

Business Interruption - Actual Loss Sustained - Form AP120

WORDS AND PHRASES IN QUOTATIONS HAVE SPECIAL MEANING AS DEFINED IN CLAUSE 8

1 INDEMNITY AGREEMENT

This Form insures against loss directly resulting from necessary interruption of the "Business" or "Operations" caused by destruction or damage by the perils insured against to building(s), structure(s), fixed machinery, equipment, stock, or livestock/poultry insured by this policy on the premises specified in the Declaration Page, occurring during the term of the policy.

2 MEASURE OF RECOVERY

The insurance under this Form is limited to the Actual Loss Sustained, calculated as loss of "Gross Profit" due to 'a' Reduction in Turnover and 'b' Increase in Cost of Working and the amount payable shall be:

- a In Respect of Reduction in Turnover:
The sum produced by applying the "Rate of Gross Profit" to the amount by which the "Turnover" during the "Indemnity Period" shall, in consequence of the destruction or damage by a peril insured against, fall short of the "Standard Turnover";
- b In Respect of Increase in Cost of Working:
The additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the reduction in "Turnover" which but for that expenditure would have taken place during the "Indemnity Period" in consequence of the destruction or damage by a peril insured against, but not exceeding the sum produced by applying the "Rate of Gross Profit" to the amount of the reduction thereby avoided, Less any sum saved during the "Indemnity Period" in respect of such of the "Insured Standing Charges" as may cease or be reduced in consequence of the destruction or damage by the perils insured against.

3 PROVISIONS

- a If during the "Indemnity Period" goods shall be sold or services shall be rendered elsewhere than at the premises for the benefit of the business either by the Insured or by others on 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".
- b If any "Standing Charges" of the business be not insured by this Form then in computing the amount recoverable hereunder as "increase in cost of working", that proportion only of the additional expenditure shall be brought into account which the sum of the "Net Profit" and the "Insured Standing Charges" bears to the sum of the "Net Profit" and all "Standing Charges".
- c This Insurer shall not be liable for any loss due to fines or damages for breach of contract for late or non-completion of orders, or for any penalties of whatever nature.
- d In case of loss or damage by a peril insured against, the insurance provided by this Form extends to insure any increase of 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".
- e On the happening of any destruction or damage by a peril insured against of which a claim is or may be made under this Form, the Insured shall with due diligence do and concur in 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 "Operations" or to avoid or diminish the loss.
- f No term or condition of this policy shall be deemed to be waived by this Insurer in whole or in part unless the waiver is clearly expressed in writing signed by a person authorized for that purpose by the Insurer. Neither the Insurer nor the Insured shall be deemed to have waived any term or condition of this Form by any act relating to the appraisal of the amount of loss or to the delivery and completion of proofs, or the investigation or adjustment of any claim under this Policy.
- g This coverage does not extend to cover the cost of rental of mobile farm equipment, regardless of cause or situation.

4 EXTENSIONS OF COVERAGE

Ordinary Payroll

The Insured's entire "Ordinary Payroll" is insured for a period of time not in excess of 90 consecutive days immediately following the date of loss, which may continue during total or partial suspension of business, insuring 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 the perils insured against, and which would have been earned had no destruction or damage by perils insured against occurred.

This item does not insure any portion of salaries described under "Insured Standing Charges", nor does it apply if the employee(s) is engaged in any work, on or related to any of your other operations.

Professional Fees

We will pay the reasonable fees to professionals whom you may hire to produce and certify particulars or details of your "business" or "operations" required by you to arrive at the loss payable. The amount payable under this clause will not exceed \$5,000.00 (or other amount shown on the Declaration Page for professional fees).

Off-Premise Power

Coverage is extended, subject to all the terms and conditions of this policy, for a limit of \$10,000, or the limit shown on the [Declaration Page](#), for any one occurrence resulting from necessary interruption of "business" or "operations" caused by destruction or damage to:

- a Off-premises public utility plants, transformers or switching stations, substations, transformers, pumping stations, or;
- b Off-premises poles, towers, and transmission or distribution lines.

Interruption by Civil Authority

This Insurer shall be liable for the actual loss sustained as covered hereunder during the period of time, not exceeding two weeks, while access to the described premises is prohibited by order of civil authority but only when such order is given as direct result of damage to neighboring premises by a peril insured against.

