

Business Interruption All Risks Section

Estimated Income

Definitions

Business Interruption

Loss resulting from interruption of or interference with the **Business** carried on by **the Insured** at the **Premises** in consequence of an **Event** to property used by **the Insured** at the **Premises** for the purpose of the **Business**.

Event

Accidental loss or destruction of or damage to property used by **the Insured** at the **Premises** for the purpose of the **Business**.

Premises

The buildings at the address or addresses shown in the **Schedule**, including their grounds, all within the boundaries for which **the Insured** are responsible and being, unless more specifically described in the **Schedule**, occupied solely by **the Insured** for the purpose of the **Business**.

Specified Events

Fire, lightning, explosion, aircraft or other aerial devices or articles dropped from them, riot, civil commotion, strikers, locked-out workers, persons taking part in labour disturbances, malicious persons other than thieves, earthquake, storm, flood, escape of water from any tank apparatus or pipe or impact by any road vehicle or animal.

Unoccupied

Any building or part of any building which is empty or not in use by **the Insured** or any tenant of **the Insured**.

Indemnity Period

The period beginning with the occurrence of the **Event** and ending not later than the **Maximum Indemnity Period** thereafter during which the results of the **Business** shall be affected in consequence of any **Event**.

Maximum Indemnity Period

The period shown in the **Schedule**.

Income

The money paid or payable to **the Insured** for work done and services rendered in the course of the **Business** at the **Premises**.

Standard Income

The **Income** during that period in the twelve months immediately before the date of any **Event** which corresponds with the **Indemnity Period**.

Estimated Income

The amount declared by **the Insured** as representing not less than the Income which it is anticipated will be earned by the **Business** during the financial year most nearly concurrent with the **Period of Insurance** (or a proportionately increased multiple of it where the **Maximum Indemnity Period** exceeds twelve months).

Cover

The Insurer will pay the Insured for **Business Interruption** by any **Event**, excluding

1. **Business Interruption** caused by or consisting of
 - a. inherent vice, latent defect, gradual deterioration, wear and tear, frost, change in water table level, its own faulty or defective design or materials
 - b. the bursting of any boiler (not being a boiler or economiser on the **Premises** or a boiler used for domestic purposes only), belonging to **the Insured** or under the control of **the Insured** in which internal pressure is due to steam only
 - c. pressure waves caused by aircraft or other aerial devices travelling at sonic or supersonic speeds
but **the Insurer** will pay for subsequent **Business Interruption** which itself results from a cause not otherwise excluded
 - d. faulty or defective workmanship by **the Insured** or any employee of **the Insured**
 - e. operational error or omission by **the Insured** or any employee of **the Insured**
but **the Insurer** will pay for
 - i. such **Business Interruption** not otherwise excluded which itself results from a **Specified Event**
 - ii. subsequent **Business Interruption** which itself results from a cause not otherwise excluded
 - f. acts of fraud or dishonesty by any partner, director or employee of **the Insured**
but **the Insurer** will pay for such **Business Interruption** not otherwise excluded which itself results from a **Specified Event**
2. **Business Interruption**
 - a. caused by or consisting of corrosion, rust, wet or dry rot, shrinkage, evaporation, loss of weight, dampness, dryness, marring, scratching, vermin or insects
 - b. caused by or consisting of change in temperature, colour, flavour, texture or finish
 - c. arising directly from theft or attempted theft
 - i. which does not involve entry to or exit from a building at the **Premises** by forcible and violent means or hold-up by violence or threat of violence to **the Insured** or any partner, director or employee of **the Insured** or any other person who has a legal right to be on the **Premises**
 - ii. to property in the open or in open fronted buildings or in buildings not on permanent foundations
 - iii. expedited or in any way brought about by **the Insured** or any partner, director or employee of **the Insured** or any other person who has a legal right to be on the **Premises**
 - d. consisting of joint leakage, failure of welds, cracking, fracturing, collapse or overheating of boilers, economisers, superheaters, pressure vessels or any range of steam and feed piping
 - e. connected to them
consisting of mechanical or electrical breakdown or derangement in respect of the particular
 - f. machine, apparatus or equipment in which such breakdown or derangement originates
caused by the deliberate act of a supply undertaking in withholding the supply of water, gas, electricity, fuel or telecommunications services
but **the Insurer** will pay for
 - i. such **Business Interruption** not otherwise excluded which itself results from a **Specified Event** or from any other accidental loss, destruction or damage
 - ii. subsequent **Business Interruption** which itself results from a cause not otherwise excluded
3. loss resulting from pollution or contamination, but **the Insurer** will pay for such loss resulting from destruction of or damage to property used by **the Insured** at the **Premises** for the purpose of the **Business** not otherwise excluded, caused by
 - a. pollution or contamination at the **Premises** which itself results from a **Specified Event**
 - b. any **Specified Event** which itself results from pollution or contamination

