

# BUSINESS INTERRUPTION EXTENSION 3.0

## SUMMARY OF COVERAGES

Item	Extensions of Coverage	Amount of Insurance per occurrence (\$)
1.	Contingent Loss of Income – Contributing/Recipient Property	100,000
2.	Contingent Loss of Income – Neighbouring premises	50,000 or 90 days (highest amount)
3.	Extra Expenses	100,000
4.	Fines, Damages or penalties for Breach of Contract	50,000
5.	Interruption by Civil Authority	30 days
6.	Mortgage Rate Guarantee	100,000
7.	Newly Acquired Property	90 days
8.	Off-Premises Service Interruption	50,000
9.	Ordinary Payroll	90 days
10.	Product Research & Development Business Income Extension	50,000
11.	Professional Fees	25,000
12.	Tenant's Leasehold Interest – Rents	50,000

The Coverages and Limits of Insurance shown under the Summary of Coverages in this Form only apply if a Business Interruption Insurance Form is attached to this policy.

Certain words and phrases in bold font have special meaning as defined in the DEFINITIONS Section contained in the Form to which this Form is attached.

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.

In the event that coverage provided under any Extension in this Form is more specifically and separately insured elsewhere in this policy, then only the relevant Extension with the highest limit shall apply.

In addition, if the Limit of Insurance specified in the Summary of Coverages in this Form and the Limit of Insurance shown on the Declaration Page(s) are different, the highest limit will apply.

The following Extensions are subject to all terms, conditions, exclusions, stipulations and provisions applicable to the Business Interruption Insurance Form attached to this policy, unless stated otherwise.

### 1. Contingent Loss of Income – Contributing/Recipient Property

This Form is extended to cover loss of business income resulting from the necessary interruption of or interference with the business of the Insured caused by direct physical loss or direct physical damage by an insured peril occurring during the term of the policy to property situated:

- 1.1. at the premises of a recipient property, being property to which the Insured's products are being shipped, which wholly or partially prevents the acceptance of products produced or sold by the Insured; or
- 1.2. at the premises of a contributing property, being a supplier(s) of materials to the Insured, which wholly or partially prevents the delivery of materials to the Insured, excluding:
  - 1.2.1. public utility suppliers such as electricity or gas; or
  - 1.2.2. cable, satellite or other communications suppliers;
- 1.3. at the premises of the provider of internet access services to the Insured, which wholly prevents the transmission of data.

This Extension applies only to contributing/recipient properties situated in Canada or in the United States of America.

### 2. Contingent Loss of Income – Neighbouring premises

This Form is extended to cover loss of business income resulting from interruption of or interference with the business in consequence of direct physical loss or direct physical damage by an insured peril to property on the same premises, or in neighbouring premises to the Insured, that prevents or hinders the use of or access to the **premises** or property of the Insured, whether the Insured's **premises** or property are damaged or not.

The amount payable under this Extension shall be the highest of the amount of insurance stated in the Summary of coverages or the amount of loss of income incurred for the number of days specified in this Summary of coverages.

### 3. Extra Expenses

This Form is extended to cover **extra expenses** necessarily incurred by the Insured during the **restoration period** to maintain, as much as possible, the **normal** activities of the business after an insured loss affecting the **buildings** or their **contents**.

This Extension includes the actual loss as insured by this Form during the period of time, not exceeding thirty (30) days, while access to the **premises** is prohibited by order of civil authority as a direct result of damage to neighbouring premises by an insured peril.

**The following expenses are not covered under any circumstances:**

- 3.1. loss of income;
- 3.2. extra expense in excess of that necessary to continue as nearly as practicable the **normal** conduct of the Insured's business;
- 3.3. cost of repairing or replacing damaged property, except cost in excess of the **normal** cost of such repairs or replacements necessarily incurred to reduce the total amount of **extra expenses**.

**Extra expenses** means the excess (if any) of the total cost during the **restoration period** for the purpose of continuing the Insured's business over and above the total cost that would normally have been incurred to conduct the business during the same period had no loss occurred. This will include the cost of using the property of others, or other similar and necessary emergency expenses. Any salvage value of such property remaining after resumption of **normal** operations shall be taken into consideration in the adjustment of an insured loss.

**Normal** means the condition which would have existed had no loss occurred.

**Restoration period** means the period of restoration, commencing with the date of the loss and not limited by the expiration date of this policy, as shall be required with the exercise of due diligence and dispatch to repair, rebuild or replace such part of the property as may be destroyed or damaged.

