

Business Interruption

Section Contents

Definitions	BI-ENG 1
Cover	BI-ENG 2
Basis of Cover	BI-ENG 2
Extensions	BI-ENG 3
Clauses	BI-ENG 5
Exclusions	BI-ENG 6

Definitions

The following Definitions apply to this Section in addition to the General Definitions at the front of this policy and keep the same meaning wherever they appear in the Section, unless an alternative definition is stated to apply.

NOTE:

To the extent that **You** are accountable to the tax authorities for Value Added Tax all terms of this Section will be exclusive of such tax.

Estimated Insurable Gross Profit

The amount declared by **You** to **Us** as representing not less than the **Insurable Gross Profit** 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 thereof where the **Maximum Indemnity Period** exceeds twelve months.

Estimated Gross Rent Receivable

The amount declared by **You** to **Us** as representing not less than the **Gross Rent Receivable** 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 thereof where the **Maximum Indemnity Period** exceeds twelve months.

Estimated Gross Revenue

The amount declared by **You** to **Us** as representing not less than the **Gross Revenue** 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 thereof where the **Maximum Indemnity Period** exceeds twelve months.

Insurable Gross Profit

The amount by which the sum of the **Turnover** and the amount of the closing Stock and work in progress will exceed the sum of the amount of the opening Stock and work in progress and the amount of the **Specified Working Expenses**.

NOTE:

For the purpose of this definition the amounts of the opening and closing stocks and work in progress shall be arrived at in accordance with **Your** usual accounting methods, due provision being made for depreciation.

Gross Rent Receivable

The money paid or payable to **You** for accommodation and services provided (including service charges) at the **Premises**.

Gross Revenue

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

Indemnity Period

The period beginning with the date of **Damage** and lasting for the period during which **Your Business** is affected as a result of the **Damage**, but not longer than the **Maximum Indemnity Period** shown in the **Schedule**.

Maximum Indemnity Period

The period stated in the policy wording or in the **Schedule** as the maximum indemnity period.

Outstanding Debit Balances

The individual amounts owed to **You** by **Your** customers and shown as outstanding in **Your** records after adjustment for bad debts, abnormal trading conditions and debit/credit amounts not passed through **Your** books during the period between the last record and the date of **Damage**.

Rate of Insurable Gross Profit

The rate of **Insurable Gross Profit** earned on the **Turnover** during the financial year immediately before the date of the **Damage**.

Specified Working Expenses

The following expenses of the **Business** which are considered to vary directly with the **Turnover** and are therefore not included in the insurance:

- (a) 100% of purchases of materials (less discounts received)
- (b) 100% of carriage, packaging and freight (other than **Your** own)
- (c) 100% of bad debts.

Standard Gross Rent Receivable

The **Gross Rent Receivable** during that period in the twelve months immediately before the date of **Damage** which corresponds with the **Indemnity Period**.

Standard Gross Revenue

The **Gross Revenue** during that period in the twelve months immediately before the date of the **Damage** which corresponds with the **Indemnity Period**.

Standard Turnover

The **Turnover** during that period in the twelve months immediately before the date of the **Damage** which corresponds with the **Indemnity Period**.

Business Interruption

continued

NOTE:

To the **Rate of Insurable Gross Profit, Standard Turnover** and **Standard Gross Revenue** 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** which would have affected the **Business** had the **Damage** not occurred so that the figures thus adjusted will 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**.

Turnover

The money paid or payable to **You** for products supplied and services rendered in the course of the **Business**.

Cover

If **Damage** occurs to property used by **You** at the **Premises** for the purposes of the **Business** which occurs during the **Period of Insurance** and causes interruption to or interference with the **Business** at the **Premises**, **We** will indemnify **You** in respect of such loss in accordance with the Basis of Cover stated in the **Schedule** and described below, provided that:

1. at the time of **Damage** there is insurance in force covering **Your** interest in the property at the **Premises** against **Damage** and that:
 - (a) payment has been made or liability admitted under that insurance; or
 - (b) payment would have been made or liability admitted, for the **Damage**, but for the operation of a proviso in the insurance excluding liability for losses below a specified amount.

