

# Business Interruption Section

## Definitions

### Annual Gross Revenue

the proportional equivalent for the period of 12 (twelve) months of the **Gross Revenue** realised during the period between the date of commencement of the **Business** and the date of the **Event**.

### Business Interruption

Loss resulting from interruption of or interference with the **Business** carried on by **the Insured** at the **Premises** in consequence of an **Event** to property used by **the Insured** at the **Premises** for the purpose of the **Business**.

### Estimated Gross Profit

The amount declared by **the Insured** as representing not less than the **Gross Profit** which it is anticipated will be earned by the **Business** during the financial year most nearly concurrent with the **Period of Insurance** (or a proportionately increased multiple of it where the **Maximum Indemnity Period** exceeds 12 (twelve) months).

### Estimated Gross Revenue

The amount declared by **the Insured** as representing not less than the **Revenue** which it is anticipated will be earned by the **Business** during the financial year most nearly concurrent with the **Period of Insurance** (or a proportionately increased multiple of it where the **Maximum Indemnity Period** exceeds 12 (twelve) months).

### Event

Physical loss destruction or **Breakdown** of or physical damage to property insured under the Operational All Risks Material Damage **Section** for which payment has been made or for which liability has been admitted by **the Insurer** or would have been admitted but for the operation of the **Excess**.

### Gross Profit

The amount by which the sum of the amount of the **Turnover** and the amount of the closing stock and work in progress shall exceed the amount of the opening stock and work in progress and the amount of the **Uninsured Working Expenses**.

Note: The amounts of the opening and closing stocks and work in progress shall be arrived at in accordance with the normal accountancy methods of **the Insured** due provision being made for depreciation.

### Gross Revenue

The money paid or payable to **the Insured** for work done and services rendered in the course of the **Business** at the **Premises**.

### Increase in Cost of Working

The additional expenditure (subject to the **Uninsured Working Expenses** clause) 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**.

### Indemnity Period

The period beginning with the occurrence of the **Event** and ending not later than the **Maximum Indemnity Period** thereafter during which the results of the **Business** shall be affected in consequence of any **Event**.

### Maximum Indemnity Period

The period shown in the **Schedule**.

### Premises

The buildings at the address or addresses shown in the **Schedule** including their grounds all within the boundaries for which **the Insured** are responsible and being unless more specifically described in the **Schedule** occupied solely by **the Insured** for the purpose of the **Business**.

## Business Interruption Section (continued)

### Rate of Gross Profit

The rate of gross profit earned on the **Turnover** during the financial year immediately before the date of any **Event**.

### Standard Gross Revenue

The **Revenue** during that period in the 12 (twelve) months immediately before the date of any **Event** which corresponds with the **Indemnity Period**.

### Standard Turnover

The **Turnover** during that period in the 12 (twelve) months immediately before the date of any **Event** which corresponds with the **Indemnity Period**.

### Time Exclusion

The period stated in the **Schedule** beginning with the occurrence of the **Event** during which financial loss insured under this **Section** in consequence of the **Event** is not covered.

### Turnover

The money paid or payable to **the Insured** for goods sold and delivered and for services rendered in the course of the **Business** at the **Premises**.

### Uninsured Working Expenses

All expenses which vary in direct proportion to any variation in **Turnover**.

## Cover

The **Insurer** will pay **the Insured** for **Business Interruption** by any **Event**.

## Basis of Settlement for Gross Profit

The **Insurer** will pay **the Insured** in respect of each item covered the amount of their claim for **Business Interruption** provided that at the time of any **Event**

The most **the Insurer** will pay for any one claim is

- i 133 1/3% of the **Estimated Gross Profit**
- ii for any other item 100% of the **Sum Insured** or any other limit of liability in this **Section**
- iii in total the sum of 133 1/3% of the **Estimated Gross Profit** and 100% of the sums insured or limits of liability for any other items.

In consideration of **Sums Insured** or limits of liability not being reduced by the amount of any claim **the Insured** will pay the appropriate additional premium on the amount of the claim from the date of the **Event** to expiry of the **Period of Insurance** but this shall not apply in respect of theft or attempted theft (as insured by this **Section**).

The **Insurer** will pay **the Insured** as indemnity in consequence of **Business Interruption** for loss of **Gross Profit** due to

- A reduction in **Turnover** and
- B Increase in **Cost of Working**.

Reduction in **Turnover** means the sum produced by applying the **Rate of Gross Profit** to the amount by which the **Turnover** during the **Indemnity Period** falls short of the **Standard Turnover**.