4. **Business Interruption** caused by or consisting of
 - a. subsidence, ground heave or landslip unless resulting from fire, explosion, earthquake or the escape of water from any tank, apparatus or pipe
 - b. normal settlement or bedding down of new structures.
5. **Business Interruption** arising directly or indirectly from
 - a. disappearance, unexplained or inventory shortage or the misfiling or misplacing of information
 - b. erasure, loss, distortion or corruption of information on computer systems or other records, programs or software deliberately by rioters, strikers, locked-out workers, persons taking part in labour disturbances or civil commotions or malicious persons
 - c. other erasure, loss, distortion or corruption of information on computer systems or other records, programs or software, but **the Insurer** will pay for such **Business Interruption** resulting from a **Specified Event** in so far as it is not otherwise excluded
6. **Loss** resulting from destruction or damage to a building or structure used by **the Insured** at the **Premises** caused by its own collapse or cracking, but **the Insurer** will pay for such loss resulting from a **Specified Event** in so far as it is not otherwise excluded
7. **Business Interruption** in respect of fences, gates and moveable property in the open caused by wind, rain, hail, sleet, snow, flood or dust
8. **Business Interruption**
 - a. caused by fire resulting from any property undergoing any heating process or any process involving the application of heat
 - b. resulting from any property undergoing any process of production, packing, treatment, testing, commissioning, servicing or repair, but **the Insurer** will pay for such **Business Interruption** caused by fire or explosion
9. **Business Interruption** in respect of any building which is **Unoccupied** caused by
 - a. freezing
 - b. escape of water from any tank, apparatus or pipe
 - c. malicious persons not acting on behalf of or in connection with any political organisation, but **the Insurer** will pay for such **Business Interruption** caused by fire or explosion
10. **Business Interruption** in respect of
 - a. glass (other than fixed glass), sanitaryware (other than fixed sanitaryware), china, earthenware, marble or other fragile or brittle objects
 - b. vehicles licensed for road use (including accessories on them), caravans, trailers, railway locomotives, rolling stock, watercraft or aircraft
 - c. property or structures in course of construction or erection and materials or supplies in connection with all such property or structures
 - d. land, roads, pavements, piers, jetties, bridges, culverts or excavations
 - e. livestock, growing crops or trees.but **the Insurer** will pay for such **Business Interruption** caused by a **Specified Event** in so far as it is not otherwise excluded

11. **Business Interruption** directly or indirectly caused by or consisting of or arising from the failure of any computer or other equipment or system for processing, storing or retrieving data, whether the property of **the Insured** or not, to achieve any or all of the purposes and consequential effects intended by the use of any number to denote a date, including the failure

- a. correctly to recognise any date as its true calendar date
- b. to recognise, capture, save, retain, restore and/or correctly to manipulate, interpret, calculate or process any data or information or command or instruction as a result of treating any date otherwise than as its true calendar date
- c. to recognise, capture, save, retain, restore and/or correctly to manipulate, interpret, calculate or process any data or information as a result of the operation of any command which has been programmed into any computer software or firmware, being a command which causes the loss of data or the inability to recognise, capture, save, retain, restore or correctly to manipulate, interpret, calculate or process any data on or after any date

but **the Insurer** will pay for subsequent **Business Interruption** which is not otherwise excluded and which itself results from a **Specified Event**

12. **Business Interruption** in Northern Ireland occasioned by or happening through or in consequence directly or indirectly of riot, civil commotion and (except in respect of **Business Interruption** by fire or explosion) strikers, locked out workers, persons taking part in labour disturbances or malicious persons

Basis of Settlement

The Insurer will pay the Insured, in respect of each item covered, the amount of their claim for **Business Interruption**, provided that at the time of any **Event**

- A. there is an insurance in force covering the interest of **the Insured** in the property at the **Premises** against such **Event** and that
 - i. payment has been made or liability has been admitted for payment, or
 - ii. payment would have been made or liability would have been admitted for payment but for the operation of a proviso in such insurance excluding liability for claims below a specified amount
- B. the most **the Insurer** will pay for any one claim is
 - i. 133 1/3% of the **Estimated Income**
 - ii. for any other item, 100% of the **Sum Insured** or any other limit of liability in this **Section**
 - iii. in total the sum of 133 1/3% of the **Estimated Income** and 100% of the **Sums Insured** or limits of liability for any other items.