Our liability in respect of any one occurrence will not exceed:

1. 133.3% of the sum insured for each item in respect of **Estimated Insurable Gross Profit** or **Estimated Gross Revenue** or **Estimated Gross Rent Receivable**
2. 100% of each other item

as shown in the **Schedule**.

Basis of Cover

Following **Damage** insured by this Section **We** will pay for the following in respect of any of the undermentioned items if insured by this Section.

Insurable Gross Profit (Declaration Linked Basis)

loss thereof due to:

- (a) reduction in **Turnover** being the amount produced by applying the **Rate of Insurable Gross Profit** to the amount by which the **Turnover** during the **Indemnity Period** will fall short of the **Standard Turnover** in consequence of the **Damage**
- (b) increase in cost of working being 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 **Damage**, but not exceeding the sum produced by applying the **Rate of Insurable 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 the **Business** payable out of **Insurable Gross Profit** as may cease or be reduced in consequence of the **Damage**.

Gross Revenue (Declaration Linked Basis)

loss thereof due to:

- (a) loss of **Gross Revenue** being the amount by which the **Gross Revenue** during the **Indemnity Period** will fall short of the **Standard Gross Revenue** in consequence of the **Damage**
- (b) increase in cost of working being 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 **Damage**, but not exceeding the amount of reduction in **Gross Revenue** thereby avoided

less any sum saved during the **Indemnity Period** in respect of such of the charges and expenses of the **Business** payable out of **Gross Revenue** as may cease or be reduced in consequence of the **Damage**.

Gross Rent Receivable (Declaration Linked Basis)

loss thereof due to:

- (a) loss of **Gross Rent Receivable** being the amount by which the **Gross Rent Receivable** during the **Indemnity Period** will fall short of the **Standard Gross Rent Receivable** in consequence of the **Damage**
- (b) increase in cost of working being the additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the reduction in **Gross Rent Receivable** which but for that expenditure would have taken place during the **Indemnity Period** in consequence of the **Damage**, but not exceeding the amount of reduction in **Gross Rent Receivable** thereby avoided

less any sum saved during the **Indemnity Period** in respect of such of the charges and expenses of the **Business** payable out of **Gross Rent Receivable** as may cease or be reduced in consequence of the **Damage**.

Increase in Cost of Working

Increase in Cost of Working (where insured as a separate item) is limited to the additional expenditure necessarily and reasonably incurred as a result of the **Damage** in order to minimise any interruption or interference with the **Business** during the **Indemnity Period**.

Additional Increase in Cost of Working

Additional expenditure necessarily and reasonably incurred by **You** during the **Indemnity Period** in excess of the amount payable under the **Insurable Gross Profit, Gross Revenue** or **Gross Rent Receivable** basis (as applicable) for the sole purpose of avoiding or diminishing the reduction in:

Business Interruption

continued

- (a) **Turnover** if the Basis of Cover is **Insurable Gross Profit**
- (b) **Gross Revenue**
- (c) **Gross Rent Receivable**

in order to resume or maintain normal **Business** operations.

Our liability shall not exceed the sum insured shown in the **Schedule**.

Extensions

The following Extensions will apply subject to all terms, conditions and exclusions of this policy where shown on the **Schedule**.

Our liability under each Extension for any one occurrence will not exceed the limit shown in the **Schedule**.

A. Book Debts

Interruption of or interference with the **Business** in consequence of **Damage** to **Your** records of **Outstanding Debit Balances** contained within the **Premises**. **We** will pay for any net **Outstanding Debit Balances** which **You** are unable to recover from customers as a result of **Damage** to such records and any additional expenditure incurred after such **Damage** in tracing and establishing **Outstanding Debit Balances**.

Our liability in respect of loss of net **Outstanding Debit Balances** and their associated additional expenditure and accountants charges will not exceed the amount stated within the **Schedule** in respect of any one occurrence.

