

EXTENDED LOSS OF INCOME COVERAGE - ACTUAL LOSS SUSTAINED

WORDS AND PHRASES IN QUOTATIONS HAVE SPECIAL MEANING AS DEFINED ON THIS COVERAGE FORM AND IN THE PROPERTY INSURANCE COVERAGE FORM ON THE TO WHICH THIS ENDORSEMENT IS ATTACHED

ALL TERMS AND CONDITIONS STATED IN THE POLICY TO WHICH THIS COVERAGE FORM IS ATTACHED APPLY TO THIS FORM.

Indemnity Agreement

In the event that the "Business" shall be interrupted as a direct result of direct physical loss of or damage to insured property at the insured "premises" by an insured peril, the Insurer shall indemnify the Insured for the loss of "Business Income" suffered during the "Indemnity Period" in consequence thereof, in accordance with the terms and conditions of this Form.

Limit of Insurance

The Insurer, regardless of the number of persons and interests insured under this Form, shall not be liable for more than the actual loss of "Business Income" suffered during the "Indemnity Period".

Determination of Payment

This insurance is limited to loss of "Business Income" due to (a) Reduction of "Revenue" and (b) increase in Cost of Operations. The amount payable will be:

- (a) **In Respect of Reduction of "Revenue":** the amount obtained by multiplying the "Revenue Shortfall" by the "Business Income Percentage";
- (b) **In Respect of Increase in Cost of Operations:** The additional expenditure necessarily incurred for the sole purpose of avoiding or diminishing the reduction in revenue which but for that expenditure would have taken place during the "Indemnity Period" as a consequence of the "Damage", but not exceeding the sum obtained by multiplying the amount of the reduction thereby avoided by the "Business Income Percentage"; less any sum saved during the "Indemnity Period" in respect of such of the charges and expenses of the "Business" payable out of "Business Income" as may cease or be reduced in consequence of the "Damage".

Extensions of Coverage

1. **Interruption by Civil Authority:** This Form, subject to its terms and conditions, is extended to insure the loss of "Business Income" suffered by the Insured during the period of time, not exceeding two weeks, while access to the "premises" is prohibited by order of civil authority, but only when such order is given as a direct result of damage to neighbouring premises by an peril insured against on the Policy to which this Form is attached.
2. **Additional Time Required for Rebuilding due to the Operation of By-Laws:** In the case of damage by a peril insured against, the insurance provided by this form extends to insure any increase in loss resulting from or contributed to by, the operation of any by-law, ordinance or law which regulates zoning or the demolition, repair, or construction of damaged buildings or structures, but shall in no way operate to extend the "Indemnity Period"
3. **Key Employee Payroll Expense:** This Form, subject to its terms and conditions, is extended to insure up to \$10,000, or the amount shown on the "Declarations Page" as Payroll Expense, for "ordinary payroll" expense which may continue during a total or partial interruption of the "Business". Indemnity is provided for "Payroll Expenses" only to the extent necessary to resume "Business" operations with the same quality of service which existed immediately preceding the "damage" and which would have been earned had no "damage" occurred.

Additional Conditions

1. **Alternate Trading:** If during the "Indemnity Period" goods shall be sold or services shall be rendered elsewhere than the "premises" for the benefit of the business, either by the Insured or by others on his behalf, the money paid or payable in respect of such sales or service shall be brought into account in arriving at the "Revenue" during the "Indemnity Period".
2. **Obligation to Minimize Loss:** In the event of "Damage" in consequence of which a claim is or may be made under this Form, the Insured shall with due diligence do and concur doing and permit to be done all things which may be reasonably practicable to minimize or check any interruption of or interference with the "Business" or to avoid or diminish the loss.

Additional Definitions

1. **"Annual Revenue"** means the "Revenue" during the 12 (twelve) months immediately before the date of the "Damage" to which such adjustments shall be made as may be necessary to provide for the trend of the "Business" and for variations in or other 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 figures thus adjusted shall represent as nearly as may be reasonably practicable the results which but for the “Damage” would have been obtained during the relative period after the “Damage”.
2. **“Business”** means the business of the insured as stated on the “Declarations Page”.
 3. **“Business Income”** means the amount by which
 - a. the sum of the “Revenue” and the amounts of closing stock and work in progress shall exceed
 - b. the sum of the amounts of opening stock and work in progress and the amount of the “Variable Operating Expenses”.

Note: the amounts of opening stock and closing stocks and work in progress shall be arrived at in accordance with the Insured’s normal accountancy methods, due provision being made for depreciation.
 4. **“Business Income Percentage”** means the percentage obtained by dividing the “Business Income” by the “Revenue” during the financial year immediately before the date of the “Damage” to which such adjustments shall be made as may be necessary to provide for the trend of the “Business” and for variations in or other 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 figures thus adjusted shall represent as nearly as may be reasonably practicable the results which but for the “Damage” would have been obtained during the relative period after the “Damage”.
 5. **“Contributing Properties”** are premises within the territorial limits which supply materials to the insured and which are not owned, rented or controlled in whole or in part by the Insured.
 6. **“Damage”** means the direct physical loss or damage to property at the “premises” from a peril insured against.
 7. **“Expected Revenue”** means the “Revenue” during the period corresponding with the “Indemnity Period” in the 12 (twelve) months immediately before the date of the “Damage” appropriately adjusted where the “Indemnity Period” exceeds 12 (twelve) months to which such adjustments shall be made as may be necessary to provide for the trend of the “Business” and for variations in or other 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 figures thus adjusted shall represent as nearly as may be reasonably practicable the results which but for the “Damage” would have been obtained during the relative period after the “Damage”.
 8. **“Indemnity Period”** means the period beginning with the occurrence of the “Damage” and ending not later than 12 (twelve) consecutive calendar months (or such other period if so specified on the “Declaration Page” as the maximum indemnity period) thereafter during which the results of the “Business” shall be affected in consequence of the “Damage”. However, if media for, or programming records pertaining to, electronic data processing or electronically controlled equipment including data thereon be lost or damaged by a peril insured against then the “indemnity Period” in respect thereof shall not extend beyond
 - a. 30 (thirty) consecutive days after the occurrence of such “Damage”; or
 - b. the date upon which liability ceases under this Form for loss arising from other property lost or damaged by the same occurrence;

whichever shall be the latter.
 6. **“Normal”** means the condition which would have existed had no loss occurred.
 7. **“Ordinary Payroll”** means the entire payroll expense for all employees of the insured other than salaries to permanent staff and wages to foremen and important employees whose services would not be dispensed with should the “business” be interfered with or interrupted.
 8. **“Revenue”** means the money paid or payable to the Insured for goods sold and delivered and for services rendered in course of the “Business” at the “premises” after allowing for returns and discounts.
 9. **“Recipient Properties”** are premises within the territorial limits to which the insured’s products are shipped and which are not owned, rented or controlled in whole or in part by the Insured.
 10. **“Revenue Shortfall”** means the amount by which the “Revenue” during the “Indemnity Period” in consequence of the “Damage” fall short of the “Expected Revenue”.
 11. **“Variable Operating Expenses”** means
 - a. all purchases (less discounts received);
 - b. packing materials;
 - c. delivery and freight (other than by own vehicles);
 - d. “ordinary payroll”.

Note: The words and expressions used in this definition shall have the meaning usually attached to them in the books and accounts of the Insured.