

BUSINESS INTERRUPTION INSURANCE

ACTUAL LOSS SUSTAINED

1. INDEMNITY AGREEMENT

This Form insures 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**, occurring during the term of the policy.

2. MEASURE OF RECOVERY

The insurance under this Form is limited to the Actual Loss Sustained of **gross profit** due to 2.1. – Reduction in Turnover and 2.2. – Increase in Cost of Working, and the amount payable shall be:

2.1. 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**;

2.2. In respect of Increase in Cost of Working:

The additional expenditure (subject to Special Provisions Clause 3.2.) necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the reduction in **turnover** suffered 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;

3. SPECIAL PROVISIONS

- 3.1. 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 the Insured's behalf, the money paid or payable in respect of such sales or service shall be brought into account in arriving at the **turnover** during the **indemnity period**.
- 3.2. 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.
- 3.3. On the happening of any destruction or damage by a peril insured against in consequence of which a claim is made 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 would be reasonably practicable to minimize or check any interruption of or interference with the business or to avoid or diminish the loss.

4. SPECIAL EXCLUSION

The Insurer shall not be liable for loss due to fines or damages for breach of contract, for late or non-completion of orders, or for any penalties of whatever nature.

5. INTERRUPTION BY CIVIL AUTHORITY

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

6. BUILDING BY-LAWS

In case of loss or damage by a peril insured against, this Form is extended to cover any increase in loss resulting from, or contributed to by, the operation of any by-law, ordinance or law which regulates zoning or the demolition, repair or construction of damaged buildings or structures, but shall in no way operate to extend the **indemnity period** or to increase the amount of insurance.

7. 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.

8. DEFINITIONS

Wherever used in this Form:

- 8.1. **Annual Turnover** means the turnover during the twelve (12) months or to a proportionately increased multiple thereof where the maximum **indemnity period** exceeds twelve (12) months, immediately before the date of the destruction or damage by perils insured against;
To which such adjustments 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 against not occurred, so that the figures thus adjusted shall represent as nearly as may be 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 perils insured against.
- 8.2. **Gross Profit** means the sum produced by adding to the **net profit** the amount of the **insured standing charges** or if there is 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 standing charges of the business.
- 8.3. **Indemnity Period** means the period beginning with the occurrence of a peril insured against and ending no later than twelve (12) months thereafter, during which the results of the business shall be affected in consequence of the destruction or damage by a peril insured against.
- 8.4. **Insured Standing Charges** means all standing charges unless otherwise specified in the Declaration Page(s) in which case only those standing charges so specified are insured.
In no event shall the following be deemed to be standing charges:
 - 8.4.1. depreciation of stock;
 - 8.4.2. bad debts.
 - 8.4.3. Wages and salaries other than salaries to permanent staff and wages to foremen and important employees whose services would not be dispensed with should the business be interfered with or interrupted.
- 8.5. **Net Profit** means 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** specified after due provision has been made for all standing and other charges including depreciation, but before the deduction of any taxation chargeable on profits.

- 8.6. **Premises** means the entire area within the property lines at the location(s) specified in the Declaration Page(s), or at any newly acquired location, including:
- 8.6.1. areas under adjoining sidewalks and driveways;
 - 8.6.2. in or on vehicles within 100 metres (328 feet) of such property lines described in 8.6.
 - 8.6.3. in the open within 305 metres (1000 feet) of such property lines described in 8.6.
- 8.7. **Rate of Gross Profit** means 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 adjustments 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 against not occurred, so that the figures thus adjusted shall represent as nearly as may be 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 perils insured against.
- 8.8. **Standard Turnover** means the **turnover** during that period in the twelve (12) months immediately before the date of the destruction or damage by perils insured against which corresponds with the **indemnity period**;
- To which such adjustments 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 against not occurred, so that the figures thus adjusted shall represent as nearly as may be 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 perils insured against.
- 8.9. **Turnover** means 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**.