

# Engineering - Business Interruption Section

## Definitions

### Territorial Limits

Great Britain Northern Ireland the Isle of Man and the Channel Islands.

### Accident

Sudden and unforeseen damage (including **Breakdown** and **Collapse**).

### Plant

All plant and machinery owned by or leased to and used by **the Insured** for the purposes of the **Business** and installed at the **Premises** and specified in the **Schedule**.

**Plant** shall not include

- a foundations masonry brickwork chimneys or refractory linings
  - b materials being processed by or contained in the **Plant**
  - c office machinery computers or other electronic data processing equipment
  - d plant or machinery which is prototype experimental or untried
  - e plant machinery pipes or cables situated underground
- unless specifically described in the **Schedule**.

### Time Exclusion

The period stated in the **Schedule** beginning with the occurrence of the **Accident** during which Financial Loss in consequence of the **Accident** is not covered.

### Indemnity Period

The period beginning with the occurrence of the **Accident** and ending when the results of the **Business** cease to be affected in consequence of the **Accident** but not exceeding the period shown in the **Schedule** as the **Indemnity Period**.

### Breakdown

- a the actual breaking distortion or burning out of any part of the **Plant** while in use arising from mechanical or electrical defects in the **Plant** causing sudden stoppage
  - b fracturing of any item of **Plant** by frost
- which necessitates repair or replacement before it can resume normal working.

### Collapse

The sudden and dangerous distortion (whether or not attended by rupture) of any part of the **Plant** caused by crushing stress by force of steam or other fluid pressure (other than pressure of chemical action or ignition of the contents or of ignited flue gases).

### Insurer

Allianz Engineering  
(Allianz Engineering is a trading name used by Allianz Insurance plc).

**Premises**

The premises 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 by **the Insured** for the purpose of the **Business**.

## Cover

The Financial Loss of **the Insured** resulting from interruption or interference with the **Business** during the **Indemnity Period** in consequence of an **Accident**.

The Basis of Settlement shall be either Loss of Gross Profit or Loss of Revenue whichever is shown in the **Schedule**.

### Limit of Liability

The most the **Insurer** will pay for any one **Accident** or series of **Accidents** arising from one occurrence shall not exceed

A. 133.3% (one hundred and thirty three and a third percent) of the **Estimated Gross Profit** or the **Estimated Revenue** shown in the **Schedule** as the Limit of Liability

and in addition

B. any amounts shown in the Basis of Settlement Adjustments.

## **Basis of Settlement**

### **1. Loss of Gross Profit**

Financial Loss means

- 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 an **Accident** 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 **Accident** but not exceeding the sum produced by applying the **Rate of Gross Profit** to the amount of the reduction in **Turnover** avoided by the additional expenditure incurred

less any sum saved during the **Indemnity Period** in respect of the charges and expenses of the **Business** as may cease or be reduced in consequence of the **Accident**.

## **Definitions**

### **Gross Profit**

The amount by which the sum of the amount of the **Turnover** and the amount of the closing stock and work in progress shall exceed the amount of the opening stock and work in progress and the amount of the **Uninsured Working Expenses**.

Notes

- a. The amounts of the opening and closing stocks and work in progress shall be arrived at in accordance with the normal accountancy methods of **the Insured**, due provision being made for depreciation
- b. The words and expressions used in this definition shall have the meaning usually attached to them in the books and accounts of **the Insured**.

### **Uninsured Working Expenses**

All expenses of the **Business** which vary in direct proportion to any variation in the **Turnover**.

### **Turnover**

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

### **Rate of Gross Profit**

The rate of gross profit earned on the **Turnover** during the financial year immediately before the date of any **Accident**.

### **Annual Turnover**

The **Turnover** or **Revenue** during the twelve months immediately before the date of any **Accident**.

### **Standard Turnover**

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

**Estimated Gross Profit**

The amount declared by **the Insured** as representing not less than the **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 of it where the **Indemnity Period** exceeds twelve months).

**Note**

Adjustments shall be made to the figures representing the **Rate of Gross Profit**, the **Annual Turnover**, and the **Standard Turnover**, 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 **Accident**, and which would have affected the **Business** had the **Accident** not occurred, so that the adjusted figures represent as near as reasonably practicable results which but for the **Accident** would have been obtained during the relative period after the **Accident**.

## **Basis of Settlement**

### **2. Loss of Revenue**

Financial Loss means

- a. in respect of reduction in **Revenue** the amount by which the **Revenue** during the **Indemnity Period** in consequence of an **Accident** falls 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 reduction in **Revenue** which but for that expenditure would have taken place during the **Indemnity Period** in consequence of the **Accident** but not exceeding the amount of the reduction avoided

less any sum saved during the **Indemnity Period** in respect of the charges and expenses of the **Business** as may cease or be reduced in consequence of the **Accident**.

