

LOSS OF INCOME – EARNINGS NO CO-INSURANCE COVERAGE ENDORSEMENT

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 a peril insured against, 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.

Special Limit of This Coverage

We will not pay more than 25% of the amount shown on the Declaration Page for this coverage in any 30 consecutive calendar days.

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 “Gross Margin 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 “Gross 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. Professional Fees

This Form, subject to its terms and conditions is extended to pay the reasonable fees to professionals whom the Insured may hire to produce and certify particulars or details of the “business” required by the Insured to arrive at the loss payable. The amount payable under this clause will not exceed \$2,000 (or other amount shown on the Declaration Page for professional fees.)

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 “Declaration 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 or 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. **Gross Margin 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. **“Damage”** means the direct physical loss or damage to property at the “premises” from a peril insured against.
6. **“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".

7. **"Indemnity Period"** means the period beginning with the occurrence of the "Damage" and ending not later than such length of time, not exceeding 12 calendar months, as would be required with exercise of due diligence and dispatch to rebuild, repair or replace the lost or damaged property. 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. **"Revenue Shortfall"** means the amount by which the "Revenue" during the "Indemnity Period" in consequence of the "Damage" fall short of the "Expected Revenue".
10. **"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.

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.