

# PROFITS PLUS FORM WITH ACTUAL LOSS SUSTAINED OPTION

## WORDS AND PHRASES IN QUOTATIONS HAVE SPECIAL MEANING AND ARE DEFINED IN THIS FORM AND IN THE POLICY FORMS TO WHICH THIS FORM IS ATTACHED.

### INDEMNITY AGREEMENT

In the event that the "business" shall be interrupted as a direct result of "damage" at the insured "premises" "we" will indemnify "you" for the loss of income as well as "your" increase in cost of operations suffered during the "indemnity period" resulting from such "damage", in accordance with the terms and conditions of this form.

### LIMIT OF INSURANCE

"We", regardless of the number of persons and interests insured under this Form, shall not be liable for more than the actual loss of income plus "your" increase in cost of operations suffered during the "indemnity period".

The amount payable under this form will be the lesser of:

- (1) the actual loss of income and increase in cost of operations sustained by "you" as a result of "damage"; or
- (2) the amount of insurance shown on the "Declaration Page" (if any) in respect of Income Loss Coverage.

### DETERMINATION OF LOSS AMOUNT

- (1) **Gross Profit Loss.** Gross profit loss is determined by multiplying the "revenue shortfall" of your "business" during the "indemnity period" by the "gross profit percentage".
- (2) **Increase in Cost of Operations.** Increase in cost of operations is the necessary expense incurred, or the amount shown on the "Declaration Page", for which necessary "extra expense" incurred by "you" in order to continue as nearly as practicable the "normal" conduct of "your" business following damage to or destruction by the perils insured against the building(s), structure(s) or additions to it or contents concerning it, which do not exceed the length of time, herein referred to as the "period of restoration", commencing with the date of the loss and not limited by the date of expiration of this Form, which is required with the exercise of due diligence and dispatch to repair, rebuild, or replace that part of the described building(s), structure(s) or additions to it or contents concerning it, that may have been destroyed or damaged.

### EXTENSIONS OF COVERAGE

These extensions of coverage are subject to the limit of insurance as shown in each extension and are in addition to income loss and amounts payable in respect of the increase in the cost of operations as calculated under Determination of Loss Amount.

- (1) **Accountant's Fees.** This extension provides coverage for the reasonable charges payable by "you" to "your" professional accountants for producing particulars or details or other proofs, information or evidence as may be required by "us" for the purpose of investigating or verifying any claim under this form and reporting that such particulars or details are in accordance with "your" accounting records.

There is no coverage under this extension for fees incurred for accounting services that are required in the regular course of your "business".

The most we will pay under this extension of coverage is \$10,000.

- (2) **Additional Time Required for Rebuilding due to the Operation of By-Laws.** In the case of "damage" the insurance provided by this form extends to insure any increase in gross profit loss resulting from or contributed to by, the operation of any by-law, ordinance or law which:
  - (a) regulates zoning or the demolition, repair, or construction of damaged buildings or structures; and
  - (b) Is in force at the time of "damage".

- (3) **Contingent Business Interruption.** This extension provides coverage for "your" gross profit loss as a direct result of physical loss or damage at a "contributing property" or "recipient property" during the policy period, caused by an insured peril under this policy.

The most we will pay under this extension of coverage is \$25,000.

- (4) **Interruption by Civil Authority:**

This form, subject to its terms and conditions, is extended to insure "your" gross profit loss suffered during the period of time, not exceeding two weeks, while access to the "premises" is prohibited by order of civil authority, but only when such order is given as a direct result of damage to neighbouring premises by a peril insured under

this policy.

- (5) **Newly Acquired Property.** This extension provides coverage for your gross profit loss and increase in cost of operations that result from loss of or damage to property at any location that is:
- (a) acquired by “you” after the beginning of the current policy period;
  - (b) owned, leased, occupied or controlled by you; and
  - (c) within the “territorial limits”.

This coverage begins when “you” first acquire property at new locations and will cease on the earliest of:

- (a) sixty (60) days from the date of acquisition of such property;
- (b) the date values for such property are reported to “us”; or
- (c) the expiration date of this policy.

Premium for this coverage is payable from the date of the acquisition of newly acquired property.

The most we will pay under this extension of coverage is \$25,000.

- (6) **Off-Premises Utilities.** This extension provides coverage for your gross profit loss and increase in cost of operations that result from interruption to the supply of heat, light, water, power or gas to the “premises”. The interruption must be caused by a peril insured under this policy resulting in physical loss or damage to public utility plants, transformers or switching stations, sub-stations, transformers or pumping stations, including underground transmission lines and pipes, that are located within 100 kilometres from the “premises” and that generate or supply heat, light, water, power or gas to the “premises”.

