

Business Interruption Section - Commercial Property Investors
Business Interruption Section

Definitions applicable to this Section

Basis of claims settlement

Definitions only applicable to this **definition**

Annual gross rentals

means the **gross rentals** during the 12 months immediately before the **incident** or for a **new business** the proportionate equivalent for a period of 12 months of the **gross rentals** realised during the period between the date **you** commenced **your business** and the **incident**

Standard gross rentals

means the **gross rentals** during the period in the 12 months immediately before the **incident** which corresponds with the **indemnity period** or for a **new business** the proportionate equivalent for a period equal to the **indemnity period** of the **gross rentals** realised during the period between the date **you** commenced **your business** and the date of the **incident**

The **definitions** above **annual gross rentals** and **standard gross rentals** will be subject to adjustments as may be necessary to provide for the trend of the **your business** and for variations in or other circumstances affecting **your business** either before or after the **incident** or which would have affected **your business** had the **incident** not occurred so that the figures thus adjusted shall represent as nearly as may be reasonably practicable the results which but for the **incident** would have been obtained during the relative period after the **incident**

Where under the terms of the lease or leases **rent** reviews would have taken place during the **indemnity period** the **basis of claims settlement** will take into account these **rent reviews** noting the Extension Rent review

Gross rentals

means the insurance under this Item is limited to

- 1) loss of gross rentals and
- 2) increase in cost of working

and the amount payable as indemnity thereunder shall be

- a) for 1) the amount by which the gross rentals during the **indemnity period** shall fall short of the **standard gross rentals** in consequence of the **incident**
- b) for 2) the additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the loss of gross rentals which but for the expenditure would have taken place during the **indemnity period** in consequence of the **incident** but not exceeding the amount of the reduction in gross rentals thereby avoided less any sum saved during the **indemnity period** in respect of such of the expenses and charges of **your business** payable out of gross rentals as may cease or be reduced in consequence of the **incident**

provided that if the Sum Insured by the Item on gross rentals be less than the **annual gross rentals** or at a proportionately increased multiple thereof where the **maximum indemnity period** exceeds 12 months the amount payable shall be proportionately reduced

Consequential loss

means loss resulting from interruption of or interference with **your business** in consequence of an **incident**

Disease

means any of the following diseases sustained by any person acute encephalitis acute infectious hepatitis acute meningitis acute poliomyelitis anthrax botulism brucellosis cholera diphtheria enteric fever (typhoid or paratyphoid) food or drink poisoning haemolytic uraemic syndrome(HUS) infectious bloody diarrhoea invasive group A streptococcal disease legionellosis leprosy malaria measles meningococcal septicaemia mumps plague rabies rubella SARS scarlet fever smallpox tetanus tuberculosis typhus viral haemorrhagic fever (VHF) whooping cough and yellow fever

Rent free period

means the period between the completion date of the lease and the commencement date of the payment of **gross rentals**

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Insurance provided

- 1) loss of **gross rentals** and
- 2) increase in cost of working

following an **incident** at the **premises** within the **territorial limits** during the **period of insurance** caused by

- 1) the operation of a **Specified peril** applicable under the **Material Damage Section - Commercial Property Investors**
- 2) **Specified perils Explosion** which does not exclude **consequential loss** caused by explosion of any boiler or economiser on the **premises**

or as otherwise stated in the **appendix** provided that at the happening of the **consequential loss** there shall be in force an insurance covering **your** interest in the insured **property** insured at the **premises** against such **damage** and that payment

- 1) shall have been made or liability admitted

or

- 2) would have been made or liability admitted but for the operation of a proviso in such insurance excluding liability for losses below a specified amount

as stated in the **basis of claims settlement**

Limit of liability

Our liability under this Section will not exceed the Total Sum Insured or in respect of any Item its Sum insured

or any other Limit of Liability stated in the **appendix** or the **basis of claims settlement** at the time of the **consequential loss** plus any payment due under the Extension Rent review

Extensions

The terms Conditions and Exclusions of this **policy** and or Section apply to these Extensions

Where no Limit or maximum liability is stated in the Extensions the Section Limit of Liability applies

Additional insurance

This Extension provides insurance for loss of **annual gross rentals** following interruption or interference to **your business**

