

## BUSINESS INTERRUPTION

### Defined events

Loss following interruption of or interference with the business in consequence of damage occurring during the period of insurance at the premises in respect of which payment has been made or liability admitted under:

1. the fire section of this policy
2. the buildings combined section of this policy
3. the office contents section of this policy
4. any other material damage insurance covering Your interests
5. the computer section of this policy

but only in respect of perils insured under the fire section hereof (hereinafter termed Damage).

Liability shall be deemed to have been admitted if such payment is precluded solely because You are required to bear the first portion of the loss.

We will indemnify You in accordance with the provisions of the specification hereinafter set out.

### Specific conditions

1. The insurance under this section shall cease if the business is wound up or carried on by a liquidator or judicial manager or is permanently discontinued, except with Our written agreement.
2. On the happening of any Damage in consequence of which a claim may be made under this section, You shall, in addition to complying with general conditions 6 and 7, with due diligence do and concur in doing and permit to be done all things which may be reasonably practicable to minimise or check any interruption of or interference with the business or to avoid or diminish the loss, and in the event of a claim being made under this section shall, not later than 30 days after the expiry of the indemnity period, or within such further time as We may in writing allow, at their own expense deliver to Us in writing a statement setting forth particulars of their claim together with details of all other insurance covering the loss or any part of it or consequential loss of any kind resulting there from. **No claim under this section shall be payable unless the terms of this specific condition have been complied with and, in the event of non-compliance therewith in any respect, any payment on account of the claim already made shall be repaid to us forthwith.**

### Item 1 Gross profit (difference basis)

The insurance under this item is limited to loss of gross profit due to:

- a. reduction in turnover and
- b. increase in cost of working

and the amount payable as indemnity hereunder shall be:

- a. in respect of reduction in turnover the sum produced by applying the rate of gross profit to the amount by which the turnover during the indemnity period shall, in consequence of the Damage, fall short of the standard turnover
- b. in respect of increase in cost of working 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 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 gross profit as may cease or be reduced in consequence of the Damage, provided that the amount payable shall be proportionately reduced if the sum insured in respect of gross profit is less than the sum produced by applying the rate of gross profit to the annual turnover where the maximum indemnity period is 12 months or less, or the appropriate multiple of the annual turnover where the maximum indemnity period exceeds 12 months.

### Item 1 Gross profit (additions basis)

The insurance under this item is limited to loss of gross profit due to:

- a. reduction in turnover and
- b. increase in cost of working

and the amount payable as indemnity hereunder shall be:

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- a. in respect of reduction in turnover the sum produced by applying the rate of gross profit to the amount by which the turnover during the indemnity period shall, in consequence of the damage, fall short of the standard turnover
  - b. in respect of increase in cost of working 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 gross profit to the amount of the reduction thereby avoided

less any sum saved during the indemnity period in respect of such of Your standing charges as may cease or be reduced in consequence of the damage, provided that the amount payable shall be proportionately reduced if the sum insured in respect of gross profit is less than the sum produced by applying the rate of gross profit to the annual turnover where the maximum indemnity period is 12 months or less, or the appropriate multiple of the annual turnover where the maximum indemnity period exceeds 12 months.

#### **Memo**

If any standing charges of the business are not insured under this section, then in computing the amount recoverable hereunder as increase in cost of working, that proportion only of the additional expenditure shall be brought into account which the sum of the net profit and Your standing charges bears to the sum of the net profit and all the standing charges.

### **Item 2 Gross rentals**

The insurance under this item is limited to:

- a. loss of gross rentals and
  - b. increase in cost of working
- and the amount payable as indemnity hereunder shall be
- a. in respect of loss of gross rentals the amount by which the gross rentals during the indemnity period shall in consequence of the damage fall short of the standard gross rentals
  - b. in respect of increase in cost of working the additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the loss of gross rentals which, but for that expenditure, would have taken place during the indemnity period in consequence of the Damage, but not exceeding the amount of the loss of gross rentals 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 rentals as may cease or be reduced in consequence of the Damage, provided that the amount payable shall be proportionately reduced if the sum insured in respect of gross rentals is less than the annual gross rentals where the maximum indemnity period is 12 months or less, or the appropriate multiple of the annual gross rentals where the maximum indemnity period exceeds 12 months.

