

Business Interruption Section

Definitions applicable to this Section

Accounts receivable

means the total amount of the balances debited to **customers** in **your** accounts and declared in the statement last given after allowances have been made for bad debts and for amounts debited or invoiced but not debited and credited including credit notes and **money** not passed through **your** books of account at the time of the **incident** to **customers** accounts in the period between the statement date and the **incident**

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**

Annual gross revenue

means the **gross revenue** 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 revenue** realised during the period between the date **you** commenced **your business** and the **incident**

Annual turnover

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

Rate of gross profit

means the rate of **gross profit** earned on **turnover** during the financial year immediately before the **incident** or for a **new business** on the **turnover** 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**

Standard gross revenue

means the **gross revenue** 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 revenue** realised during the period between the date **you** commenced **your business** and the date of the **incident**

Standard turnover

means the **turnover** 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 **turnover** realised during the period between the date **you** commenced **your business** and the **incident**

All the additional **policy** and Section **definitions** above will be subject to adjustments as may be necessary to provide for the trend of **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**

The following settlement headings apply when stated in the **appendix** to this Section

Accounts receivable

means the insurance under this Item is limited to

- 1) loss of **accounts receivable** and
- 2) additional expenditure and the amount payable as indemnity shall be
 - a) for 1) the difference solely due to the **incident** between the amount of the **accounts receivable** at the date of the **incident** and the total amount received in payment of them during the **indemnity period**
 - b) for 2) additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the loss of **accounts receivable** which but for that expenditure would have occurred in consequence of the **incident** but not exceeding the amount which would otherwise have been payable under a) above

If the Sum Insured by the item on **accounts receivable** be less than the total amount of the **accounts receivable** the amount payable shall be proportionately reduced

Additional cost of working

means the insurance under this Item is limited to **additional cost of working** and the amount payable as indemnity shall be

- 1) the additional expenditure incurred
 - 1.1) in moving to or from temporary **premises**
 - 1.2) as rent rates taxes and expenses to equip and or make suitable the temporary **premises** for **your business**
 - 1.3) as staff payments or overtime
 - 1.4) for advertising
 - 1.5) as **we** may agree

necessarily and reasonably incurred in order to minimise any interruption or interference with **your business** during the **indemnity period** in consequence of the **incident**

- 2) limited for all additional expenditure to no more than 50 % of the Sum Insured by the Item **additional cost of working** during the first 3 months following the **incident** or 10 per cent of the Sum Insured by the Item **additional cost of working** in any subsequent month

Additional increased cost of working

means the insurance under this Item extends to include further additional expenditure up to the Sum Insured stated in the **appendix** beyond that recoverable under **gross profit** or **estimated gross revenue** necessarily and reasonably incurred during the **indemnity period** in consequence of the **incident** in order to continue **your business**

Gross profit/estimated gross profit

means the insurance under this Item is limited to loss of **gross profit** due to

- 1) reduction in **turnover** and
- 2) increase in cost of working

and the amount payable as indemnity thereunder shall be

- a) for 1) the sum produced by applying the **rate of gross profit** to the amount by which the **turnover** during the **indemnity period** shall fall short of the **standard turnover** in consequence of the **incident**
- b) for 2) the additional expenditure subject to the provisions of the **uninsured working expenses** 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 **incident** 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 charges and expenses of **your business** payable out of **gross profit** as may cease or be reduced in consequence of the **incident**

provided that if the Sum Insured by the Item on **gross profit** be less than the sum produced by applying the **rate of gross profit** to the **annual turnover** or at a proportionately increased multiple thereof where the **maximum indemnity period** exceeds 12 months the amount payable shall be proportionately reduced

Gross rentals/estimated 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

Gross revenue/estimated gross revenue

means the insurance under this Item is limited to

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

provided that if the Sum Insured by the Item on **gross revenue** be less than the **annual gross revenue** (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**

Customers

means all customers of **yours** who obtain **goods** or services from **you** on a credit basis

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

Estimated gross profit

means the amount declared by **you** to **us** as representing not less than the **gross profit** which it is anticipated will be earned by **your business** during the financial year most nearly concurrent with the **period of insurance** or a proportionately increased multiple thereof where the **maximum indemnity period** exceeds 12 months

Estimated gross rentals

means the amount declared by **you** to **us** as representing not less than the **gross rentals** which it is anticipated will be earned by **your business** during the financial year most nearly concurrent with the **period of insurance** or a proportionately increased multiple thereof where the **maximum indemnity period** exceeds 12 months

Estimated gross revenue

means the amount declared by **you** to **us** as representing not less than the **gross revenue** which it is anticipated will be earned by **your business** during the financial year most nearly concurrent with the **period of insurance** or a proportionately increased multiple thereof where the **maximum indemnity period** exceeds 12 months

Gross rentals

means the **money** paid or payable to **you** for tenancies and other charges and for services rendered in the course of **your business** at the **premises**

New business

means for the purpose of any **basis of claims settlement** an **incident** occurring before **you** have completed **your** first 12 months **business** trading at the **premises**

Outstanding debit balances

means an estimate of the total debit declared at the time of the **incident** adjusted for