- 1) in consequence of an **incident** as insured by this Section
 - 1.1) occasioned by **damage to property** in the immediate vicinity of the **premises** which prevents or hinders the use or access to the **premises** whether the **premises or your property** suffers **damage** or not but excluding **damage** to property of any supply undertaking from which **you** obtain gas electricity or water which prevents or hinders the supply of such services to the **premises** stated in the **appendix** as Extensions : Denial of Access
 - 1.2) occasioned by accidental failure of electricity gas telecommunications or water supply at the terminal ends of **your** suppliers feed to the **premises** but does not include accidental failure
 - a) of telecommunications where such failure is for a period of less than 24 hours or other supply authority where such failure is for a period of less than 1 hour
 - b) caused by the deliberate act of any supply authority or by the exercise by any such supply authority of its power to withhold or restrict supply due to drought or any other reason
 - c) due to strikes or any labour or trade dispute or atmospheric or weather conditions
 - d) caused by or arising from or attributable to the failure of any overhead transmission and distribution lines and their supporting structures other than those within 1 mile of the **premises**
 - 1.2) a) - d) are stated in the **appendix** as Extensions : Public Utilities
 - 2) following closure of **your premises** or part thereof on the order advice or stipulation of any Government or local authority as a result of
 - 2.1) any human infectious or human contagious **disease** (excluding Acquired Immune Deficiency Syndrome (AIDS) or an AIDS related condition) manifested by any person whilst at the premises or within a 5 mile radius of the **premises**
 - 2.2) murder or suicide occurring at the **premises**
 - 2.3) defects in the drains or other sanitary arrangements at the **premises** or the **premises** becoming infested with vermin or pests
- from the date of the outbreak and or when restrictions are imposed and or **event** and ending not later than the **indemnity period**

2.1) - 2.3) are stated in the **appendix** as Extensions : Infectious Diseases

Our limit of liability in respect of 1) and 2) above any one **event** and in any one **period of insurance** will not exceed the amount stated in the **appendix**

Advance rent

Where **annual gross rental** is insured in respect of new **property** developments **you** must show that but for the **incident annual gross rental** would have been earned and will be required to support a claim for loss of **annual gross rental** by submitting evidence detailing

- 1) actual negotiations with prospective tenants both before and after the **incident**
- 2) demand for similar accommodation in the locality
- 3) general levels of rents applying in the area

This Extension provides insurance for the fees of a professional valuer acceptable to both **you** and **us** if **we** opt to seek their advice

Alternative premises

When during the **indemnity period** accommodation or services are provided elsewhere than at **your** premises for the benefit of **your business** either by **you** or others on **your** behalf **money** paid or payable in respect of such accommodation or services will be taken into account in arriving at a rent receivable amount during the **indemnity period**

Automatic reinstatement

In the absence of written notice from **us** to **you** to the contrary the Sum Insured by this Section will not be reduced by the amount of the agreed claim settlement and in return **you** undertake to pay an additional premium on the amount of the agreed claim settlement from the date thereof

Bomb scare or unlawful occupation

This Extension provides insurance for interruption of or interference with **your business** caused by

- 1) the suspected or actual presence of an incendiary or explosive device on or in the vicinity of the **premises**
- 2) occupation of the **premises** or other **property** in the vicinity by members of a terrorist or criminal organisation or other unlawful occupants

but this Extension does not include any

- a) **incident** where interruption or interference is less than 48 hours duration
- b) period other than the actual period of prevention or hindrance of access to the **premises**
- c) eviction costs

This Extension only applies during the period beginning with the interruption of or interference and ends not later than three months after that date during which time the subsequent results of **your business** are affected as a consequence of the interruption or interference

Our maximum liability is £50,000 during any one period of insurance

Buildings awaiting sale

If at the time of the **incident** **you** have contracted to sell **your** interest in the **premises** or have accepted an offer in writing to purchase **your** interest in the premises subject to contract and the sale is cancelled or delayed solely in consequence of the incident provided that **you** make all reasonable efforts to complete the sale of the **premises** as soon as reasonably practicable after the **incident** **you** may opt for the amount payable by **us** to be as follows

- 1) during the period prior to the date upon which but for the **incident** the **premises** would have been sold the loss of **annual gross rental** being the actual amount of the reduction in **annual gross rental** solely in consequence of the **incident**
- 2) during the period commencing with the date upon which but for **incident** the **premises** would have been sold and ending with the actual date of sale or when the **premises** or that part of the **premises** capable of direct occupation and affected by the **incident** is restored to its pre **incident** condition or the **indemnity period** if earlier

the loss in respect of interest being

- a) the actual interest incurred on capital borrowed (solely to offset in whole or part the loss of use of the sale proceeds) for the purpose of financing **your business**
- b) the investment interest lost to **you** on any balance of the sale proceeds (after deduction of any capital borrowed as provided under a) above

less any amount receivable in respect of **annual gross rental**

- 3) the additional expenditure being
 - a) the expenditure necessarily and reasonably incurred in consequence of the **incident** solely to avoid or minimise the loss payable under 1) or 2) above but not exceeding the amount of loss avoided by such expenditure
 - b) the additional legal fees and other expenditure incurred solely as a result of the cancellation or delay in consequence of the **incident** but not exceeding either an amount equivalent to the expenditure incurred immediately prior to the **incident**

provided that

- i) **you** make all reasonable efforts to complete the sale of the **premises** as soon as is practicable after the **incident**
- ii) the assessment of the actual loss of interest will be at a rate of not more than 2% above the London Interbank Offered Rate applying during the **indemnity period**
- iii) the amount payable under this Section will not exceed the **annual gross rental** that would have been earned had the premises been leased or rented