### **Item 3 Revenue**

The insurance under this item is limited to:

- a. loss of revenue and
  - b. increase in cost of working
- and the amount payable as indemnity hereunder shall be:
- a. in respect of loss of revenue the amount by which the revenue during the indemnity period shall, in consequence of the Damage, fall short of the standard revenue
  - b. in respect of increase in cost of working the additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the loss of 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 loss of 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 revenue as may cease or be reduced in consequence of the Damage, provided that the amount payable shall be proportionately reduced if the sum insured in respect of revenue is less than the annual revenue where the maximum indemnity period is 12 months or less, or the appropriate multiple of the annual revenue where the maximum indemnity period exceeds 12 months.

### **Item 4 Additional increase in cost of working**

The insurance under this item is limited to reasonable additional expenditure (not recoverable under other items) incurred with Our consent during the indemnity period in consequence of the damage for the purpose of maintaining the normal operation of

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the business.

### **Item 5 Wages (number of weeks basis)**

The insurance under this item is limited to the loss incurred by You by the payment of wages for a period beginning with the occurrence of the damage and ending not later thereafter than the specified number of weeks.

The amount payable as indemnity under this item will be the actual amount which You shall pay as wages for such period to employees whose services cannot, in consequence of the damage, be utilised by You at all and an equitable part of the wages paid for such period to employees whose services cannot, in consequence of the Damage, be utilised by You to the full provided that if the sum insured by this item is less than the aggregate amount of the wages that would have been paid during the specified number of weeks immediately following the damage had the damage not occurred, the amount payable will be proportionately reduced.

### **Item 6 Fines and penalties for breach of contract**

The insurance under this item is limited to fines or penalties for breach of contract and the amount payable as indemnity hereunder shall be such sum as You shall be legally liable to pay and shall pay in discharge of fines or penalties incurred solely in consequence of damage for non-completion or late completion of orders.

## **Definitions**

### **Indemnity period**

The period beginning with the commencement of the damage and ending not later than the number of months thereafter stated in the schedule during which the results of the business shall be affected in consequence of the Damage.

### **Turnover**

The money paid or payable to You for goods sold and delivered and for services rendered in the course of the business at the premises.

### **Revenue**

The money paid or payable to You for goods sold and for services rendered in the course of the business at the premises.

### **Gross rentals**

The money paid or payable to You by tenants in respect of rental of the premises and for services rendered.

**Gross profit (difference basis).** The amount by which:

1. the sum of the turnover and the amount of the closing stock shall exceed
2. the sum of the amount of the opening stock and the amount of the uninsured costs.

The amount of the opening and closing stocks shall be arrived at in accordance with Your normal accountancy methods, due provision being made for depreciation.

### **Uninsured costs**

As specified in the schedule (the words and expressions used shall have the meaning usually attached to them in Your books and accounts).

### **Gross profit (additions basis)**

The sum produced by adding to the net profit the amount of Your standing charges or, if there is no net profit, the amount of Your standing charges less such proportion of any net trading loss as the amount of Your standing charges bears to all the standing charges of the business.

### **Net profit**

The net trading profit (exclusive of all capital receipts and accretions and all outlay properly chargeable to capital) resulting from Your business at the premises after due provision has been made for all standing and other charges including depreciation, but before the deduction of any taxation chargeable on profits.

### **Insured standing charges**

As specified in the schedule (the words and expressions used shall have the meaning usually given to them in Your books of account).

- **Standard turnover**
- **Standard revenue**
- **Standard gross rentals** The turnover (revenue) (gross rentals) during that period in the 12 months immediately before the date of the Damage which corresponds with the indemnity period
- **Annual turnover**
- **Annual revenue**
- **Annual gross rentals** The turnover (revenue) (gross rentals) during the 12 months immediately before the date of the Damage
- **Rate of gross profit**
- **The rate of gross profit** earned on the turnover during the financial year immediately before the date of the Damage

Relevant to all of the above to which such adjustments shall be made as may be necessary to provide for the trend of the business and for variations or other circumstances affecting the business either before or after the damage or which would have affected the business had the damage not occurred, so that the figures thus adjusted shall 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.

Note: If the damage occurs before the completion of the first year's trading of the business at the premises, the value of the bracketed terms shall be calculated by using values proportionate to the results obtained during the period between the commencement of the business and the date of damage.

#### **Memo**

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 their behalf, the money paid or payable in respect of such sales or services shall be brought into account in arriving at the turnover, revenue or gross rentals during the indemnity period.