In consideration of **Sums Insured** or limits of liability not being reduced by the amount of any claim, **the Insured** will pay the appropriate additional premium on the amount of the claim from the date of the **Event** to expiry of the **Period of Insurance**, but this shall not apply in respect of theft or attempted theft (as insured by this **Section**).

The Insurer will pay **the Insured** as indemnity in consequence of **Business Interruption** for

- A. Loss of **Income**, and
- B. Increase in Cost of Working.

Loss of **Income** means the amount by which the **Income** during the **Indemnity Period** falls short of the **Standard Income**.

Increase in Cost of Working means the additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the loss of income which but for that expenditure would have taken place during the **Indemnity Period**.

Basis of Settlement Adjustments

The Insurer will not pay **the Insured** for

- A. Increase in Cost of Working exceeding the amount of loss of **Income** thereby avoided
- B. any amounts saved during the **Indemnity Period** in respect of any of the charges and expenses of the **Business** payable out of **Income** that may cease or be reduced.

In calculating the amounts **the Insurer** will pay **the Insured** as indemnity, adjustments shall be made in accordance with the following clauses.

1. Alternative Premises

If during the **Indemnity Period** work is done or services are rendered elsewhere than at the **Premises** for the benefit of the **Business**, either by **the Insured** or by others on behalf of **the Insured**, the money paid or payable for such work or services shall be taken into account in arriving at the **Income** during the **Indemnity Period**.

2. Departmental Trading

If the **Business** is conducted in departments, the independent trading results of which can be ascertained, the Basis of Settlement for **Estimated Income** shall apply separately to each department affected.

3. Trends and Variations

Adjustments shall be made to the figures representing the **Standard Income** that may be necessary to provide for the trend of the **Business**, and for variations in or other circumstances affecting the **Business**, either before or after the **Event**, and which would have affected the **Business** had the **Event** not occurred, so that the adjusted figures represent as near as reasonably practicable results which but for the **Event** would have been obtained during the relative period after the **Event**.

4. New Business

If the **Business** is in its first year of trading during the first **Period of Insurance**, and an **Event** occurs before completion of such first **Period of Insurance**, **Standard Income** shall mean the following.

Standard Income - the proportional equivalent, for the period equal to the **Indemnity Period**, of the **Income** realised during the period between the date of commencement of the **Business** and the date of the **Event**.

5. Accountants' Charges

If the professional accountants of **the Insured** produce any particulars or details required by **the Insurer** from **the Insured's** books of account or other business books or documents, or any other proofs, information or evidence under the terms of Condition 2 of this **Section**, **the Insurer** will pay **the Insured** the reasonable charges payable by **the Insured** to their professional accountants, provided that the sum of such reasonable charges and any other amount payable under this **Section** shall not exceed the liability of **the Insurer** under this **Section**.

6. Value Added Tax

All terms in this **Section** shall be exclusive of value added tax to the extent that **the Insured** are accountable to the tax authorities for such tax.

7. Current Cost Accounting

For the purposes of this **Section**, any adjustment implemented in current cost accounting shall be disregarded.

8. Payments on Account

The Insurer will make payments on account during the **Indemnity Period**, if **the Insured** so request, subject to any necessary adjustment at the end of the **Indemnity Period**.

Extensions

Any claim resulting from interruption of or interference with the **Business** in consequence of accidental loss, destruction or damage to any Property shown below, within Great Britain, Northern Ireland, the Isle of Man or the Channel Islands, shall be understood to be **Business Interruption** by an **Event** covered by this **Section**, provided that after the application of all other terms, conditions and provisions of this **Section** the liability of **the Insurer** for any one claim shall not exceed in total 133 1/3% of the **Estimated Income**.

Property

Supply Undertakings

Property at any

- a. generating station or sub-station of the electricity supply undertaking
 - b. land based premises of the gas supply undertaking or of any natural gas producer linked directly therewith
 - c. waterworks or pumping station of the water supply undertaking
 - d. land based premises of the telecommunications undertaking
- from which **the Insured** obtain electricity, gas, water or telecommunications services.

Denial of Access

Property in the vicinity of the **Premises**, which prevents or hinders the use of or access to the **Premises**, whether the **Premises** or property in the **Premises** is destroyed or damaged or not.