# Business Interruption Section (continued)

## Basis of Settlement Adjustments for Gross Profit

The **Insurer** will not pay the **Insured** for

- A Increase in Cost of Working** exceeding the sum produced by applying the **Rate of Gross Profit** to the amount of reduction in **Turnover** thereby avoided
- B** any amounts saved during the **Indemnity Period** in respect of any of the charges and expenses of the **Business** payable out of **Gross Profit** that may cease or be reduced.

In calculating the amounts the **Insurer** will pay the **Insured** as indemnity adjustments shall be made in accordance with the following clauses.

### 1 Uninsured Working Expenses

If any working expenses of the **Business** are excluded by this **Section** (having been deducted in arriving at **Gross Profit**) then in calculating the amount recoverable under this **Section** as **Increase in Cost of Working** only that proportion of any such additional expenditure shall be taken into account that **Gross Profit** bears to the sum of **Gross Profit** and the **Uninsured Working Expenses**.

### 2 Trends and Variations

Adjustments shall be made to the figures representing the **Rate of Gross Profit** and the **Standard Turnover** that 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 **Event** and which would have affected the **Business** had the **Event** not occurred so that the adjusted figures represent as near as reasonably practicable results which but for the **Event** would have been obtained during the relative period after the **Event**.

### 3 New Business

If the **Business** is in its first year of trading during the first **Period of Insurance** and an **Event** occurs before completion of such first **Period of Insurance** **Rate of Gross Profit** and **Standard Turnover** are as defined under this **Section**.

### 4 Accountants' Charges

If the professional accountants of the **Insured** produce any particulars or details required by the **Insurer** from the **Insured's** books of account or other business books or documents or any other proofs information or evidence under the terms of Condition 2 of this **Section** the **Insurer** will pay the **Insured** the reasonable charges payable by the **Insured** to their professional accountants provided that the sum of such reasonable charges and any other amount payable under this **Section** shall not exceed the liability of the **Insurer** under this **Section**.

### 5 Current Cost Accounting

For the purposes of this **Section** any adjustment implemented in current cost accounting shall be disregarded.

### 6 Payments on Account

The **Insurer** will make payments on account during the **Indemnity Period** if the **Insured** so request subject to any necessary adjustment at the end of the **Indemnity Period**.

## Extensions for Gross Profit

Any claim resulting from interruption of or interference with the **Business** in consequence of accidental loss destruction or damage to any property shown below within the **United Kingdom** shall be understood to be **Business Interruption** by an **Event** covered by this **Section** provided that after the application of all other terms conditions and provisions of this **Section** the liability of the **Insurer** for any one claim shall not exceed in total 133 1/3% of the **Estimated Gross Profit** or the percentage of 133 1/3% of the **Estimated Gross Profit** or the amount shown against any of the property as the limit whichever is the less.

# Business Interruption Section (continued)

## Property

### Denial of Access

Property in the vicinity of the **Premises** which prevents or hinders the use of or access to the **Premises** whether the **Premises** or property in the **Premises** is destroyed or damaged or not.

## Basis of Settlement for Gross Revenue

The **Insurer** will pay the **Insured** in respect of each item covered the amount of their claim for **Business Interruption** provided that at the time of any **Event**

The most the **Insurer** will pay for any one claim is

- i 133 1/3% of the **Estimated Gross Revenue**
- ii for any other item 100% of the **Sum Insured** or any other limit of liability in this **Section**
- iii in total the sum of 133 1/3% of the **Estimated Gross Revenue** and 100% of the sums insured or limits of liability for any other items.

In consideration of **Sums Insured** or limits of liability not being reduced by the amount of any claim the **Insured** will pay the appropriate additional premium on the amount of the claim from the date of the **Event** to expiry of the **Period of Insurance** but this shall not apply in respect of theft or attempted theft (as insured by this **Section**).

The **Insurer** will pay the **Insured** as indemnity in consequence of **Business Interruption** for

- A loss of **Gross Revenue** and
- B **Increase in Cost of Working**.

Loss of **Gross Revenue** means the amount by which the **Gross Revenue** during the **Indemnity Period** falls short of the **Standard Gross Revenue**.

## Basis of Settlement Adjustments for Gross Revenue

The **Insurer** will not pay the **Insured** for

- A **Increase in Cost of Working** exceeding the amount of loss of **Gross Revenue** thereby avoided
- B any amounts saved during the **Indemnity Period** in respect of any of the charges and expenses of the **Business** payable out of **Gross Revenue** that may cease or be reduced.

In calculating the amounts the **Insurer** will pay the **Insured** as indemnity adjustments shall be made in accordance with the following clauses.