Our maximum liability will not exceed 10% of the Sum Insured by the Item stated in the appendix or £50,000 during any one period of insurance whichever is the lesser

Capital Additions

This Extension automatically provides insurance for **annual gross rentals**

- 1) any newly acquired and or newly erected **buildings** and or **buildings** in course of erection excluding any **buildings** where a building contractor retains responsibility provided **your** interest is not otherwise insured

and

- 2) alterations additions and improvements to **buildings** but not in respect of any appreciation in value anywhere in the **Territorial Limits** provided that at any one

- a)
 - i) **building** this Extension will not exceed 10 % the Item Sum insured for **annual gross rentals** or £500,000 whichever is less
 - ii) **unoccupied building** this Extension will not exceed £50,000 whichever is less
- b) **you** advise **us**
 - i) every 6 months in respect of such alterations additions extensions and or improvements
 - ii) as soon as is practicable of any newly occupied property

You will pay any additional premium required from inception of this Extension and amounts so declared will be added by **endorsement** to the Sum Insured for the relative Item whereupon the provisions of the Extension will be fully reinstated

Cost of reletting buildings

This Extension provides insurance for the costs incurred by **you** with **our** consent during the **indemnity period** in reletting the **buildings** including legal fees in connection with the reletting solely in consequence of the **incident**

Our maximum liability is £5,000 for any one claim and £10,000 during any one **period of insurance**

Failure of other insurances

This Extension extends to include **annual gross rentals** where **you** have an insurable interest but where the terms of the lease specify the responsibility to arrange specified insurance rests with a third party leasee or third party lessor provided that

- 1) a valid and enforceable lease is in force
- 2) **you** could not have prevented the failure to arrange specified insurance
- 3) this Extension only applies
 - 3.1) in the event of failure of the third party's insurance and then only for the excess beyond the amount payable under such insurance
 - 3.2) in respect of claims arising directly from a peril in respect of which the third party leasee or third party lessor assumed responsibility to arrange specified insurance under the lease but in no case greater in scope than the insurance provided by this Section
- 4) at any one **premises** this Extension will not exceed 10 % of the Item Sum Insured for **annual gross**

rental or £50,000 or whichever is the less

This Extension will only apply when

- a) **you** can demonstrate that **you** have checked that lessees or lessors have effected and maintained adequate insurance
- b) on discovery of a failure to insure for the full Sum Insured on **annual gross rentals** in which **you** have an insurable interest as stated above **you** immediately effect adequate insurance
- c) subrogation rights are not waived by this Extension

Inadvertent failure to insure

This Extension automatically provides insurance for

- 1) any newly acquired and or newly erected **buildings** and or **buildings** in course of erection excluding any **buildings** where a building contractor retains responsibility

and

- 2) alterations additions and improvements to **buildings**

but not in respect of any appreciation in value which **you** have an obligation to insure whether owned or leased by **you** but which have inadvertently been left uninsured anywhere in the **Territorial Limits**

You must advise **us** in writing as soon as reasonably practicable when **you** become aware of a building inadvertently left uninsured and pay the appropriate premium due from the date **our** responsibility commenced

You must carry out at least once every twelve months a check of all **buildings** owned or leased by **you** or for which you are responsible to ensure that effective insurance is in force for each of them

Legionella

This Extension includes interruption of or interference with **your business** following an outbreak of legionellosis at the **premises** causing restrictions on the use of the **premises** on the order or advice of the competent authority

This Extension only applies during the period beginning with the date from which the restrictions on the use of the **premises** start and ending not later than 3 months thereafter

Our maximum liability under this Extension is £100,000 any one **period of insurance**

The Extension Automatic reinstatement does not apply to this Section Extension

Loss of attraction

This Extension includes interruption of or interference with **your business** following **damage to property** in the immediate vicinity of the **premises** which shall deter potential tenants whether **your premises** or **property** therein is **damaged** or not but does not include obstruction of roads streets or access prevented by weather or climatic conditions

Our maximum liability under this Extension is £50,000 or the Item Sum Insured for any one **premises** whichever is the less and £250,000 during any one **period of insurance**

Managing agents premises

This Extension includes interruption of or interference with **your business** following **damage to property** at the premises of **your** appointed managing agents