## **Extensions and clauses**

#### **Accountant's clause**

Any particulars or details contained in Your books of account or other business books or documents which may be required by Us under this section for the purpose of investigating or verifying any claim hereunder, may be produced and certified by Your auditors or professional accountants, and their certificate shall be prima facie evidence of the particulars and details to which it relates.

#### **Accumulated stocks clause**

In adjusting any loss, account shall be taken and an equitable allowance made if any shortage in turnover or revenue due to the damage is postponed by reason of the turnover or revenue being temporarily maintained from accumulated stocks.

#### **Co-operative Wine cellar clause**

For the purpose of this section, the description of Revenue will be amended as follows: Net payment calculated on tonnage supplied/used:

1. Plus - Fixed Costs
2. Plus - Co-operative commission for the specific pool
3. Plus - Expenditures already incurred.

Minus - Any amount saved during the indemnity period in respect of such costs and expenditures of the business which has been suspended or lessened due to the damage.

#### **Departmental clause**

If the business is conducted in departments or branches, the independent trading results of which are ascertainable, the provisions under items 1 (gross profit), 2 (gross rentals) or 3 (revenue) relating to reduction in turnover/gross rentals/revenue and increase in cost of working, shall apply separately to each department or branch affected by the damage, except that if the sum insured by the relative item is less than the aggregate of the (annual gross rentals) (annual revenue) (sums produced by applying the rate of gross profit) for each department or branch, whether or not affected by the damage, (to the relative annual turnover thereof) (proportionately increased if the number of months referred to in the definition of indemnity period exceeds 12), the amount payable shall be proportionately reduced.

**Deposit premium clause**

In consideration of the premium by the Accountant's, Accumulated stocks and the Departmental clauses being provisional in that it is calculated on 75 per cent of the sum insured, the premium is subject to adjustment on expiry of each period of twelve consecutive months from the inception date or anniversary date as follows.

In the event of the gross profit/gross rentals/revenue earned (increased proportionately if the number of months referred to in the definition of indemnity period exceeds twelve) during the financial year most nearly concurrent with any period of insurance being less or greater than 75 per cent of the sum insured thereon, a pro rata return or additional premium not exceeding 33,1/3 per cent of the provisional premium paid for such period of insurance will be made in respect of the difference.

In the event of a claim being made under this section, the amount paid or payable thereon shall be regarded as actually earned.

**Output (alternative basis) clause**

At Your option, the term output may be substituted for the term turnover and, for the purposes of this section, output shall mean the sale or transfer value, as shown in Your books, of goods manufactured or processed by You at the premises provided that:

- a. only the meaning of output or the meaning of turnover shall be operative in connection with anyone event resulting in interruption
- b. if the meaning of output be used
  - i. the accumulated stocks clause shall be inoperative
  - ii. the memo at the end of the definitions shall read.

If, during the indemnity period, goods shall be manufactured or processed other than at the premises for the benefit of the business either by You or by others on Your behalf, the sale or transfer of such goods shall be brought into account in arriving at the output during the indemnity period.

**Salvage sale clause**

If you shall hold a salvage sale during the indemnity period clause a, of item 1 (gross profit) shall, for the purposes of such claim, read as follows

- a. in respect of reduction in turnover the sum produced by applying the rate of gross profit to the amount by which the turnover during the indemnity period (less the turnover for the period of the salvage sale) shall in consequence of the damage, fall short of the standard turnover, from which sum shall be deducted the gross profit actually earned during the period of the salvage sale.

**Extensions to other premises**

Loss as insured by this section resulting from interruption of or interference with the business in consequence of damage (as defined herein) at the undernoted situations or to property as undernoted shall be deemed to be loss resulting from damage to property used by You at the premises.

1. **Specified suppliers/sub-contractors (if stated in the schedule to be included)**  
The premises of the suppliers and sub-contractors specified in the schedule subject to stated limits.
2. **Unspecified suppliers (if stated in the schedule to be included)**  
The premises of any other of Your suppliers, manufacturers or processors of components, goods or materials, **but excluding the premises of any public supply undertaking from which You obtain electricity, gas or water subject to the limit stated in the schedule.**
3. **Storage, transit and vehicle**  
Your property whilst stored or whilst in transit by air, road, rail or inland waterway or being Your motor vehicles elsewhere than at premises occupied by You.
4. **Contract sites**  
Any situation not occupied by You where You are carrying out a contract
5. **Prevention of access**  
Property within a 15 km radius of Your premises, destruction of or damage to which shall prevent or hinder the use of the premises or access thereto, whether Your premises or property therein shall be damaged or not.
6. **Prevention of access -extended cover (if stated in the schedule to be included)**  
Property within a 50 km radius of the premises, destruction of or damage to which shall prevent or hinder the use of the premises or access thereto, whether Your premises or property therein shall be damaged or not.