## **Definitions**

### **Revenue**

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

### **Standard Revenue**

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

### **Estimated Revenue**

The amount declared by **the Insured** as representing not less than the **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 of it where the **Indemnity Period** exceeds twelve months).

### **Note**

Adjustments shall be made to the figures representing the **Standard Revenue**, 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 **Accident**, and which would have affected the **Business** had the **Accident** not occurred, so that the adjusted figures represent as near as reasonably practicable results which but for the **Accident** would have been obtained during the relative period after the **Accident**.

## **Basis of Settlement Adjustments**

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** goods are sold 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 sales or services shall be taken into account in arriving at the **Turnover** or **Revenue** 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 **Gross Profit** or **Revenue** shall apply separately to each department affected.

### **3. 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 Limit of Liability as shown in the **Schedule**.

### **4. 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.

### **5. Current Cost Accounting**

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

### **6. 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**.

## 7. **Claims Preparation Cost**

This **Section** is extended to include the necessary and reasonable cost incurred in producing and certifying any particulars or details required by **the Insurer** in connection with an **Accident** for which liability has been accepted but limited to

- a. additional cost incurred by employees of **the Insured**
- b. additional fees charged by the usual auditors of **the Insured**
- c. the cost of materials used in furnishing the requirements of **the Insurer**.

Provided that the liability of **the Insurer** shall not exceed £10,000 in respect of any one **Accident** or series of **Accidents** arising from one occurrence of loss or damage, and such limit shall apply in addition to the Limit of Liability shown in the **Schedule**.

## 8. **Loss of Gross Profit - Output Basis of Settlement**

Subject to agreement between **the Insured** and the **Insurers** the term "Output" may be substituted for the term **Turnover**.

Provided that

- a. Output shall mean the sale or transfer value of goods manufactured or processed by **the Insured** in the course of the **Business** at the **Premises** shown in the **Schedule**.
- b. only the term of Output or the term of **Turnover** shall be operative in connection with any one **Accident**.



## Exclusions

This **Section** does not cover Financial Loss directly or indirectly in consequence of

### 1. **Perils**

loss of or destruction or damage to **Plant** by

- a. fire however caused
- b. fire extinguishing fluid
- c. explosion
- d. lightning earthquake storm tempest flood inundation water aircraft or other aerial devices or articles dropped therefrom
- e. subsidence or other ground movement or displacement
- f. theft or attempted theft
- g. riot strike lockout and civil commotion.

### 2. **Application of Tools**

damage by direct application of tools occurring during the execution of maintenance servicing or repairs.

### 3. **Wear and Tear or Gradual Deterioration**

- a. inevitable wear and tear erosion corrosion or other deterioration caused by or naturally resulting from ordinary work use or exposure
- b. gradually developing flaws or fractures which do not necessitate immediate stoppage but not damage insured by this **Section** resulting from a. or b. unless otherwise excluded

### 4. **Excluded Parts and Components**

damage to cutters bits tools moulds dies heating elements driving belts and chains and similar items that require periodic replacement.

### 5. **Safety or Protective Devices**

damage to safety or protective devices by their functioning.

### 6. **Multiple Lifting Operations**

damage arising during any lifting or lowering operation in which a load is shared between two or more machines unless the prior consent of **the Insurer** has been obtained.

## Exclusions (continued)

This **Section** does not cover Financial Loss directly or indirectly in consequence of

### 7. **Vessels Craft Vehicles Rigs Platforms or Devices**

loss destruction of or damage to any

- a vessel craft vehicle or device designed to float on in or travel under or through water air or space
- b marine rig or marine platform
- c equipment mounted on and fixed to such vessel craft vehicle device rig or platform.

### 8. **Other Consequential Loss**

liquidated damages penalties for delay or detention or in connection with guarantees of performance or efficiency or loss of use or any form of consequential loss not specifically insured by this **Section**.

### 9. **Breakdown of New Plant**

**Breakdown** of newly installed **Plant** until

- a. installation testing and commissioning has been carried out, and
- b. one calendar month of trouble free running has been completed.

### 10. **Scratching**

scratching of painted or polished surfaces unless accompanied by other indemnifiable damage to the item.

## Exclusions (continued)

This **Section** does not cover Financial Loss directly or indirectly in consequence of

### 11. Pollution or Contamination

loss destruction or damage (whether sudden and unforeseen or not or accidental or not) directly or indirectly caused by or contributed to by or arising from pollution or contamination.