### 4. Fines, Damages or penalties for Breach of Contract

This Form is extended to cover such sums the Insured shall be legally liable to pay in discharge of fines, damages or penalties incurred solely for late or non-completion of orders in consequence of direct physical loss of or damage to insured property from an insured peril.

### 5. Interruption by Civil Authority

This Form is extended to cover loss of business income 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 of or damage to neighbouring premises by an insured peril.

### 6. Mortgage Rate Guarantee

This Form is extended to cover the increase in mortgage cost required as a result of direct physical loss of or damage to a **building** by an insured peril where loss or damage to such **building** is deemed to be total, and where the mortgagor at the time of the loss closes the existing mortgage, requiring a new mortgage at a higher, competitive rate of interest.

The new mortgage must be the same term, amortization, and interest rate option of the previous mortgage.

Indemnity shall be based on the difference between the mortgage rate in effect on the date of the loss and the new mortgage rate, based on the outstanding mortgage balance.

This Extension will continue:

- 6.1. for the duration of the existing mortgage period in effect at the time of the loss, until its expiry; or
- 6.2. until the Insured relinquishes title or interest in the **building**; or
- 6.3. for a period not exceeding 60 months;

whichever occurs first.

This coverage shall have full force and effect only if loss of or damage to the **building** is deemed to be total, and settlement of partial losses shall be made as if this Extension had not been in effect.

### 7. Newly Acquired Property

This Form is extended to cover loss of business income due to direct physical loss of or damage to any newly acquired **buildings** or **contents** by an insured peril, and that are owned, rented or controlled by the Insured, in Canada or the United States of America.

This coverage attaches at the time of the acquisition and extends:

- 7.1. for the number of days shown in the Summary of coverages; or
- 7.2. to the date of endorsement to this policy adding such location; or
- 7.3. until the expiry date of this policy;

whichever occurs first.

### 8. Off-Premises Service Interruption

This Form is extended to cover loss of business income arising from the interruption of business resulting from direct physical loss of or direct physical damage to **stock** on the **premises** caused by:

- 8.1. a change of temperature; or
- 8.2. dampness or dryness of atmosphere;

directly resulting from direct physical loss of or direct physical damage to any off-**premises** property that generates or supplies electricity, water, gas, steam or **communication service** to the **premises**, caused by an insured peril.

This Extension does not apply to loss or damage directly or indirectly arising from:

- 8.3. loss or damage to overhead electrical transmission lines or distribution lines (or their supporting structures) that are off the **premises**;
- 8.4. loss or reduction of electricity, water, gas, steam or **communication service** due to lack of sufficient capacity;
- 8.5. an intentional reduction in the supply of electricity, water, gas, steam or **communication service**.

This Extension does not cover loss of business income during the first 24 consecutive hours of loss of services.

### 9. Ordinary Payroll

This Form is extended to cover, unless specifically excluded or insured by separate endorsement to this policy, the Insured's entire ordinary payroll expense for a period of time not in excess of 90 consecutive days immediately following the date of the direct physical loss or damage, which may continue during a total or partial suspension of business. This Extension covers only to the extent necessary to resume the normal business of the Insured with the same quality of service which existed immediately preceding the destruction or damage by insured perils and which would have been earned had no such destruction or damage occurred.

**Ordinary payroll expense** means the entire payroll expense for all employees of the Insured, except officers, executives, department managers, employees under contract and other important employees whose services would not be dispensed with should the business be interfered with or interrupted.

### 10. Product Research & Development Business Income Extension

This Form is extended to cover loss of business income arising from a delay in the introduction of a new product or enhancement of an existing product, caused by direct physical loss of or damage from an insured peril to insured property that is directly related to the research and development of such products.

#### **11. Professional Fees**

This Form is extended to cover necessary and reasonable fees that the Insurer will pay to auditors, accountants, architects, surveyors, engineers or other professional consultants for producing or certifying particulars or details of the Insured's business that are required by the Insurer in the event of a claim.

This Extension applies only to such fees incurred in establishing the amount of a loss, liability for which is otherwise accepted by the Insurer.

This Extension of coverage does not apply to the fees and cost of public adjusters.

#### **12. Tenant's Leasehold Interest – Rents**

If, as a result of direct physical loss of or damage to insured property from an insured peril, the landlord terminates the lease in accordance with the conditions of the lease, this Extension to cover the difference between the higher rent at the new premises and the rent stipulated in the prior lease for:

12.1. the unexpired term of the prior lease; or

12.2. twenty-four (24) months from the date of loss;

whichever time period is shorter.

The difference shall be calculated on the basis that the new premises are of similar size, condition and location without allowances for improvement.