### 1 Trends and Variations

Adjustments shall be made to the figures representing the **Annual Gross Revenue** and the **Standard Gross Revenue** that 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 **Event** and which would have affected the **Business** had the **Event** not occurred so that the adjusted figures represent as near as reasonably practicable results which but for the **Event** would have been obtained during the relative period after the **Event**.

### 2 New Business

If the **Business** is in its first year of trading during the first **Period of Insurance** and an **Event** occurs before completion of such first **Period of Insurance** **Annual Gross Revenue** and **Standard Gross Revenue** are as defined under this **Section**.

## Business Interruption Section (continued)

### 3 Accountants' Charges

If the professional accountants of the Insured produce any particulars or details required by **the Insurer** from **the Insured's** books of account or other business books or documents or any other proofs information or evidence under the terms of Condition 2 of this **Section** **the Insurer** will pay **the Insured** the reasonable charges payable by **the Insured** to their professional accountants provided that the sum of such reasonable charges and any other amount payable under this **Section** shall not exceed the liability of **the Insurer** under this **Section**.

### 4 Current Cost Accounting

For the purposes of this **Section** any adjustment implemented in current cost accounting shall be disregarded.

### 5 Payments on Account

**The Insurer** will make payments on account during the **Indemnity Period** if **the Insured** so request subject to any necessary adjustment at the end of the **Indemnity Period**.

## Extensions for Gross Revenue

Any claim resulting from interruption of or interference with the **Business** in consequence of accidental loss destruction or damage to any property shown below within the **United Kingdom** shall be understood to be **Business Interruption** by an **Event** covered by this **Section** provided that after the application of all other terms conditions and provisions of this **Section** the liability of **the Insurer** for any one claim shall not exceed in total 133 1/3% of the **Estimated Gross Profit** or the percentage of 133 1/3% of the **Estimated Gross Revenue** or the amount shown against any of the property as the limit whichever is the less.

## Property

### Denial of Access

Property in the vicinity of the **Premises** which prevents or hinders the use of or access to the **Premises** whether the **Premises** or property in the **Premises** is destroyed or damaged or not.

## Section Exclusions applicable to this Section of the Policy

### 1 Time Exclusion

The amount stated in the **Schedule** as the **Time Exclusion** in respect of each and every occurrence for which **the Insured** is indemnified by this **Section**.

### 2 Other Consequential Losses

Consequential loss or damage consisting of or in consequence of liquidated damages penalties for delay or detention or in connection with guarantees of performance or efficiency or loss of use or any other form of consequential loss not specifically provided for by this **Section**.

## Section Conditions

### 1 Alteration in Risk

**The Insured** must notify **the Insurer** as soon as possible if during the **Period of Insurance**

- a the **Business** is wound up or carried on by a liquidator or receiver or permanently discontinued
- b the interest of **the Insured** ceases other than by death
- c there is any alteration to the facts or matters set out in the **Schedule** or otherwise comprising the risk presentation made by **the Insured** to **the Insurers** at inception renewal or variation of this **Section** which materially increases the risks of loss damage or cost

## Business Interruption Section (continued)

Upon being notified of any such alteration **the Insurer** may at its absolute discretion

- i** continue to provide cover under this **Section** on the same terms
- ii** restrict the cover provided by this **Section**
- iii** impose additional terms
- iv** alter the premium
- v** cancel this **Section** and the **Policy**.

If **the Insured** fails to notify **the Insurer** of any such alteration **the Insurer** may

- 1** treat this **Section** and the **Policy** as if it had come to an end as at the date of the alteration of the risk returning a proportionate amount of the premium for the unexpired **Period of Insurance** if **the Insurer** would have cancelled this **Section** and the **Policy** had it known of the increase in risk
- 2** treat this **Section** and the **Policy** as if it had contained such terms (other than relating to premium) or other restrictions (if any) from the date of the alteration in risk as **the Insurer** would have applied had it known of the increase in risk
- 3** reduce proportionately the amount paid or payable on any claim the proportion for which **the Insurer** is liable being calculated by comparing the premium actually charged as a percentage of the premium which **the Insurer** would have charged had it known of the increase in risk.

### 2 Additional Claims Conditions

In the event of any **Event** in consequence of which **the Insured** make or may make a claim under this **Section** **the Insured** shall at their own expense deliver to **the Insurer**

- A** within twenty eight (28) days of its happening full details of **Business Interruption** caused by riot civil commotion strikers locked-out workers persons taking part in labour disturbances malicious persons or theft

- B** not later than thirty (30) days after expiry of the **Indemnity Period** or such further time that **the Insurer** may allow full information in writing of the particulars of the claim together with details of all other policies covering property used by **the Insured** at the Premises for the purpose of the **Business** or any part of the **Business** and the amount of any resulting **Business Interruption**
- C** such books of account and other business books vouchers invoices balance sheets and other documents proofs information explanation and other evidence that **the Insurer** may reasonably require for the purpose of investigating or verifying the claim together with if required a statutory declaration of the truth of the claim and of any matters connected with it.

