

Business Interruption Insurance Actual Loss Sustained Endorsement

1 INDEMNITY AGREEMENT

This Form insures the actual business loss sustained by the Insured and the expenses necessarily incurred to resume "normal business operations" resulting from the interruption of business or the untenability of the "premises" when the building or business contents are damaged as a direct result of an insured peril. The actual loss sustained by the Insured shall not exceed:

- a the reduction in gross earnings, less charges and expenses which do not necessarily continue during the interruption of business;
- b the reduction in rents, less charges and expense which do not necessarily continue during the period of untenability;
- c the amount of insurance specified in the "Declaration Page".

The actual business loss sustained shall not include the charges and expenses which do not necessarily continue during the interruption of business or during the untenability of the "premises".

2 MEASURE OF RECOVERY

The measure of recovery in the event of loss hereunder shall be determined as follows:

- a First, the amount by which the Insured's business income has been reduced will be established. This will include the reduction in any rents the Insured normally would have received.
- b Second, the amount of those expenses that do not necessarily continue during the "indemnity period" will be subtracted from a.
Any of the Insured's ordinary business expenses will be considered necessary if:
 - (i) such expenses would have been covered by the Insured's business income before the loss, and
 - (ii) such expenses are required so that the Insured's "business" can return to operations with the same quality of service as before the loss.
- c Finally, the amount of any extra expenses necessarily incurred by the Insured to continue or resume operations as nearly "normal" as possible will be added.

In determining the loss hereunder due consideration shall be given to:

- a the "earnings" of the business before the date of damage or destruction, and to the probable "earnings" thereafter, had no loss occurred;
- b the continuation of operating expenses, including payroll expenses to the extent necessary to resume operations with the same quality of service which existed immediately preceding the loss;
- c the reduction of loss which could be made possible by the Insured by resuming complete or partial operation of the described property, or by making use of other property.

3 MITIGATION OF LOSS – INSURED'S ADDITIONAL OBLIGATIONS

It is a condition of this insurance that:

- a the Insured must resume operations and stop all extra expenses as soon as possible and to whatever extent is possible, provided that the resumption of operations and stopping of any extra expenses does not result in an increase in the amount of the loss.
- b the Insured must also make use of merchandise, stock or other property at the premises or other locations, if it would reduce the business income loss.

4 EXPENSES TO REDUCE LOSS

This Form also insures such expenses as are necessarily incurred for the purpose of reducing loss under this Form (except expense incurred to extinguish a fire), but in no event shall the aggregate of such expenses exceed the amount by which the loss under this Form is hereby reduced.

5 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.

6 INTERRUPTION BY CIVIL AUTHORITY

This Form is extended to include the actual loss as insured 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 a direct result of damage to neighboring premises by a peril insured against.

7 ADDITIONAL EXCLUSIONS

The Insurer shall not be liable for:

- a any increase of loss directly or indirectly, proximately or remotely, resulting from, or contributed to by, the operation of any by-law, ordinance or laws regulating zoning or the demolition, repair or construction of buildings or structures, unless the liability is otherwise specifically assumed by endorsement hereon;
- b any increase of loss caused by delays or loss of time due to the presence of strikers or other persons or to labour disturbances on or about the premises interfering with the rebuilding, repairing, or replacing the property damaged or destroyed or the resumption or continuation of business or free access to or control of the premises or due to the action of sympathetic strikers elsewhere;
- c 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 loss due to the suspension, lapse or cancellation of any lease or license, contract or order, which may affect the Insured's earnings after the period following any loss during which indemnity is payable.
- e any other consequential loss or remote loss.

8 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.

9 BREACH OF CONDITION

Where a loss occurs and there has been a breach of condition relating to a matter before the happening of the loss, which breach would otherwise disentitle the Insured from recovery under this Form, the breach shall not disentitle the Insured from recovery if the Insured establishes that the loss was not caused or contributed to by the breach of condition or if the breach of condition occurred in any portion of the premises over which the Insured has no control.

10 DEFINITIONS

- a **"Declaration Page"**: means the Declaration Page applicable to this Form.
- b **"Indemnity Period"**: means the period beginning with the occurrence of the "damage" and ending not later than 12 consecutive calendar months (or such other period if so specified on the "Declarations Page" as the maximum indemnity period) thereafter during which the results of the "business" shall be affected in consequence of the "damage".
- c **"Normal"**: the condition which would have existed had no loss occurred.
- d **"Normal Business Operations"**: means the state the operations of the Insured would be in if there had been no loss with sales at their "normal" level.
- e **"Premises"**: means the entire area within the property lines at the location herein described, including areas under adjoining sidewalks and driveways.

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.