Special Condition

At the end of each month **You** will record the total amount outstanding in customer's accounts and will maintain a separate record, in addition to the books of account, at alternative premises.

B. Compulsory Closure

Interruption of or interference with the **Business** in consequence of compulsory closure of the **Premises** by a public body authorised to prevent access to the **Premises** arising from the occurrence of:

- (a) foreign or deleterious matter in food or drink sold, supplied or provided at the **Premises**
- (b) murder, manslaughter, suicide or rape at the **Premises**
- (c) defective sanitation or the presence of vermin or pests at the **Premises**.

For the purpose of this cover the **Indemnity Period** is restated as follows:

The **Indemnity Period** shall mean the period of time during which interruption to the **Business** occurs as a result of the matters set out at sub-clauses (a) – (c) (each 'an occurrence') commencing with the date of the closure of the **Premises** and not exceeding:

- (i) 30 days in respect of each occurrence and
- (ii) 30 days in total in respect of all occurrences in any one **Period of Insurance**

Our liability will not exceed the amount stated in the **Schedule** in any one **Period of Insurance**.

C. Deeds & Documents

Interruption of or interference with the **Business** in consequence of **Damage** to plans, deeds, briefs, manuscripts, books, documents and office records whilst temporarily removed from the **Premises** to elsewhere within the **Territorial Limits**.

Our liability in respect of any one occurrence will not exceed the amount stated in the **Schedule**.

D. Denial of Access

Interruption of or interference with the **Business** in consequence of **Damage** to property within 1 kilometre of the **Premises** which prevents or hinders the use of or prevents access to the **Premises** but excluding **Damage** to property of any public utility from which **You** obtain supplies or services.

Our liability will not exceed the **Estimated Insurable Gross Profit** or **Estimated Gross Revenue** or **Estimated Gross Rent Receivable** or Increase in Cost of Working (as applicable) sum insured shown in the **Schedule**.

E. Exhibition Sites

Interruption of or interference with the **Business** in consequence of **Damage** at any trade fair or exhibition at which **You** are to occupy a stand.

Our liability in respect of any one occurrence will not exceed the amount stated in the **Schedule**.

F. Failure of Public Utilities

Interruption of or interference with the **Business** in consequence of **Damage** to property at any:

- (a) generating station or sub-station of the public electricity supplier
- (b) land based premises of the public gas supplier or of any natural gas producer linked directly with them
- (c) land based premises of the public telecommunications supplier or internet service provider
- (d) waterworks or pumping station of the public water supplier within the **Territorial Limits** from which **You** obtain electricity, gas or water supplies or telecommunication services.

Our liability in respect of any one occurrence will not exceed the amount stated in the **Schedule**.

G. Fines and Damages

We will indemnify **You** against fines, penalties or damages imposed by the conditions of any contract between **You** and **Your** customer for late or non-completion of orders or contracts or breach of contract incurred directly and solely as a result of interruption of or interference with the **Business** at the **Premises**.

Provided that:

- (a) the amount payable will be such sums that **You** are legally liable to pay
- (b) **We** will not be liable for the amount of any loss which is incurred after a period of 12 months beginning with the date of the occurrence of **Damage**.

Business Interruption

continued

Our liability in respect of any one occurrence will not exceed the amount stated in the **Schedule**.

H. Key Employees

Additional expenditure necessarily and reasonably incurred by **You** during the **Period of Insurance** as a consequence of:

- (a) the death of any of **Your** principals, directors or partners; or
- (b) total and permanent disablement of any of **Your** principals, directors or partners which prevents them from carrying out their usual employment or occupation

due to injury caused by accidental and violent means.

We will only pay the additional expenditure that **You** necessarily and reasonably incur solely in order to minimise any interruption or interference with the **Business**, during the **Indemnity Period**, which but for such additional expenditure would have taken place.

Provided that:

- (a) the **Maximum Indemnity Period** shall not exceed 12 months
- (b) **Our** liability in respect of any one occurrence will not exceed the amount stated in the **Schedule**.

