken place during the **indemnity period** in consequence of the direct physical loss or direct physical damage caused by an insured peril not otherwise excluded under an **Agricultural Property Form**, but not exceeding the sum produced by applying the 50% rate to the amount of the reduction thereby avoided;provided that if the amount of insurance 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. This Form is extended to include the loss of business income as insured by this Form during the period of time, not exceeding thirty (30) consecutive days, while access to the premises 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, which would have been covered if such direct physical loss or direct physical damage had happened to the **Insured's** insured property under this Policy.

EXCLUSIONS

This Form does not insure 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.

LIMITATIONS

1. If, during the **indemnity period**, goods shall be sold or services shall be rendered elsewhere than at the Insured's **premises** for the benefit of the business, either by the Insured or by others on his behalf, the sums paid or payable in respect of milk production including leased dairy quota shall be brought into account in arriving at the **turnover** during the **indemnity period**.
2. In case of a direct physical loss or direct physical damage caused by an insured peril not otherwise excluded affecting **livestock** only, the Insurer shall not be liable unless 10% or more of the **livestock** have been affected.
3. No indemnity shall be payable unless such Farm property as has been destroyed or damaged is rebuilt, repaired or replaced by the **Insured** with the exercise of due diligence and dispatch.

SPECIAL PROVISIONS

1. REDUCTION OF LOSS

On the happening of any direct physical loss or direct physical damage caused by an insured peril not otherwise excluded under an **Agricultural Property Form**, in consequence of which a claim is or may be made under this Form, the **Insured** shall, with due diligence, take any reasonable measures in order to prevent or protect his farm operations and mitigate or minimize the loss.

2. PREMIUM ADJUSTMENT

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

- 2.1. the total amount of insurance on **gross profit** carried under this policy during the annual term of the policy;
- 2.2. that such amount of insurance was not decreased during the said annual term or period;
- 2.3. that the **gross profit** certified by the Insured's auditors, as earned during the Insured's fiscal year most concurrent with the annual term of this policy, was less than the total amount of insurance carried thereon;

then the Insurer will allow, on respect of its pro rata proportion of the difference, a return of premium not exceeding 50% of the premium paid by the Insured under this insurance.

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.

DEFINITIONS

Whenever used in this Form:

1. **Annual turnover** means the **turnover** during the twelve (12) months immediately before the date of the direct physical loss or direct physical damage caused by an insured peril not otherwise excluded under an **Agricultural Property Form**.
2. **Gross profit** means the sum derived from the milk production and representing 50% of the **turnover**.
3. **Standard turnover** means the **turnover** during that period in the twelve (12) months immediately before the date of the direct physical loss or direct physical damage caused by an insured peril not otherwise excluded under an **Agricultural Property Form**, which corresponds with the **indemnity period**.
4. **Turnover** means annual income derived from:
 - 4.1. the sale of milk;
 - 4.2. subsidies and rebates;
 - 4.3. the sale of **livestock**;to which such adjustments shall be made as may be necessary to provide for the trend of the farm operations and for variations in or special circumstances affecting the farm operations, either before or after the direct physical loss or direct physical damage caused by an insured peril not otherwise excluded under an **Agricultural Property Form** or which would have affected such farm operations had the direct physical loss or direct physical damage caused by an insured peril not otherwise excluded under an **Agricultural Property Form** not occurred, so that the figures thus adjusted shall represent, as nearly as may be reasonably practicable, the results which but for the direct physical loss or direct physical damage caused by an insured peril not otherwise excluded under an **Agricultural Property Form**, would have been obtained during the relative period after the direct physical loss or direct physical damage caused by an insured peril not otherwise excluded under an **Agricultural Property Form**.
5. **Indemnity period** means the period beginning with the occurrence of a direct physical loss or direct physical damage caused by an insured peril not otherwise excluded under an **Agricultural Property Form** and ending no later than twelve (12) months thereafter, during which the results of the farm business shall be affected in consequence of the direct physical loss or direct physical damage caused by an insured peril not otherwise excluded under an **Agricultural Property Form**, except that if media for, or programming records pertaining to, electronic data processing or electronically controlled equipment including data thereon be direct physical loss or direct physical damage caused by an insured peril not otherwise excluded under an **Agricultural Property Form**, then the **indemnity period** in respect thereof shall not extend beyond:
 - 5.1. thirty (30) consecutive days after the occurrence of such direct physical loss or direct physical damage caused by an insured peril not otherwise excluded under an **Agricultural Property Form**; or
 - 5.2. the date upon which liability ceases under this insurance for loss arising from other direct physical loss or direct physical damage caused by an insured peril not otherwise excluded under an **Agricultural Property Form** by the same occurrence; whichever shall be the later.