

TERRORISM INSURANCE

T3 - Business Interruption Extension Wording

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, EXCLUSIONS AND LIMITATIONS**, this Policy is extended to cover loss resulting from necessary Interruption of Business, relating only to the premises affected by the Act of Terrorism, caused by Direct Physical Loss or Damage by an Act of Terrorism, 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, Underwriters shall be liable for the Actual Loss Sustained by the Assured resulting directly from such necessary Interruption of Business, but not exceeding the reduction in Gross Earnings, as defined hereafter, less charges and expenses which are not necessary during the Interruption of Business, for a period not to exceed the lesser of:

(a) 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,

or

(b) TWELVE (12) calendar months,

commencing with the date of such Direct Physical Loss or Damage and not limited by the expiration of this Policy.

Due consideration shall be given to the continuation of normal charges and expenses, including payroll expenses, to the extent necessary to resume operations of the Assured with the same operational capability as existed immediately before the loss.

CONDITIONS

1. DIRECT 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 by an Act of Terrorism to property insured under the Policy to which this Extension is attached and which gave rise to Interruption of Business.

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. RESUMPTION OF OPERATIONS

If the Assured could reduce the loss resulting from the Interruption of Business,

(a) by complete or partial resumption of operation of the property,

and/or

(b) by making use of merchandise, stock (raw, in process or finished), or any other property at the Assured's locations or elsewhere,

and/or

(c) by using or increasing operations elsewhere,

then such possible reduction shall be taken into account in arriving at the amount of loss hereunder.

3. EXPENSES TO REDUCE LOSS

This Extension also covers such expenses as are necessarily incurred for the purpose of reducing loss under this Extension (except expenses incurred to extinguish a fire), and, in respect of Manufacturing Risks, such expense, in excess of normal, as would necessarily be incurred in replacing any finished stock used by the Assured to reduce loss under this Extension; but in no event to exceed the amount by which loss under this Extension is thereby reduced. Such expenses shall not be subject to the application of any contribution clause.

4. VALUATION

All amounts and accounting details to be calculated using the Assured's usual Generally Accepted Accounting Standards.

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, 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 earnings during, and limited to, the period of indemnity covered under this Extension.
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.
5. Loss as a result of physical or mental or bodily injury to any person.

LIMITATIONS

1. Underwriters shall not be liable for more than the smaller of either:
 - (a) Any Specific Business Interruption Sum Insured stated in the Schedule,
 - or
 - (b) The Sum Insured stated in the Schedule, where such includes Business Interruption, if such is a combined limit,

in respect of such loss, regardless of the number of locations suffering an interruption of business as a result of any one occurrence.

2. With respect to loss resulting from damage to or destruction of media for, or programming records pertaining to, electronic data processing or electronically controlled equipment, including data thereon, by the perils insured against, the length of time for which Underwriters shall be liable hereunder shall not exceed:
 - (a) 30 consecutive calendar days or the time required with exercise of due diligence and dispatch to reproduce the data thereon from duplicates or from originals of the previous generation, whichever is less; or,
 - (b) the length of time that would be required to rebuild, repair or replace such other property herein described as has been damaged or destroyed, but not exceeding twelve (12) calendar months,whichever is the greater length of time.

DEFINITIONS

1. **GROSS EARNINGS** are for the assessment of premium and for adjustment in the event of loss defined as,

The sum of:

- (a) Total net sales value of production or sales of merchandise,
- and
- (b) Other earnings derived from the operations of the business.

LESS THE COST OF

- (c) Raw stock from which production is derived,
- (d) Supplies consisting of materials consumed directly in the conversion of such raw stock into finished stock, or in supplying the services sold by the Assured,
- (e) Merchandise sold including packaging materials thereof,
- (f) Materials and supplies consumed directly in supplying the service(s) sold by the Assured,
- (g) Service(s) purchased from outsiders (not employees of the Assured) for resale which do not continue under contract,
- (h) The difference between the cost of production and the net selling price of finished stock which has been sold but not delivered.

No other costs shall be deducted in determining Gross Earnings.

In determining Gross Earnings due consideration shall be given to the experience of the business before the date of loss or damage and the probable experience thereafter had loss not occurred.

2. RAW STOCK

Material in the state in which the Assured receives it for conversion into finished stock.

3. STOCK IN PROCESS

Raw stock which has undergone any ageing, seasoning, mechanical or other process of manufacture at the Assured's premises but which has not become finished stock.

4. **FINISHED STOCK**

Stock manufactured by the Assured which in the ordinary course of the Assured's business is ready for packing, shipment or sale.

5. **MERCHANDISE**

Goods kept for sale by the Assured which are not the product of manufacturing operations conducted by the Assured.

6. **NORMAL**

The condition that would have existed had no loss occurred.