

EQUIPMENT BREAKDOWN ELITE – BUSINESS INTERRUPTION – GROSS RENTS

This Endorsement Changes the Policy. Please Read It Carefully.

Certain words and phrases that appear in bold have special meaning as defined below or in the Policy to which this Endorsement is attached.

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

This Endorsement is attached to the Equipment Breakdown Elite Form and is subject to all terms, conditions, limitations and exclusions of such Form.

INSURING AGREEMENT

1. INDEMNITY AGREEMENT

This Endorsement insures against loss directly resulting from necessary interruption of business during the **Indemnity Period** provided all of the following requirements are met:

- 1.1. the interruption must be caused solely as a result of an **Accident** to an **Object** situated at the **Location**;
- 1.2. the loss must be as a result of direct physical damage to the **Insured Property**; and
- 1.3. the **Accident** must occur while this Endorsement is in effect.

2. MEASURE OF RECOVERY

The measure of recovery in the event of a loss shall be the reduction in **Gross Rents** directly resulting from the **Location** being untenable solely as a result of the **Accident**, less charges and expenses which do not necessarily continue during the period the **Location** is untenable, 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 **Insured Property** as has been destroyed or damaged by the **Accident** beginning with the Commencement of Liability and for a period not exceeding twelve (12) consecutive calendar months thereafter.

The **Insurer** will pay for:

- 2.1. reduction in **Gross Rents**; and
- 2.2. increase in cost of working;

resulting solely from an **Accident** to an **Object** occurring at the **Insured's Location**;

The amount the **Insurer** will pay is determined as follows:

- 2.3. the amount by which the **Gross Rents** fall short of the **Normal Rents**, less the charges and expenses which do not necessarily continue during the **Indemnity Period**;
- 2.4. in respect to the increase in cost of working: the additional expenditure, if any, necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the reduction in **Gross Rents**, however the amount the **Insurer** will pay for the increase in cost of working shall not exceed the amount the **Gross Rents** is reduced.

EXCLUSIONS

The **Insurer** shall not be liable for payment for any interruption or interference with business:

1. for any time during which the **Insured's** business would not or could not have been carried on if the **Accident** had not occurred;
 2. resulting from the **Insured's** failure to use due diligence and dispatch and all reasonable means in order to resume business after an **Accident**;
 3. due to fines or damages for breach of contract, for late or non-completion of orders, or for any penalties of whatever nature; or
 4. because of a suspension, lapse, or cancellation of any lease, license, or order, after the period following any loss during which indemnity is payable;
- With respect to this Endorsement only, **EXCLUSIONS 12., 13., and 14.**, contained under the Equipment Breakdown Elite Form are deleted in their entirety.

SPECIAL PROVISIONS

1. LIMIT OF INSURANCE

The **Insurer's** total liability under this Endorsement for loss from **Any One Accident** shall not exceed the **Limit of Insurance** stated in the Declaration Page(s) for this Endorsement. If more than one **Insured** is named, the **Insurer** shall not be liable under this Endorsement for any payment in excess of that for which it would have been liable if only one **Insured** had been named.

The **Insurer's** liability under this Endorsement shall not be limited by the expiration of this Policy.

2. COMMENCEMENT OF LIABILITY

- 2.1. The commencement of the **Insurer's** liability under this Endorsement commences:
 - 2.1.1. the time of the **Accident**; or

2.1.2. twenty-four (24) hours before the notice of **Accident** is received by the **Insurer**;

whichever is later.

2.2. If the time in effect at the address to which a notice is sent is different from that in effect at the **Location** where the **Accident** occurred, the time of the receipt of such notice, for the determination of the Commencement of Liability, shall be considered on the basis of the time in effect where the **Accident** occurred;

3. DEDUCTIBLES

Notwithstanding the deductible applicable to the Equipment Breakdown Elite Form, the Insurer is liable for any interruption of business caused by an Accident to an Object after any waiting period, or greater than any **Average Daily Value** or other deductible amount, which is specified in the Declaration Page(s).

4. MITIGATION

4.1. As soon as possible after an **Accident**, the **Insured** must continue or resume business, in whole or in part, and utilize every available means, including surplus machinery, duplicate parts, equipment, supplies and surplus or reserve stock, other premises or installations or any other means within reasonable limits, which may be owned, controlled or used by the **Insured**, which might reduce the amount for which the **Insurer** would otherwise be liable under this Endorsement. The **Insurer** may take such means as will in the **Insurer's** opinion reduce or avert business interruption at the **Location**;

4.2. If the **Insured's** business can be resumed, after the **Accident**, at a location not insured, either by the **Insured** or by others, acting on the **Insured's** behalf, the **Insurer** will take such resumption of business into account in the calculation of the amount of loss.