5 PERMISSION

Permission is granted:

- a for other insurance concurrent with this Form;
- b to make additions, alterations or repairs;
- c to do such work and to keep and use such articles, materials, and supplies in such quantities as are usual or necessary to the business of the Insured.

6 MEDIA LIMITATION

With respect to loss resulting from damage to or destruction of media for, or programming records pertaining to electronic data processing or electronically controlled equipment, including data thereon, by the peril(s) insured against, the length of time for which the Insurer shall be liable hereunder shall not exceed;

- a 30 consecutive calendar days, or
 - b The length of time that would be required to rebuild, repair or replace such other property herein described as has been damaged or destroyed,
- whichever is the greater length of time.

7 WAIVER OF TERM OR CONDITION

No term or condition of this Policy shall be deemed to be waived by the Insurer in whole or in part unless the waiver is clearly expressed in writing signed by a person authorized for that purpose by the Insurer. Neither the Insurer nor the Insured shall be deemed to have waived any term or condition of this Policy by any act relating to the appraisal of the amount of loss or to the delivery and completion of proofs, or the investigation or adjustment of any claim under this Policy.

8 DEFINITIONS

Wherever used in this Form:

- a "**Business**" or "**Operations**" means operations as described on the Declaration Page.
- b "**Gross Profit**" means the sum produced by adding to the "Net Profit" the amount of the "Insured Standing Charges" or if there is no "Net Profit" the amount of the "Insured Standing Charges" less such a proportion of any net trading loss as the amount of the "Insured Standing Charges" bears to all standing charges of the business.
- c "**Indemnity Period**" means the period beginning with the occurrence of peril insured against and ending no later than 12 months thereafter (or other time period if shown on the Declaration Page) during which the results of the business shall be affected in consequence of the destruction or damage by a peril insured against.

- d **“Insured Standing Charges”** means,
all standing charges, other than those listed below, are insured unless otherwise specified on the Declaration Page:
The following shall in no event be deemed to be standing charges:
- i. Depreciation of Stock;
 - ii. Bad Debts;
 - iii. Wages and salaries other than salaries to permanent staff and wages to foreman and important employees whose services would not be dispensed with should the business be interfered with or interrupted.
- e **“Net Profit”** means the net trading profit (exclusive of all capital receipts and accretions and all outlay properly chargeable to capital) resulting from the “Business” or “Operations” of the Insured at the premises after due provision has been made for all Standing and other charges including depreciation, but before the deduction of any taxation chargeable on profits.
- f **“Normal”** means the condition which would have existed had no loss occurred.
- g **“Ordinary Payroll”** means the entire payroll expense for all employees as designated by you whose service could not be dispensed with should the business be interfered with or interrupted. Salaries of key personnel should be included under basic coverage and are thus not considered in this definition.
- h **“Turnover”** means the money paid or payable to the Insured for goods sold and delivered and for services rendered in the course of the “Business” or “Operations” at the premises.
- i **“Rate of Gross Profit”** means the “rate of Gross Profit” earned on the “Turnover” during the financial year immediately before the date of the destruction or damage by a peril insured against.
To which such adjustments shall be made as may be necessary to provide for the trend of the business and for variations in or special circumstances affecting the business either before or after the destruction or damage by a peril insured against or which would have affected the business had the destruction or damage by a peril insured against not occurred, so that the figures thus adjusted shall represent as nearly as may be reasonably practicable the results which but for the destruction or damage by a peril insured against would have been obtained during the relative period after the destruction or damage by a peril insured against.
- j **“Standard Turnover”** means the “Turnover” during the period in the twelve months immediately before the date of the destruction or damage by a peril insured against which corresponds with the “Indemnity Period”;
To which such adjustments shall be made as may be necessary to provide for the trend of the business and for variations in or special circumstances affecting the business either before or after the destruction or damage by a peril insured against or which would have affected the business had the destruction or damage by a peril insured against not occurred, so that the figures thus adjusted shall represent as nearly as may be reasonably practicable the results which but for the destruction or damage by a peril insured against would have been obtained during the relative period after the destruction or damage by a peril insured against.

EXCEPT AS OTHERWISE PROVIDED IN THIS FORM, ALL TERMS, CONDITIONS AND PROVISIONS OF THE POLICY TO WHICH THIS FORM IS ATTACHED SHALL HAVE FULL FORCE AND EFFECT.