Particulars or details contained in **the Insured's** books of account or other business books or documents which may be required by **the Insurer** for the purpose of investigating or verifying any claim under this **Section** may be produced by professional accountants if at the time they are regularly acting for **the Insured**. Their report shall be prima facie evidence of the particulars and details to which such report relates.

**The Insurer will not pay for any claim unless the terms of this condition have been complied with and any payment on account already made shall be repaid to the Insurer.**

### 3 Other Insurances

**The Insurers** will not indemnify **the Insured** in respect of financial loss which is insured by or would but for the existence of this **Section** be insured by any other policy effected by **the Insured** or on the **Insureds** behalf except in respect of any excess beyond the amount payable under such other policy or which would have been payable under such policy had this insurance not been effected.



## Business Interruption Section (continued)

### 4 Subrogation

Any claimant under this **Section** shall at **the Insurer's** request and expense take or permit to be taken all necessary steps for enforcing rights against any other party in the name of **the Insured** before or after **the Insurer** makes any payment.

**The Insurer** agrees to waive any such rights to which **the Insurer** might become entitled by subrogation against any company standing in relation of parent to subsidiary (or subsidiary to parent) to **the Insured** or against any company which is a subsidiary of a parent company of which **the Insured** are themselves a subsidiary in each case within the meaning of the Companies Act or Companies (Northern Ireland) Order current at the time of the **Business Interruption**.

### 5 Arbitration

If any difference arises as to the amount to be paid under this **Section** (liability being otherwise admitted by **the Insurer**) such difference shall be referred to an arbitrator to be appointed by **the Insured** and **the Insurer** in accordance with statutory provisions.

Where any difference is referred to arbitration in accordance with this condition the making of an award shall be a condition precedent to any right of action against **the Insurer**.

### 6 Declarations for Gross Profit

Prior to each renewal date **the Insured** shall provide **the Insurer** with the **Estimated Gross Profit** for the financial year most nearly concurrent with the ensuing **Period of Insurance**.

Not later than six (6) months after the expiry of each **Period of Insurance** **the Insured** shall provide **the Insurer** with a declaration confirmed by **the Insured's** auditors of the **Gross Profit** earned during the financial year most nearly concurrent with the expired **Period of Insurance**. If any **Event** has occurred giving rise to a claim for loss of **Gross Profit** such declaration will be increased by **the Insurer** for the purpose of premium adjustment by the amount by which the **Gross Profit** was reduced during such financial year solely in consequence of the **Event**.

Premiums are provisional. If the declaration of **Gross Profit** provided by **the Insured** and confirmed by **the Insured's** auditors proportionately increased where the **Maximum Indemnity Period** exceeds twelve (12) months is

- A** less than the **Estimated Gross Profit** for the relative **Period of Insurance** **the Insurer** will allow a pro rata return of premium on the **Estimated Gross Profit** not exceeding 50% of such premium paid
- B** greater than the **Estimated Gross Profit** for the relative **Period of Insurance** **the Insured** shall pay a pro rata addition to the premium paid on the **Estimated Gross Profit**.

### 7 Declarations for Gross Revenue

Prior to each renewal date **the Insured** shall provide **the Insurer** with the **Estimated Gross Revenue** for the financial year most nearly concurrent with the ensuing **Period of Insurance**.

Not later than six (6) months after the expiry of each **Period of Insurance** **the Insured** shall provide **the Insurer** with a declaration confirmed by **the Insured's** auditors of the **Gross Revenue** earned during the financial year most nearly concurrent with the expired **Period of Insurance**. If any **Event** has occurred giving rise to a claim for loss of **Gross Profit** such declaration will be increased by **the Insurer** for the purpose of premium adjustment by the amount by which the **Gross Revenue** was reduced during such financial year solely in consequence of the **Event**.

Premiums are provisional. If the declaration of **Gross Revenue** provided by **the Insured** and confirmed by **the Insured's** auditors proportionately increased where the **Maximum Indemnity Period** exceeds twelve (12) months is

- A** less than the **Estimated Gross Revenue** for the relative **Period of Insurance** **the Insurer** will allow a pro rata return of premium on the **Estimated Gross Revenue** not exceeding 50% of such premium paid
- B** greater than the **Estimated Gross Revenue** for the relative **Period of Insurance** **the Insured** shall pay a pro rata addition to the premium paid on the **Estimated Gross Revenue**.