Mitigation of rent

Where a tenant's accommodation is declared unfit to live in or access is denied following an **incident** insured and alternative accommodation is made available from **your** property portfolio insured with **us** at the same **annual gross rentals** as that formerly payable by the tenant prior to the **incident** then **we** will pay to **you** the difference between the **annual gross rentals** payable by the tenant and the amount that would otherwise be payable as **annual gross rentals** for the use of the alternative accommodation if this is a greater amount

Our maximum liability is £10,000 for any one claim and £25,000 during any one **period of insurance**

Payments on account

With **our** consent payments on account will be made to **you** during the **Indemnity period**

Professional accountants and legal fees

This Extension provides insurance for reasonable fees payable to **your**

- 1) professional accountants if at the time they are regularly acting on **your** behalf to produce and or report any particulars details other proofs information and or evidence **we** may require investigating or verifying any claim from **your** books of account or other business books and or documents
- 2) lawyer for determining contractual rights under any rent cessor or insurance break clause contained within a lease

but this Extension does not cover any fees relating to the preparation of any claim

Rent free period

If at the date of the **incident** no rent is receivable in respect of all or any part of the **premises** due solely to the existence of a contractual agreement granting any tenant or lessee a rent free period then at **your** option and in respect only of that part of the **premises** subject to such agreement then for the purpose of this Extension the Section **basis of claims settlement** is cancelled and replaced by the following -

The **maximum indemnity period** stated in the **appendix** will be adjusted by adding the unexpired portion of the rent free period at the date of the **incident** to the number of months shown in the **appendix** provided that such additional period does not exceed 12 months unless **we** state otherwise

We will regard re-letting costs and expenses which are necessarily and reasonably incurred during the rent free period as having been incurred during the **maximum indemnity period**

When assessing the amount of any charge or expenses ordinarily payable out of **gross rentals** which either cease or reduce during the rent free period any savings evident will be taken into account and deducted from the amount otherwise payable

For the purposes of this Extension the Section **basis of claims settlement gross rentals definition** is cancelled and replaced by the following -

Gross rentals

means the actual annual rent that applies from the date immediately after the rent free period ceases proportionately increased where the **maximum indemnity period** exceeds 12 months subject to

- 1) allowance for the amount of the actual future **gross rentals** having been included in the Sums Insured under this Section
- 2) **our** liability in total in any one **period of insurance** will in no case exceed the Sum Insured stated for any relative Item or any Limit of Liability stated in the **appendix** whichever is the lower

Rent review

Where **annual gross rentals** is subject to a review during the **period of insurance** the Item Sum Insured will be automatically increased to reflect the revised amount of **annual gross rentals**

Our maximum liability under this Extension is 50 % of the Item Sum Insured or £250,000 any one **premises** whichever is the less during any one **period of insurance**

No additional premium will be charged under this Extension during the **period of insurance** provided that **you** prior to the Section renewal advise **us** of the revised **annual gross rentals** Sum Insured for the ensuing **period of insurance**

Unoccupied building

Where **annual gross rentals** is insured for any **unoccupied building** or any **unoccupied** portion of a **building** when an **incident** occurs **you** must show that but for the **incident annual gross rentals** would have been earned

You will be required to support any claim for **annual gross rentals** by submitting reasonable evidence of the amount of rent receivable and the date from which it would have been earned including but not limited to

- 1) actual negotiations with prospective tenants both before and after the **incident**
- 2) demand for similar occupancy in the locality
- 3) the current general level of rent applying

We retain the option to obtain the advice of a professional valuer in ascertaining indemnity under this Extension

Conditions additional to the Policy Conditions
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Claims (additional action to be taken by **you**)

It is a **condition precedent** to **our** liability to indemnify **you** in relation to any claim for **damage** under this **Business Interruption Section** that

- 1) in the of a claim being made **you** will at **your** own expense
 - 1.1) as soon as is reasonably practicable deliver to **us** in writing particulars of **your** claim together with details of all other insurances covering **property** used by **you** at the **premises** for the purpose of **your business** or any part of it or any resulting **consequential loss**
 - 1.2) deliver to **us** such books of account and other business books vouchers invoices balance sheets and other documents proofs information explanation and other evidence as may be reasonably

required

1.3) any Payments on account of the claim already made will be repaid to **us** if this Condition is not complied with

Current cost accounting

For the purpose of Additional Section **definitions** any adjustment implemented in current cost accounting shall be disregarded

Value added tax

To the extent that **you** are accountable to H.M. Revenue and Customs for Value Added Tax all terms in this Section shall be exclusive of such tax

Exclusions additional to the Policy Exclusions

We will not be liable for any **incident** caused by the accidental or deliberate introduction of a virus