

## Business Interruption Extension - Insured Fixed Costs

This extension is subject to the conditions, exclusions and limitations of the Contract and also to the following additional conditions, exclusions and limitations.

In consideration of the premium paid this Contract is extended to cover loss, to the extent and in the manner set out below, resulting from total or partial interruption of The Business directly caused by Damage.

In the event of such Damage, the Insurers will reimburse the Insured in respect of their:

- a) Insured Fixed Costs in proportion to the reduction in Turnover adjusted to allow for the Trends of the Business; and/or
- b) Increased Cost of Working;

during the Indemnity Period less any amount saved from the Insured Fixed Costs of The Business which have ceased or reduced in consequence of the Damage.

Provided always that:

1. if the sum insured by this extension for Insured Fixed Costs as stated in the Risk Details is less than the actual fixed costs and overheads of the Business (or to a proportionately increased multiple where the Indemnity Period exceeds twelve (12) months), any amounts payable hereunder for Insured Fixed Costs and Increased Cost of Working shall be proportionately reduced;
2. if any of the fixed costs and overheads of The Business are not insured by this Contract then, in computing the amount recoverable hereunder as Increased Cost of Working, that proportion only of the additional expenditure shall be brought into account which the Insured Fixed Costs bears to the sum of the Insured Fixed Costs and Net Profit;
3. if during the Indemnity Period goods shall be sold or services shall be provided elsewhere 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 services shall be brought into account in arriving at the Turnover during the Indemnity Period;
4. in adjusting any loss, account shall be taken and an equitable allowance made if any reduction in Turnover due to the Damage is postponed by reason of the Turnover being temporarily maintained from accumulated stocks of finished goods, such finished goods shall be valued at their replacement cost;
5. if The Business is conducted in departments, the independent trading results of which can be determined, the provisions of this extension as appropriate shall apply separately to each department affected by the Damage;
6. to the extent that the Insured is accountable to the tax authorities for value added tax or other type of sales tax all terms in this extension shall be exclusive of such tax.

## DEFINITIONS

1. Contract

The contract of insurance or policy to which this extension is attached, or forms part of.

2. Damage

- i) physical loss or physical damage;
- ii) occurring during the period stated in the Risk Details;
- iii) to property insured;

all as covered by the Contract.

3. Increased Cost of Working

The additional necessary and reasonable expenditure for the primary purpose of avoiding or diminishing the reduction in Turnover which, but for that expenditure, would have taken place during the Indemnity Period as a consequence of the Damage. However, the amount reimbursable under this Contract is limited in the proportion that Insured Fixed Costs bear to Turnover.

4. Indemnity Period

The period during which the results of The Business are affected in consequence of the Damage, beginning with the occurrence of the Damage and not exceeding the "Maximum Indemnity Period" stated in the Risk Details to this Contract.

5. Insured Fixed Costs

Those fixed costs and overheads of The Business which continue to be incurred during the Indemnity Period, as declared to Insurers.

6. Net Profit

Turnover less all costs of The Business, before the deduction of any taxation chargeable on profits.

7. Risk Details

The risk details, schedule, or declarations page of the Contract.

8. The Business

As declared to and agreed by Insurers.

9. Trends of the Business

Variations in or special circumstances affecting The Business, either before or after the Damage, or which would have affected The Business had the Damage not occurred, so that the adjusted figures shall represent, as nearly as may be reasonably practicable, the results which would have been achieved during the relative period after the Damage, had the Damage not occurred.

10. Turnover

The money paid or payable to the Insured for goods sold and delivered (adjusted to allow for any discounts allowed) and for services provided in the course of The Business.

## CONDITIONS

1. No claim shall be payable under this extension unless and until a claim covered under the Contract has been paid, or accepted by Insurers, or liability admitted, in respect of the Damage which gave rise to the total or partial interruption of The Business.

This condition shall not apply if no such payment shall have been made, or Insurers have not accepted that a claim is payable, solely owing to the operation of a deductible in the Contract which excludes losses below a specified amount.

2. The Insured shall do all things reasonably practicable to minimise any interruption of or interference with The Business and to avoid or reduce the loss.

The Insured's failure to comply with the requirements of this condition may adversely affect the insurance cover provided and/or any claim payable.

3. If requested by the Insured, Insurers agree that payments on account may be made to the Insured, during the Indemnity Period.
4. Insurers shall not be liable for loss for any period or amount stated as a waiting period, excess or deductible in the Risk Details.

## EXCLUSIONS

This extension does not cover any:

1. increase in loss resulting from delay in rebuilding, repairing or replacing the property, or with the resumption or continuation of operations, caused by:
  - i) a shortage of capital; or
  - ii) strikers or other protesters at the insured premises;
2. increase in loss resulting from:
  - i) the suspension, lapse or cancellation of any lease, licence, contract or order;
  - ii) loss of market;

unless such increase in loss results directly from the insured interruption of The Business and then Insurers shall be liable for only such loss as affects the Insured's earnings during, and limited to, the Indemnity Period covered under this Contract;
3. increase in loss resulting from the enforcement of any law or regulation regarding the use, reconstruction, repair or demolition of any property insured under the Contract;
4.
  - i) fines, penalties, damages; or
  - ii) other indirect loss;

unless specifically provided for elsewhere in the Contract;
5. loss during planned or scheduled period(s) of shutdown or outage;
6. loss resulting from any delay related to Damage to property in the course of construction, erection, installation or repair, other than property covered under any minor works provision in the property damage section of the Contract to which this extension attaches.