

## **RENTAL INCOME EXTENSION**

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 untenantability caused by Direct Physical Loss or Damage, 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 Damage, the Underwriters shall be liable for the actual loss sustained by the Insured resulting directly from such necessary untenantability, but not exceeding the reduction in Rental Income, as defined hereafter, less charges and expenses which are not necessary during the period of untenantability, for only such length of time as would be required, with the exercise of due diligence and dispatch to repair, rebuild or replace such part of the property as has been destroyed or damaged. However, such length of time shall not exceed eighteen (18) months commencing with the date of such Direct Physical Loss or Damage and not limited by the expiration of this Policy.

For the purpose of this Extension "Rental Income" is defined as the sum of:

- (a) the anticipated gross rental income from tenant occupancy of the described property as furnished and equipped by the Insured, and
- (b) the amount of all charges which are the legal obligations of the tenants and which would otherwise be obligations of the Insured, and
- (c) the fair rental value of any portion of such property which is occupied by the Insured.

In determining Rental Income due consideration shall be given to the rental experience before the date of damage or destruction and the probable experience thereafter had no loss occurred.

## **CONDITIONS**

### 1. Direct Loss or Damage

No claim shall be payable under this Extension unless and until a claim has been paid, or liability admitted, in respect of Direct Physical Loss or Damage to property insured under the Policy to which this Extension is attached and which gave rise to loss of Rental Income.

This Condition shall not apply if no such payment shall have been made, or liability admitted, solely owing to the operation of a Deductible in said Policy which excludes liability for losses below a specified amount.

### 2. Values Declared (and Incorrect Declaration Penalty)

The premium for this Extension has been based on a statement of individual values declared to and agreed by the Underwriters at the inception of the Policy and stated in the Schedule.

If any of the individual values declared are less than the equivalent amount of the Co-insurance percentage, as stated in the Schedule, of the Rental Income values, then any recovery otherwise due

hereunder shall be reduced in the same proportion that the individual value(s) declared bear to the value(s) that should have been declared and the Insured shall co-insure for the balance.

### **EXCLUSIONS**

This Extension does not insure against:

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, license, contract, or order, unless such results directly from the insured untenability, and then the Underwriters shall be liable for only such loss as affects the Insured's income during, and limited to, the period of untenability 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. any other consequential loss.

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Form approved by Lloyd's Market Association