I. Metalworkers

Interruption of or interference with the **Business** in consequence of **Damage** to **Contents**, **Stock** and **Specified Stock** whilst:

- (a) at any machine maker's, engineer's, founder's or any other metalworker's premises
- (b) at any subcontractor's premises
- (c) in transit thereto and therefrom by road, rail or inland waterways anywhere in England, Scotland, Wales, Northern Ireland, The Republic of Ireland, the Channel Islands and the Isle of Man

Our liability will not exceed:

- (a) within the United Kingdom:
 - (i) £100,000 in respect of any one premise
 - (ii) £250,000 in any one **Period of Insurance**
 - (b) anywhere within **Europe**:
 - (i) £50,000 in respect of any one premise
 - (ii) £100,000 in any one **Period of Insurance**
- as a result of Fire, Lightning, Explosion and Aircraft as defined in this Extension.

For the purposes of this Extension the following Definitions apply:

Fire shall mean:

Fire, excluding **Damage** caused by:

- (a) explosion resulting from fire
- (b) earthquake or subterranean fire
- (c) its own spontaneous fermentation or heating, or its undergoing any heating process or any process involving the application of heat.

Lightning

Explosion

- (a) of boilers or of gas used for domestic purposes only but excluding **Damage** caused by earthquake or subterranean fire.

Explosion shall mean:

Explosions excluding **Damage**:

- (a) caused by or consisting of the bursting of any boiler, economiser (other than a boiler on the **Premises** or a boiler used for domestic purposes only) vessel, machine or apparatus in which internal pressure is due to steam only and belonging to **You** or under **Your** control but this shall not exclude subsequent **Damage** which itself results from a cause not otherwise excluded
- (b) in respect of and originating in any vessel machinery or apparatus or its contents belonging to **You** or under **Your** control which requires to be examined to comply with any statutory regulations unless such vessel, machinery or apparatus shall be the subject of a policy or other contract providing the required inspection service
- (c) by pressure waves caused by aircraft or other aerial devices travelling at sonic or supersonic speeds.

Aircraft shall mean:

Aircraft or other aerial devices or articles dropped from them, excluding **Damage** by pressure waves caused by aircraft or other aerial devices travelling at sonic or supersonic speeds.

J. National Lottery

For the purpose of this Extension **Employee** shall mean:

Any person while working for **You** in connection with the **Business** who is under a contract of service or apprenticeship with **You**.

Interruption of or interference with the **Business** at the **Premises** in consequence of an **Employee** or **Employees** terminating their employment with **You** as a direct result of a confirmed win on the National Lottery in the United Kingdom.

Provided that the **Maximum Indemnity Period** under this Extension shall not exceed 3 months from the date of the confirmed win on the National Lottery.

Our liability in respect of any one occurrence will not exceed the amount stated in the **Schedule**.

K. Property in Transit

Interruption of or interference with the **Business** in consequence of **Damage** to property whilst in transit by road, rail or inland waterway within the **Territorial Limits**.

Our liability in respect of any one occurrence will not exceed the amount stated in the **Schedule**.

L. Research and Development Costs

Interruption of or interference with the **Business** in consequence of **Damage** to research and development records contained within the **Premises**.

We will pay the reasonable and necessary costs incurred by **You** during the **Indemnity Period** solely to re-constitute records and re-work projects and to restore research and development projects to a state substantially similar to that which existed before the **Damage** provided that:

- (a) the **Maximum Indemnity Period** in respect of this Extension will not exceed 12 months

Business Interruption

continued

(b) **Our** liability in respect of any one occurrence will not exceed the amount stated in the **Schedule**.

M. Unspecified Contract Sites

Interruption of or interference with the **Business** in consequence of **Damage** at any location not shown in the **Schedule** at which **You** are contracted to undertake work anywhere within the **Territorial Limits**.

Our liability in respect of any one occurrence will not exceed the amount stated in the **Schedule**.

N. Unspecified Customers

Interruption of or interference with the **Business** in consequence of **Damage** at the premises of **Your** direct customers anywhere within the **Territorial Limits**.

Our liability in respect of any one occurrence will not exceed the amount stated in the **Schedule**.