This Exclusion shall not apply to cost arising from pollution or contamination of **Plant** caused directly by an occurrence which is insured by this **Section**.

### 12. Computer Date Recognition

loss destruction or damage (whether sudden and unforeseen or not or accidental or not) 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

- a. correctly to recognise any date as its true calendar date
- b. to capture save or retain and/or correctly to manipulate interpret 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 capture save retain or correctly to process any data as a result of the operation of any command which has been programmed into any computer software being a command which causes the loss of data or the inability to capture save retain or correctly to process such data on or after any date.

but this Exclusion shall not apply to subsequent loss destruction or damage arising from or caused by fire lightning explosion aircraft or other aerial devices or articles dropped therefrom 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 which would but for the application of this Exclusion be insured by this **Section**.

## Exclusions (continued)

This **Section** does not cover Financial Loss directly or indirectly in consequence of

### 13. Radioactive Contamination

loss destruction or damage (whether sudden and unforeseen or not or accidental or not) directly or indirectly caused by or contributed to by or arising from:

- a. ionising radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel
- b. the radioactive toxic explosive or other hazardous or contaminating properties of any nuclear installation reactor or other nuclear assembly or nuclear component thereof
- c. any weapon or other device utilising radioactive material and/or matter and/or ionising radiation and/or atomic or nuclear fission and/or fusion or other like reaction.

### 14. Terrorism

loss destruction or damage (whether sudden and unforeseen or not or accidental or not) directly or indirectly caused by resulting from or in connection with

- a. in respect of England Wales and Scotland but not the territorial seas adjacent thereto as defined by the Territorial Sea Act 1987:

- i. any act of **Terrorism** regardless of any other cause or event contributing concurrently or in any other sequence to the loss
- ii. any action taken in controlling preventing suppressing or in any way relating to any act of **Terrorism**

In respect of **A** above an act of **Terrorism** means:

Acts of persons acting on behalf of or in connection with any organisation which carries out activities directed towards the overthrowing or influencing by force or violence of Her Majesty's government in the **United Kingdom** or any other government de jure or de facto.

- b. in respect of territories other than those stated in a above:

- i. any act of **Terrorism** regardless of any other cause or event contributing concurrently or in any other sequence to the loss
- ii. any action taken in controlling preventing or suppressing or in any way relating to any act of **Terrorism**
- iii. riot or civil commotion in Northern Ireland

In respect of **B** above an act of **Terrorism** means:

An act including but not limited to the use of force or violence and/or the threat thereof of any person or group(s) of persons whether acting alone or on behalf of or in connection with any organisation(s) or government(s) committed for political religious ideological or similar purposes including the intention to influence any government and/or to put the public or any section of the public in fear.

In any action suit or other proceedings where **the Insurer** alleges that by reason of this **Exclusion** any loss destruction damage (whether sudden and unforeseen or not or accidental or not) or liability is not covered by this **Section** (or is covered only up to a specified Limit of Liability) the burden of proving the contrary shall be on **the Insured**.

In the event any part of this **Exclusion** is found to be invalid or unenforceable the remainder shall remain in full force and effect.

### 15. Time Exclusion

the period stated in the **Schedule** as the **Time Exclusion** in respect of each and every **Accident** for which **the Insured** is indemnified by this **Section**.

## Exclusions (continued)

This **Section** does not cover Financial Loss directly or indirectly in consequence of

### 16. Contagious and Infectious Disease

Loss, damage, destruction, cost, expense, or any consequential loss, directly or indirectly caused by, arising out of, attributable to, or contributed to by:

- a. a **Contagious or Infectious Disease**;
- b. the fear or threat (whether actual or perceived) of a **Contagious or Infectious Disease**;
- c. the presence or suspected presence of **Pathogens** at, in or on the premises or property of any person or entity; or
- d. any action taken or advice given (whether or not by a competent authority) to prevent, reduce, control or mitigate the occurrence, outbreak, spread or effects of a **Contagious or Infectious Disease** or any **Pathogens**,

irrespective of any other cause, occurrence or event operating concurrently, independently or in any sequence to cause the loss.

