

### Advanced Loss of Profits Extension - Insurable Gross Profit Basis

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 Delay caused by Damage. In the event of such Delay, the Insurers will reimburse the Insured in respect of their:

- a) Loss of Insurable Gross Profit; and/or
  - b) Increased Cost of Working;
- less
- i) any amount which the Insured may receive during the Indemnity Period by way of liquidated damages for Delay;
  - ii) any additional interest earned during the Indemnity Period on money invested which is only available for investment because of the Delay;
  - iii) any interest commitment during the Indemnity Period which is permanently waived or otherwise saved;
  - iv) any amount saved from the costs, charges and expenses of The Business otherwise payable out of Insurable Gross Profit which have ceased or reduced in consequence of the Delay.

Provided always that:

1. if the sum insured by this extension is less than the sum produced by applying the Rate of Insurable Gross Profit to the Annual Turnover (or to a proportionately increased multiple where the Indemnity Period exceeds twelve (12) months), the amount payable shall be reduced proportionately;
2. if any of the fixed costs and overheads of The Business are not insured by this Contract (having been deducted in arriving at the Insurable Gross Profit as defined) 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 Insurable Gross Profit bears to the sum of the Insurable Gross Profit and those uninsured fixed costs and overheads;
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, except that if the Sum Insured by said items is less than the aggregate of the sums produced by applying the Rate of Gross Profit for each department of The Business (whether affected by the Damage or not) to the relative Annual Turnover (or a proportionately increased

multiple where the Maximum Indemnity Period exceeds twelve (12) months) the amount payable under said items shall be proportionately reduced;

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. Annual Turnover

The Turnover which, had the Delay not occurred, would have been achieved during the twelve (12) months after the Scheduled Date of Commencement of Commercial Operation, adjusted to allow for the Trends of the Business.

2. Contract

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

3. 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.

4. Delay

A delay to the Scheduled Date of Commencement of Commercial Operation.

5. Increased Cost of Working

The additional necessary and reasonable expenditure for the primary purpose of avoiding or diminishing the reduction in Turnover during the Indemnity Period in consequence of the Delay, but not exceeding the sum obtained by applying the Rate of Insurable Gross Profit to the amount of the reduction in Turnover thereby avoided;

6. Indemnity Period

The period during which the results of The Business are affected in consequence of the Delay, beginning on the Scheduled Date of Commencement of Commercial Operation and not exceeding the "Maximum Indemnity Period" stated in the Risk Details to this Contract.

7. Insurable Gross Profit

The amount by which the value of the Annual Turnover and the value of the closing stock exceeds the value of the opening stock and the amount of the Self Insured Variable Costs.

Provided the amounts of the opening and closing stocks shall be calculated in accordance with the Insured's normal accounting methods.

The words and expressions used in this definition, which are not defined in this

extension, shall have the meaning usually attached to them in the books and accounts of the Insured.

**8. Loss of Insurable Gross Profit**

The sum obtained by applying the rate of Insurable Gross Profit to the amount by which the actual Turnover during the Indemnity Period, in consequence of the Delay, falls short of the Turnover which would have been achieved during the Indemnity Period had the Delay not occurred.

**9. Rate of Insurable Gross Profit**

The rate of Insurable Gross Profit which, had the Delay not occurred, would have been earned on the Turnover during the Indemnity Period, adjusted to allow for the Trends of the Business.

**10. Risk Details**

The risk details, schedule, declarations page or contract.

**11. Scheduled Date of Commencement of Commercial Operation**

The date stated in the Risk Details to this Contract, or any revised date agreed in writing by Insurers, upon which The Business would have commenced commercial operation had the Delay not occurred.

**12. Self Insured Variable Costs**

Those costs, charges and expenses of The Business incurred during the Indemnity Period, which the Insured has chosen not to insure. For example, purchases of stock or raw materials, freight costs, licence fees.

**13. The Business**

As declared to and agreed by Insurers.

**14. 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.

**15. Turnover**

The money paid or payable to the Insured for goods sold and delivered and for services provided in the course of The Business.

## CONDITIONS

1. Any alteration to the period of the Contract shall not automatically lead to a coinciding alteration to the period applicable to this extension, which shall be amended only if specifically agreed in writing by Insurers.

Any alteration of the Scheduled Date of Commencement of Commercial Operation shall be effective only if specifically agreed in writing by Insurers.

2. 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 Delay.

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.

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

4. If the Insured could reduce the loss resulting from the Delay,

- i) by partial operation of the property,

and/or

- ii) by making use of merchandise, stock (raw, in process or finished), or any other property at the Insured's locations or elsewhere,

and/or

- iii) by using or increasing operations elsewhere,

then such possible reduction shall be taken into account in arriving at the amount payable.

Note: The words and expressions used in this condition, which are not defined in this extension, shall have the meaning usually attached to them in the books and accounts of the Insured.

5. In the event of a Delay, the Insured shall provide Insurers with updated progress reports at intervals agreed with Insurers.

6. In the event of any material change in the original risk taking place, for example:

- i) changes of the envisaged progress programme or testing procedure;

- ii) alteration, modification or addition to any item of machinery or work;

- iii) departure from prescribed construction or operation conditions;

- iv) changes in the Insured's interest;

- v) discontinuation or liquidation of The Business or its being placed in administration or receivership;

the Insured shall provide Insurers with details and such changes must be specifically agreed by Insurers.

7. The Insurers shall not be liable for loss:
- i) for any amount stated in the Risk Details as an excess or deductible;
  - ii) for any waiting period or time excess stated in the Risk Details. Unless otherwise specifically provided for elsewhere in the Contract, the corresponding monetary amount shall be calculated by multiplying the average daily value of loss sustained during the Indemnity Period by the number of days agreed upon as the time excess;
  - iii) below any other monetary or time threshold included in the Contract.
8. Insurers agree that payments on account may be made to the Insured as requested.

The Insured's failure to comply with the requirements of Conditions 3, 5 and 6 above, may adversely affect the insurance cover provided and/or any claim payable.

### EXCLUSIONS

This extension does not cover any:

- 1. loss arising out of non-availability or inadequacy of funds to complete the construction and/or erection works;
- 2. increase in loss resulting from delay in rebuilding, repairing or replacing the property, or with the commencement of The Business, caused by strikers or other protestors at the insured premises;
- 3. increase in loss resulting from the suspension, lapse, or cancellation of any lease, licence, contract or order, which occurs after the date of actual commencement of The Business;
- 4. loss of market which is not recoverable within the Maximum Indemnity Period specified in the Risk Details;
- 5. 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;
- 6.
  - i) fines, penalties, damages; or
  - ii) other indirect loss;unless specifically provided for elsewhere in the Contract;
- 7. loss during planned or scheduled period(s) of shutdown or outage;
- 8. increase in loss resulting from alterations, additions, improvements, rectification of defects or faults or elimination of any deficiencies carried out after the Damage;
- 9. loss arising out of Damage to property taken over or taken into use by the Insured or for which cover under the construction and/or erection works contract has ceased.

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