O. Unspecified Storage Sites

Interruption of or interference with the **Business** in consequence of **Damage** at any premise within the **Territorial Limits** not owned or occupied by **You** where **Your** property is stored.

Our liability in respect of any one occurrence will not exceed the amount stated in the **Schedule**.

P. Unspecified Suppliers

Interruption of or interference with the **Business** in consequence of **Damage** at the premises of **Your** direct suppliers, manufacturers or processors of components, goods or materials anywhere within the **Territorial Limits**.

Our liability in respect of any one occurrence will not exceed the amount stated in the **Schedule**.

Clauses

The following Clauses apply to this Section.

Accumulated Stocks

In adjusting any loss, account shall be taken and an equitable allowance made if any shortage in **Turnover** due to the **Damage**, is postponed by reason of the **Turnover** being temporarily maintained from accumulated stocks of raw materials, work in progress or finished goods at the **Premises** or elsewhere.

Alternative Trading

If during the **Indemnity Period** goods shall be sold or services shall be rendered elsewhere than at the **Premises** for the benefit of the **Business** either by **You** or by others on **Your** 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**.

Payments on Account

Payments on account will be made to **You** during the **Indemnity Period** if desired.

Professional Accountants

We will pay under this Section the reasonable charges payable by **You** to professional accountants for producing any particulars or details or any other proofs, information or evidence as may be required by **Us** and reporting that such particulars or details are in accordance with **Your** books of account or other business books or documents provided that the sum of the amount payable under this clause and the amount otherwise payable under the Section will in no case exceed the maximum amount payable.

Separate Departments

If the **Business** is conducted in departments, the independent trading results of which are ascertainable, the provisions of the Basis of Cover sub-paragraphs (a) and (b) of any item on **Insurable Gross Profit** or **Gross Revenue** or **Gross Rent Receivable** as appropriate will apply separately to each department affected by the **Damage**.

Standing Charges (applicable to Insurable Gross Profit)

If any of the standing charges of the **Business** are not insured by this Section (having been deducted in arriving at the **Insurable Gross Profit**) then in calculating the amount recoverable as Increase in Cost of Working only that proportion of any additional expenditure shall be brought into account which the **Insurable Gross Profit** bears to the sum of the **Insurable Gross Profit** and the **Specified Working Expenses**.

Business Interruption

continued

Exclusions

The following Exclusions apply to this Section in addition to the General Exclusions at the front of this policy.

This Section does not cover loss arising from any interruption of or interference with the **Business**:

1. In respect of:
 - (a) water, air, runways, railway lines, dams, reservoirs, storage lakes, canals, rigs, wells, tunnels, docks, piers, jetties, excavations, wharfs, mines, and off-shore property
 - (b) animals and growing crops
 - (c) vehicles required to be licensed for road use (including accessories thereon), caravans, trailers, railway locomotives or rolling stock, watercraft, aircraft or spacecraft (including but not limited to satellites)
 - (d) property or structures in the course of demolition, construction or erection and materials, equipment or supplies in connection therewith unless specifically mentioned as insured by the Property Damage Section
2. as a result of **Damage** to:
 - (a) moveable property in the open, fences, gates, vegetation, lawns and shrubs caused by wind, rain, hail, sleet, snow, flood, dust or falling trees
 - (b) property from a garden, yard, open space or any open fronted or open sided building therein by theft or any attempt thereat or malicious damage
 - (c) **Property Insured** at any **Vacant or Unoccupied Buildings** unless agreed by **Us**
 - (d) property stored in any outbuildings or basement caused by storm, flood, leakage of oil or water following bursting or overflowing of oil or water tanks, apparatus or pipes or from any automatic sprinkler installation, unless such property is raised at least 100mm above the ground floor level of the outbuilding or the floor level of the basement
 - (e) any electrical machine or apparatus or component thereof occasioned by its over-running, excessive pressure, short-circuiting or self-heating not resulting in fire
3. caused by or consisting of the bursting of any boiler, economiser (other than a boiler or economiser on the **Premises** or boiler used for domestic purposes only) vessel, machine or apparatus in which internal pressure is due to steam only and belonging to **You** or under **Your** control but this shall not exclude subsequent **Damage** which itself results from a cause not otherwise excluded
4. Explosion in respect of and originating in any vessel machinery or apparatus or its contents, belonging to **You** or under **Your** control which requires to be examined to comply with any statutory regulations unless such vessel, machinery or apparatus is the subject of a policy or other contract providing the required inspection service
5. arising solely from a change in the water table level (i.e. the level below which the ground is saturated with water)
6. caused by:
 - (a) falling trees caused by felling or lopping carried out by **You** or on **Your** behalf
 - (b) subsidence, ground heave or landslip. This exclusion does not apply where Subsidence under the Property Damage Section is shown as being operative in the **Schedule**, however, **We** will not be liable under this Section for any consequential loss resulting from **Damage**:
 - (i) to yards, forecourts, terraces, drives, roads, pavements, walls, gates and fences unless a **Building** at the same **Premises** is damaged by the same cause at the same time
 - (ii) caused by or consisting of bedding down of new structures or by the settlement or movement of made up ground or by coastal or river erosion
 - (iii) occurring whilst the whole or part of the **Property Insured** is in the course of erection, structural alterations or repair or demolition
 - (iv) caused by defective design or workmanship or defective materials
 - (v) which commenced prior to the inception of the cover under this Extension
 - (vi) caused by or consisting of fire, subterranean fire, explosion, earthquake or the escape of water from any tank, apparatus or pipe
7. **Damage to Property Insured**:
 - (a) caused by fire resulting from its undergoing any heating process or any process involving the application of heat
 - (b) (other than fire or explosion) resulting from its undergoing any process of production, packaging, treatment, testing, commissioning, servicing or repair
8. caused by or arising from or consisting of:
 - (a) collapse or cracking of **Buildings**
 - (b) marring, scratching, denting or mechanical or electrical defect, failure, breakdown or derangement
 - (c) gradually operating causes, including but not limited to atmospheric or climatic conditions, wet or dry rot
 - (d) fungus, rust, corrosion, woodworm, moths, insects, vermin or pests
 - (e) any process involving drying, cleaning, dyeing, staining, repairing, restoring, renovating, fitting, installation, alteration or maintenance of any property
 - (f) use of any article contrary to manufacturers' instructions
 - (g) change in temperature, colour, flavour or finish but this shall not exclude:

Business Interruption

continued

- such **Damage** not otherwise excluded which itself results from a **Defined Peril**
 - subsequent **Damage** which itself results from a cause not otherwise excluded
- (h) inherent vice, latent defect, defective design, plan or specification or the use of faulty materials
- (i) wear, tear or depreciation or diminution in value
- (j) faulty or defective workmanship by **You** or any of **Your Employees** other than in respect of £25,000 in excess of the first £10,000 of any one occurrence in respect of such **Damage**.
- (k) operational error or omission by **You** or any of **Your Employees** other than in respect of £25,000 in excess of the first £10,000 of any one occurrence in respect of such **Damage**.
9. insured by the Equipment Breakdown Section
10. theft or attempted theft where **You** or any director, partner or **Employee** of **Yours** or any member of **Your** family or household be concerned as principal or accessory
11. caused by theft or attempted unless:
- (a) involving forcible and violent entry to or exit from a Building at the **Premises**
 - (b) involving assault or violence or threat thereof to **You** or any of **Your Employees**
 - (c) as provided for under Property Damage Section Extension Theft of Fixed Fabric of the Building
12. caused by the deliberate act of any supply undertaking or by the exercise by any such undertaking of its power to withhold or restrict supply or services
13. not caused by **Damage** other than as described in Extensions – B. Compulsory Closure, H. Key Employee and J. National Lottery
14. if **Your** interest ceases other than by death or the **Business** is:
- (a) wound up or carried on by a liquidator or receiver or
 - (b) permanently discontinued
- unless **We** agree otherwise in writing.