**7. Additional premises**

In the event of You occupying or having property at any newly added premises for the purpose of the business during the currency of this section, such newly added premises shall be deemed to be included in those specified here subject to notification to Us as soon as reasonably practicable and to adjustment of the premium if necessary.

**8. Customers (if stated in the schedule to be included)**

The premises of the customers specified in the schedule subject to stated limits.

**9. Public utilities -insured perils only (if stated in the schedule to be included)**

Property at electricity generating stations, sub-stations or transmission networks, gasworks including the related gas distribution network, water purification plants, pumping stations, aqueducts and pipelines of an authority empowered by law to supply water, gas or electricity for consumption by the public and which results in an interruption of water, gas or electricity to Your premises.

**10. Public telecommunications -insured perils only (if stated in the schedule to be included)**

- a. Property at the premises of any public authority which is empowered by law to supply telecommunications facility to You
- b. the transmission facilities network of the public authority mentioned in a.

**Public telecommunications -extended cover (if stated in the schedule to be included)**

Loss as insured resulting from interruption of or interference with the business in consequence of the failure of the public telecommunication facilities to Your premises shall be deemed to have resulted from damage (as defined herein) **provided this extension does not cover loss resulting from damage directly or indirectly caused by:**

- a. drought
- b. a fault on any part of the premises belonging to You
- c. a decision by any authority to legally withhold the telecommunication facility from You unless such decision is directly attributable to damage to property of such authority
- d. any event described in general exception 1 and 2, but cover provided under the malicious damage extension in the underlying policy is not excluded.

**If the failure of the facility is due to its mechanical or electrical or electronic breakdown, there shall be no liability under this extension** unless the interruption or interference with Your business extends beyond 24 hours.

**Public utilities -extended cover (if stated in the schedule to be included)**

Loss as insured resulting from interruption of or interference with the business in consequence of total or partial failure of the public supply of water, gas or electricity to Your premises shall be deemed to have resulted from damage (as defined herein) **provided that this extension does not cover loss resulting from damage directly or indirectly caused by:**

- a. drought
- b. pollution of water
- c. shortage of fuel or water
- d. a fault on any part of the installation belonging to the premises
- e. the exercise of an authority empowered by law to supply water, gas or electricity of its power to withhold or restrict supply unless such withholding or restriction is directly attributable to Damage to property of such authority
- f. any event described in General exception 1 and 2, but cover provided by the malicious damage extension in the underlying material damage section of this policy is not excluded.

**In respect of interruption of or interference with the business arising from mechanical or electrical or electronic breakdown, there shall be no liability under this extension for interruption of or interference with the business unless such interruption or interference extends beyond 24 hours from commencement thereof.**

**The geographical limits of**

Number 2, 3, 4, 5, 6, 8, 9 and 10, of the extensions to other premises and the extended covers for public telecommunications and public utilities are confined to the Republic of South Africa, Namibia, Botswana, Lesotho, Swaziland, Zimbabwe and Malawi. Number 7, of the extensions to other premises is confined to the Republic of South Africa and Namibia.

**Accidental damage (if stated in the schedule to be included)**

The following defined event is added:

"Loss following interruption or interference with the business in consequence of damage occurring during the period of insurance at the premises in respect of which payment has been made or liability admitted under defined event(i), of the

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Accidental damage section and the Accidental Damage: Wine and related products, wine tanks and related property section of this policy of this policy (hereinafter termed Damage) provided that:

- a. the provision under any item of this section that the payment will be reduced proportionately if the amount insured by the item is not adequate, is deleted in respect of this defined event
- b. **We shall not pay more than the sum insured stated in the schedule of the Accidental damage section and the Accidental Damage: Wine and related products, wine tanks and related property section for both this section and the Accidental damage section and the Accidental Damage: Wine and related products, wine tank and related property section combined.**