- 1) bad debts
- 2) amounts debited or invoiced but not debited and credited including credit notes and **money** not passed through **your** books of accounts at the time of the **incident** to **customers** accounts in the period between the last statement date and **incident**
- 3) any abnormal condition of trade which had or could have had a material effect on **your business** so that the figures adjusted shall represent as nearly as practicable those which would have applied at the **incident**

Uninsured working expenses

means those defined in the **appendix**

Business Interruption Section

Insurance Provided

Consequential loss in the **indemnity period** following an **incident** within the **territorial limits** during the **period of insurance** caused by

- 1) the operation of a **Specified peril** applicable under the **Material Damage** Section
- 2) **Specified peril Explosion** extended to include **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

Limit of Liability

Our liability under this Section will not exceed in the whole 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**

Extensions

The terms Conditions and Exclusions of this policy and or Section apply to these Extensions
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Where no Limit or maximum liability is stated in the Extensions the Section Limit of Liability applies
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Additional insurance

The insurance by this Section extends to include interruption of or interference with **your business**

1) in consequence of an **incident** as insured by this Section

1.1) to **property** at the premises of **your** suppliers in the **territorial limits** but excluding the premises of any supply undertaking from which you obtain gas electricity or water stated in the **appendix** as Extensions : Specified or Unspecified Supplier(s)

1.2) to **property** of **your customers** in the **territorial limits** stated in the **appendix** as Extensions : Specified or Unspecified **customer(s)**

1.3) 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

1.4) to **property** at the premises of any public supply undertaking from which **you** obtain gas electricity water or telecommunications but excluding

- a) 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) 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**

1.4) 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 25 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**

Alternative trading

If during the **indemnity period** **goods** sold accommodation provided or services rendered elsewhere than at the **premises** for the benefit of **your business** either by **you** or by others on **your** behalf the **money** paid or payable in respect of such sales accommodation or services shall be brought into account in arriving at the **turnover gross revenue** or **gross rentals** during the **indemnity period**

Automatic reinstatement

In the absence of written notice from **us** or **you** to the contrary the Sum Insured by this Section shall not be reduced by the amount of 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**

Book debts

The insurance by this Section extends to include an **incident** where **you** are unable to trace or establish the **outstanding debit balances** in whole or in part following **damage** to your books of account or other business books or documents at the **premises** or any premises occupied by persons acting on **your** behalf to which **your business** records are temporarily removed or in **transit** within the **territorial limits** but excluding an **incident** resulting from

- 1) records being mislaid or misfiled
- 2) the deliberate falsification of records or by any bookkeeping accounting or other error or omission
- 3) dishonest or fraudulent act by **your employees** or by any person acting on their behalf

The insurance provided by this Extension is limited to an **incident you** sustain in respect of **outstanding debit balances** directly due to the **incident** and the amount payable in respect of any one **event** of an **incident** shall not exceed

- a) the difference between
 - i) the **outstanding debit balances** and
 - ii) the total of the amounts received or traced in respect thereof

and

- b) the additional expenditure incurred with **our** consent in tracing and establishing **customers'** and clients' debit balances after the **incident**

Provided that if the Sum Insured by this Item be less than the **outstanding debit balances** the amount payable will be proportionately reduced

Our maximum liability is stated in the **appendix** as Extensions : Book Debts

It is a **condition precedent** to **our** liability to indemnify **you** in relation to any claim for **damage** under this Extension that **you** keep a monthly record of the amounts outstanding in **your customer** accounts as set out in **your** books of account and a copy of this monthly record is kept at a place other than the **premises**

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

Essential personnel

The insurance by this Section extends to include additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing any interruption or interference with **your business** during the **indemnity period** as a consequence of the death or permanent disablement from attending to usual duties by accidental and external means of any principal director partner or **employee** of **yours**

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

Payments on account

Payments on account will with **our** consent 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

Conditions additional to the policy Conditions

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 event 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

Declaration linked

Where an Item in the **appendix** features the suffix (DL)

The premium paid may be adjusted by **us** on receipt of a declaration of **gross profit gross revenue** or **gross rentals** earned during the financial year most nearly concurrent with the **period of insurance** as reported by **your** auditors

If an **incident** gives rise to a claim for loss of **gross profit gross revenue** or **gross rentals** the above mentioned declaration shall be increased by **us** for the purpose of premium adjustment by the amount by which the **gross profit gross revenue** or **gross rentals** was reduced during the financial year solely in consequence of the **incident**

If the declaration amount adjusted as above and proportionately increased where the **maximum indemnity period** exceeds 12 months is less than the Sum Insured on **gross profit gross revenue** or **gross rentals** for the relative **period of insurance** we will allow a pro rata return of premium not exceeding 50 % of the premium paid

Our liability will not exceed in respect of **gross profit gross revenue** or **gross rentals** 133.33 % of the **estimated gross profit estimated gross revenue** or **estimated gross rentals** stated and 100 % of the Sum Insured by other Items or such other amounts as may be substituted

Prior to each renewal date **you** will provide **us** with the estimated Sum Insured for the financial year most nearly concurrent with the ensuing **period of insurance**. No later than 6 months after the expiry of each **period of insurance** **you** will provide **us** with a declaration confirmed by **your** auditors or professional accountants of the **gross profit gross revenue** or **gross rentals** earned during the financial year most nearly concurrent with the **period of insurance**

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