

Business Interruption Extension - Insurable Gross Profit

(Additions Basis - Net Profit plus Insured Fixed Costs - Full Value)

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) Loss of Insurable Gross Profit; and/or
- b) Increased Cost of Working;

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

Provided always that:

1. if the sum insured by this extension as stated in the Risk Details 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 hereunder shall be proportionately reduced;
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 sum of the Net Profit and Insured Fixed Costs bears to the sum of the Net Profit and all the 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 during the twelve (12) months immediately before the date of the Damage, 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. 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 to the sum produced by applying the Rate of Insurable Gross Profit to the amount of the reduction in Turnover thereby avoided.

5. 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.

6. Insurable Gross Profit

The sum produced by adding to the Net Profit the amount of the Insured Fixed Costs, or if there is no Net Profit the amount of the Insured Fixed Costs less such a proportion of any net trading loss as the amount of the Insured Fixed Costs bears to all of the fixed costs of The Business.

7. Insured Fixed Costs

Those fixed costs and overheads of The Business which are likely to continue to be incurred during the Indemnity Period, that have been declared to Insurers.

8. Loss of Insurable Gross Profit

The sum produced by applying the Rate of Insurable Gross Profit to the amount by which the Turnover during the Indemnity Period falls short of the Standard Turnover, as a consequence of the Damage.

9. Net Profit

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

10. Rate of Insurable Gross Profit

The rate of Insurable Gross Profit earned on the Turnover during the financial year immediately before the date of the Damage, adjusted to allow for the Trends of the Business.

11. Risk Details

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

12. Standard Turnover

The Turnover during that period in the twelve (12) months immediately before the date of the Damage which corresponds with the Indemnity Period, adjusted to allow for the Trends of the Business.

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 (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.

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