

Business Interruption Wording – Gross Profit

Policy Number :

In consideration of the premium paid, and subject to the EXCLUSIONS, CONDITIONS AND LIMITATIONS of the Policy to which this Extension is attached, and also to the FOLLOWING ADDITIONAL CONDITIONS, AND EXCLUSIONS, this Policy is extended to cover loss resulting from necessary Interruption of Business, relating only to the premises affected by the Act or series of Acts caused by Direct Physical Loss or Damage of a peril, as covered by the Policy to which this Extension is attached, to property insured by this Policy.

In the event of such direct physical loss or physical damage, Underwriters shall be liable for the loss of Gross Profit due to:-

(a) REDUCTION IN TURNOVER and (b) INCREASE IN COST OF WORKING and the amount payable as indemnity thereunder shall be:-

- (i) In respect of Reduction in Turnover: the sum produced by applying the Rate of Gross Profit to the amount by which the Turnover during the Indemnity Period shall, in consequence of the physical damage, as covered by this policy, fall short of the Standard Turnover;
- (ii) In respect of Increase in Cost of Working: the additional expenditure 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 physical damage, as insured by this policy, 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 as may cease or be reduced in consequence of the physical damage insured under this policy.

Provided that the liability of the Underwriters shall in no case exceed the combined sum insured shown in the Schedule.

DEDUCTIBLE

Each occurrence of Interruption of Business shall be adjusted separately and shall be subject to the application of the delay period stated in the Schedule.

EXCLUSIONS

This Extension DOES NOT cover:

1. increase in loss resulting from interference at the insured premises, by strikers or other persons, with rebuilding, repairing or replacing the property or with the resumption or continuation of operation.
2. increase in loss caused by the suspension, lapse, or cancellation of any lease, licence, contract, or order, unless such results directly from the insured interruption of business, and then Underwriters shall be liable for only such loss as affects the Assured's profits during, and limited to, the Indemnity Period covered under this Policy.
3. increase in loss caused by the enforcement of any ordinance or law regulating the use, reconstruction, repair or demolition of any Property Insured hereunder.

4. loss of market or any other consequential loss except as specifically insured herein.

DEFINITIONS

GROSS PROFIT: The amount by which the sum of the amounts of the Turnover (net of discounts allowed) closing stock and closing work in progress shall exceed the sum of the amounts of the

Opening stock and opening work in progress;
Purchases (net of discounts received);
Packing, carriage and bad debts.

For the purpose of this definition Gross Profit is as defined but otherwise the words and expressions used shall have the meaning attached to them in the Assured's usual accounting methods, due provision being made for depreciation of stock and of work in progress.

ESTIMATED GROSS PROFIT: The amount declared by the Assured to the Underwriters 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.

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

INDEMNITY PERIOD: The period beginning with the occurrence of the physical damage, as insured by this policy, and ending not later than the 12 months thereafter during which the results of the Business shall be affected in consequence of such damage.

RATE OF GROSS PROFIT: The rate of Gross Profit earned on the Turnover during the financial year immediately before the date of the physical damage insured by this policy) to which such adjustments shall be made as may be necessary to provide for the trend of the Business and for variations in or special circumstances affecting the Business either before or after the damage insured by this policy or which would have affected the Business had such 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 insured under this policy.

STANDARD TURNOVER: The Turnover during that period in the twelve months immediately before the date of the damage which corresponds with the Indemnity Period)

MEMORANDA

1. If during the Indemnity Period goods shall be sold or services rendered elsewhere than at the Premises for the benefit of the Business either by the Assured or by others on their behalf the money paid or payable in respect of such sales or services shall be brought into account in arriving at the Turnover during the Indemnity Period.
2. If any standing charges of the Business be not insured by this Insurance (having been deducted in arriving at the Gross Profit as defined herein) then in computing the amount recoverable hereunder as Increase in Cost of Working that proportion only of the additional expenditure shall be brought into account which the Gross Profit bears to the sum of the Gross Profit and the uninsured standing charges.
3. If the Business be conducted in departments, the independent trading results of which are ascertainable, the provisions of Clauses (a) and (b) of this Specification relating to this Item shall apply separately to each department affected by the damage insured by this policy.