Documents

Documents belonging to **the Insured** or held by **the Insured** in trust, whilst at premises not in the occupation of **the Insured** or in transit by road, rail or inland waterway.

Section Conditions

1. Alteration

Unless **the Insurer** agrees in writing, cover under this **Section** shall be avoided if after the commencement of this **Section**

- A. the **Business** is wound up or carried on by a liquidator or receiver or permanently discontinued
- B. the interest of **the Insured** ceases other than by death
- C. any alteration is made in the **Business** or in the **Premises** or property in them which increases the risk of an **Event**.

2. Additional Claims Conditions

In the event of any **Event** in consequence of which **the Insured** make or may make a claim under this **Section**, **the Insured** shall at their own expense deliver to **the Insurer**

- A. within 7 days of its happening, full details of **Business Interruption** caused by riot, civil commotion, strikers, locked-out workers, persons taking part in labour disturbances, malicious persons or theft
- B. not later than 30 days after expiry of the **Indemnity Period**, or such further time that **the Insurer** may allow, full information in writing of the particulars of the claim, together with details of all other policies covering property used by **the Insured** at the **Premises** for the purpose of the **Business** or any part of the **Business**, and the amount of any resulting **Business Interruption**
- C. such books of account and other business books, vouchers, invoices, balance sheets and other documents, proofs, information, explanation and other evidence that **the Insurer** may reasonably require for the purpose of investigating or verifying the claim, together with, if required, a statutory declaration of the truth of the claim and of any matters connected with it.

Particulars or details contained in **the Insured's** books of account or other business books or documents, which may be required by **the Insurer** for the purpose of investigating or verifying any claim under this **Section**, may be produced by professional accountants if at the time they are regularly acting for **the Insured**. Their report shall be *prima facie* evidence of the particulars and details to which such report relates.

The Insurer will not pay for any claim unless the terms of this condition have been complied with, and any payment on account already made shall be repaid to **the Insurer**.

3. Contribution

If at the time of any **Event** resulting in a claim under this **Section** there is any other insurance effected by or on behalf of **the Insured** covering such loss or any part of it, the liability of **the Insurer** under this **Section** shall be limited to **the Insurer's** rateable proportion of such loss.

4. Subrogation

Any claimant under this **Section** shall, at **the Insurer's** request and expense, take or permit to be taken all necessary steps for enforcing rights against any other party in the name of **the Insured**, before or after **the Insurer** makes any payment.

The Insurer agrees to waive any such rights to which **the Insurer** might become entitled by subrogation against any company standing in relation of parent to subsidiary (or subsidiary to parent) to **the Insured** or against any company which is a subsidiary of a parent company of which **the Insured** are themselves a subsidiary, in each case within the meaning of the Companies Act or Companies (Northern Ireland) Order current at the time of the **Business Interruption**.

5. Arbitration

If any difference arises as to the amount to be paid under this **Section** (liability being otherwise admitted by **the Insurer**), such difference shall be referred to an arbitrator to be appointed by **the Insured** and **the Insurer** in accordance with statutory provisions.

Where any difference is referred to arbitration in accordance with this condition, the making of an award shall be a condition precedent to any right of action against **the Insurer**.

6. Declarations

Prior to each renewal date, **the Insured** shall provide **the Insurer** with the **Estimated Income** for the financial year most nearly concurrent with the ensuing **Period of Insurance**.

Not later than 6 months after the expiry of each **Period of Insurance**, **the Insured** shall provide **the Insurer** with a declaration confirmed by **the Insured's** auditors of the **Income** earned during the financial year most nearly concurrent with the expired **Period of Insurance**. If any **Event** has occurred giving rise to a claim for loss of **Income**, such declaration will be increased by **the Insurer** for the purpose of premium adjustment, by the amount by which the **Income** was reduced during such financial year solely in consequence of the **Event**.

Premiums are provisional. If the declaration of **Income** provided by **the Insured** and confirmed by **the Insured's** auditors, proportionately increased where the **Maximum Indemnity Period** exceeds 12 months, is

- A. less than the **Estimated Income** for the relative **Period of Insurance**, **the Insurer** will allow a *pro rata* return of premium on the **Estimated Income** not exceeding 50% of such premium paid
- B. greater than the **Estimated Income** for the relative **Period of Insurance**, **the Insured** shall pay a *pro rata* addition to the premium paid on the **Estimated Income**.