This extension does not provide coverage for your gross profit loss or increase in cost of operations resulting from partial or total interruption to the supply of heat, light, water, power or gas arising from:

- (a) loss of or damage to any above ground electrical transmission lines or distribution lines or their supporting structures, except for those located on the “premises”;
- (b) lack of sufficient capacity; or
- (c) intentional reduction in supply.

Coverage under this extension does not attach until twenty-four (24) hours following the initial interruption.

The most we will pay under this extension of coverage is \$25,000.

- (7) **Ordinary Payroll Expense.** This form, subject to its terms and conditions, is extended to insure “ordinary payroll” expense which may continue during a total or partial interruption of the “business”. Indemnity is provided for “ordinary payroll” only to the extent necessary to resume “business” operations with the same quality of service which existed immediately preceding the “damage” and which would have been earned had no “damage” occurred.

The most we will pay under this extension of coverage is \$10,000, or the amount of insurance shown on the “Declaration Page”.

#### **ADDITIONAL CONDITIONS**

- (1) **Accounting Methods.** Determination of amounts payable under this form will be done in accordance with generally accepted accountancy methods for your “business”, except as otherwise specified in this form.
- (2) **Alternate Trading.** If during the “indemnity period” goods are sold or services are rendered (at the “premises” or elsewhere) for the benefit of “your” “business”, either by “you” or by others on “your” behalf, the money paid or payable in respect of such sales or service will be included when calculating the “revenue” during the “indemnity period”.
- (3) **Obligation to Minimize Loss.** In the event of “damage” resulting claim made under this form, “you” agree to cooperate with us and do all things which may be reasonably practicable to minimize or check any interruption of or interference with the “business” or to avoid or diminish the loss payable under this form.

#### **DEFINITIONS**

Whenever used in this form:

- (1) “Business” means your operations as shown on the “Declaration Page”.
- (2) “Contributing Property” is a premises within the territorial limits that supplies materials to “your” “business” and which is not owned, rented or controlled in whole or in part by “you”.

- (3) "Damage" means the direct physical loss or damage to property on the "premises" from a peril insured against on the policy to which this form is attached.
- (4) "Extra Expense" means the excess of the total cost and expenses of the operation of the business during the period of restoration over and above the total cost of such operation that would normally have been incurred during the same period, had there been no interruption or potential interruption of business.
- (5) "Expected Revenue" means the "revenue" of your "business" during a period comparable to the "indemnity period" in the twelve (12) months immediately before the occurrence of loss of or damage to insured property. Adjustments to "expected revenue" will be made to provide for:
  - (a) trends in your "business"; and
  - (b) variations and circumstances affecting your "business"so that the adjusted "expected revenue" will represent as nearly as reasonably possible the actual "revenue" during the "indemnity period" had no "damage" occurred.
- (6) "Gross Profit Percentage" means the percentage obtained by dividing
  - (a) the sum of the net income (before taxes) of your "business" plus the amount of your "business" expenses that are required to continue during the "indemnity period" by
  - (b) the "revenue" of your "business".
- (7) "Indemnity Period" means the period beginning with the occurrence of "damage" and ending at the earliest of:
  - (a) the date at which the results of your "business" are no longer affected by the consequences of loss of or damage to insured property; or
  - (b) twelve (12) months.
- (8) "Normal" means the condition that would have existed had no loss occurred.
- (9) "Ordinary Payroll" means the entire payroll expense for all employees of the insured other than salaries to permanent staff and wages to supervisors and important employees whose services would not be dispensed with should the "business" be interfered with or interrupted.
- (10) "Period of Restoration" means the length of time, commencing with the date of damage or destruction, which will be required, with the exercise of due diligence or dispatch, to repair, rebuild or replace the damaged or destroyed property. This period of restoration is not limited by the expiration date of the Policy, nor is it limited to the period the business is actually interrupted, but the period of restoration will cease when the "your" business is restored to the condition that would have existed had no loss occurred, but in no event for more than thirty (30) consecutive days from the completion of repairs, rebuilding or replacement of the damaged or destroyed property.
- (11) "Recipient Property" is a premises within the territorial limits to which "your" "business" products are shipped and which are not owned, rented or controlled in whole or in part by "you".
- (12) "Revenue" means all financial transactions paid and payable to you for:
  - (a) goods and services sold, delivered and rendered in the course of your "business", after allowing for returns and discounts;
  - (b) gross rental income for real estate leased or rented to others.
- (13) "Revenue Shortfall" means the difference between the "expected revenue" of your "business" and the actual "revenue" of your "business" during the "indemnity period".