But this exclusion will not apply to any business interruption **Financial Loss** directly resulting from **Physical Damage**

For the purposes of this exclusion:

Loss includes, but is not limited to financial and business interruption loss, loss of value, marketability or use of property, fines and penalties. Cost or expense includes, but is not limited to any cost to:

- i. clean-up, detoxify, decontaminate, or remove **Pathogens** from any property where the property is or is feared to have been affected by **Pathogens** or a **Contagious or Infectious Disease**;
- ii. monitor or test for **Pathogens** or a **Contagious or Infectious Disease**; or
- iii. provide medical treatment for persons affected by a **Contagious or Infectious Disease**

**Physical Damage** means physical loss, physical damage or physical destruction. For the avoidance of any doubt, the presence of a **Pathogen** on property or contamination of property by a **Pathogen** does not constitute **Physical Damage**; **Physical Damage** does not include any damage, accidental or otherwise, that is not physical, to tangible **Insured Property** or include any legal liability, compensation or claimants costs for any loss, damage or injury

**Contagious or Infectious Disease** means

Any disease, illness or condition affecting humans or animals which is caused by or can be transmitted by means of any **Pathogen**, where the method of transmission, whether direct or indirect, includes but is not limited to, airborne transmission, bodily fluid transmission, transmission from or to any surface or object, solid, liquid or gas or between organisms (including from one human to another, one animal to another, from an animal to a human or vice versa, or through contaminated water, faeces or food)

**Pathogen** means

Any pathogen, including but not limited to a virus, bacterium, parasite, fungus, other organism, micro-organism, any variation or mutation thereof, whether deemed living or not, or any other substance or agent capable of causing a **Contagious or Infectious Disease**

## Section Conditions

### 1. Alteration

**The Insured** must notify **the Insurer** as soon as possible if during the **Period of Insurance** there is any alteration in the ownership of **the Insured**, or any alteration in or to the **Business** or the **Premises** or the **Plant**

- a. due to the **Business** being wound up or carried on by a liquidator or receiver or permanently discontinued
- b. in respect of which the interest of **the Insured** ceases other than by death
- c. to the facts or matters set out in the **Schedule** or otherwise comprising the risk presentation made by **the Insured** to **the Insurer** at inception, renewal or variation of the **Policy** which materially increases the risk of loss, damage or liability as insured by this **Section**.

Upon being notified of any such alteration, **the Insurer** may, at its absolute discretion

- a. continue to provide cover under this **Section** on the same terms
- b. restrict the cover provided by this **Section**
- c. impose additional terms
- d. alter the premium
- e. cancel this **Section** and the **Policy**.

If the Insured fails to notify **the Insurer** of any such alteration, **the Insurer** may

- a. treat this **Section** and the **Policy** as if it had come to an end as at the date of the alteration of the risk, returning a proportionate amount of the premium for the unexpired **Period of Insurance**, if **the Insurer** would have cancelled this **Section** and the **Policy** had it known of the increase in risk
- b. treat this **Section** and the **Policy** as if it had contained such terms (other than relating to premium) or other restrictions (if any) from the date of the alteration in risk as **the Insurer** would have applied had it known of the increase in risk
- c. reduce proportionately the amount paid or payable on any claim, the proportion for which **the Insurer** is liable being calculated by comparing the premium actually charged as a percentage of the premium which **the Insurer** would have charged had it known of the increase in risk.

### 2. Claims Condition

A. **The Insurer** shall not be liable for the Financial Loss where repairs to the **Plant** are undertaken without their written consent except in urgent cases where it has been necessary to put minor repairs in hand

Provided that

- i. the requirements of the General Claims Condition 3 of this **Policy** have been complied with and
- ii. the repairs have been carried out to the satisfaction of **the Insurer**.

B. Where loss or damage is confined to a part of a machine or structure **the Insurer** shall be liable for the value of that part plus the cost of any necessary dismantling and erection for which **the Insured** is responsible.

C. In the event of any **Accident** 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**

- i. 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 **Plant** 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 Financial Loss
- ii. 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.

### 3. 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 damage.

### 4. 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**.

### 5. Other Insurances

**The Insurer** will not indemnify **the Insured** in respect of Financial Loss which is insured by or would but for the existence of this **Section** be insured by any other policy except in respect of any excess beyond the amount payable under such other policy or which would have been payable under such other policy had this insurance not been effected.

### 6. Declarations

Prior to each renewal date, **the Insured** shall provide **the Insurer** with the **Estimated Gross Profit** or **Estimated Revenue** 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 **Gross Profit** or **Revenue** earned during the financial year most nearly concurrent with the expired **Period of Insurance**. If any **Accident** has occurred giving rise to a claim for loss of **Gross Profit** or **Revenue**, such declaration will be increased by **the Insurer** for the purpose of premium adjustment, by the amount by which the **Gross Profit** or **Revenue** was reduced during such financial year solely in consequence of the **Accident**.

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

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