5. COINSURANCE

The **Insurer** shall not be liable under this Coverage for the payment of a greater proportion of the amount of loss resulting from **Any One Accident**, than the **Limit of Insurance** specified bears to the amount obtained by applying the Coinsurance percentage to the **Annual Gross Rents** that would have been earned had no **Accident** occurred, during the twelve(12) months immediately following the date of the **Accident**.

6. PREMIUM ADJUSTMENT

If within twelve (12) months of the end of any annual period of insurance, the **Insured** files with the **Insurer** a business interruption report of values, certified by the **Insured** stating the amount of **Gross Rents** applicable to the expired twelve (12) month period (increased in proportion in the case of an **Indemnity Period** greater than twelve (12) months) was less than the **Limit of Insurance** applicable to that period, the **Insurer** will allow, in respect to the difference a return premium not exceeding fifty (50) percent of the premium paid by the **Insured** under this Endorsement for the immediately previous annual period.

If a loss has been paid to the **Insured** during the twelve (12) month period, this indemnity must be included in the amount of **Gross Rents** since no return premium will be allowed for this loss. The **Insurer** reserve the right to inspect the **Insured's** books and records for verification of any statement filed for the purpose of adjusting the premium of this Endorsement.

7. CONDITIONAL SUSPENSION OF COINSURANCE

If coinsurance is waived on the Declaration Page(s) and a Premium Adjustment application form is submitted to the **Insurer** and is certified by an Authorized Representative of the **Insured**, the **Insurer's** liability for loss from an **Accident** occurring after the effective date of this Policy and prior to the expiry date of this Policy following **SPECIAL PROVISIONS, 5. COINSURANCE** is suspended.

It is further agreed that the following sentence shall be added to the first paragraph of **SPECIAL PROVISIONS, 6. PREMIUM ADJUSTMENT**:

If the **Gross Rents** earned was greater than the **Limit of Insurance** the **Insured** will pay in respect of the difference, an additional prorated premium, but in no event shall this provision operate to increase the amount stated as **Limit of Insurance**.

After the expiry date of this Policy, the provisions specified herein shall cease to apply and the terms and provisions of said Gross Rents Endorsement shall be automatically reinstated without modification; except that if within ninety (90) days following the expiry date of this Policy, the **Insured** has submitted a subsequent Statement of Values, the provisions specified herein are automatically extended to the end of the said ninety (90) days.

8. VERIFICATION OF VALUES

The **Insurer** or a 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 Endorsement. Such examination shall not waive nor in any manner affect any of the terms or conditions of this Endorsement.

DEFINITIONS

For the purpose of this Endorsement:

1. **Annual Gross Rents** means the **Gross Rents** during the twelve (12) months immediately before the date of the **Accident**.

2. **Average Daily Value** means the amount obtained by dividing the estimated number of working days, during the period of total or partial business interruption, into the sum of the estimated amount of loss as defined in any Business Interruption Endorsement forming part of this Policy, that would have been earned, had no **Accident** occurred during the same period. The words "period of total or partial business interruption" being understood to include any period during which any expense for which the **Insurer** is liable under this Endorsement is incurred by the **Insured** to reduce or avert business interruption.

3. **Gross Rents** means the sum of:

- 3.1. the **Gross Rents** for one year of the part(s) of the **Location** occupied;
- 3.2. the estimated annual rental value of the part(s) of the unoccupied **Location** that would have been occupied had no **Accident** occurred; and
- 3.3. the reasonable rental value, as the case may be, of the part(s) of the **Location** occupied by the **Insured**.

In determining the **Gross Rents**, due consideration is given to the experience of the **Insured's** business before the **Accident** and the probable experience thereafter had no **Accident** occurred.

4. **Indemnity Period** means the period beginning with the occurrence of the **Accident** and ending no later than twelve (12) months thereafter, during which the results of the business shall be affected in consequence of the **Accident**.

If the **Indemnity Period** is different than twelve (12) months, then the **Annual Gross Rents** shall be multiplied by the factor which proportionately reflects the different **Indemnity Period** as stated in the Declaration Page(s).

5. **Normal Rents** means the **Gross Rents** during that period in the twelve (12) months immediately before the date of the **Accident** which corresponds with the **Indemnity Period**.

In order that the loss adjustment is equitable, it must be based on figures that show with as much precision as possible, the probable results that the business would have obtained during the **Indemnity Period** had no **Accident** occurred. These figures will be revised, as required, so that they give a true picture of the trend of the business and of the factors affecting the business before or after the **Accident**, or affecting the business had the **Accident** not occurred.

All other terms and conditions of the Policy to which this Endorsement applies remain unchanged.