

Business Interruption All Risks Section

Gross Rent

Definitions

Business Interruption

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

Event

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

Premises

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

Specified Events

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

Unoccupied

Any building or part of any building that is unfurnished, untenanted, empty or no longer in active use for a period exceeding 30 consecutive days.

Indemnity Period

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

Maximum Indemnity Period

The period shown in the **Schedule**.

Gross Rent

The money paid or payable to **the Insured** by tenants for rent of the **Premises**.

Standard Gross Rent

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

Annual Gross Rent

The **Gross Rent** during the twelve months immediately before the date of any **Event**.

Cover

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

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

4. **Business Interruption** caused by or consisting of
 - a. subsidence, ground heave or landslip
 - i. in respect of walls, gates, fences, roads, car parks, yards, forecourts, patios, pavements, footpaths and similar hard surfaced areas unless a building at the same **Premises** is **Damaged** by the same cause at the same time
 - ii. resulting from
 - a. the settlement or movement of made-up ground
 - b. coastal or river erosion
 - c. defective design or workmanship or the use of defective materials
 - iii. which commenced prior to the inception of this cover
 - iv. occurring as a result of demolition, construction, structural alteration or repair of any property, or as a result of ground work or excavation, at the same **Premises**
 - b. normal settlement or bedding down of new structures.
5. **Business Interruption** arising directly or indirectly from
 - a. disappearance, unexplained or inventory shortage or the misfiling or misplacing of information
6. Loss resulting from destruction or damage to a building or structure used by **the Insured** at the **Premises** caused by its own collapse or cracking, but **the Insurer** will pay for such loss resulting from a **Specified Event** in so far as it is not otherwise excluded
7. **Business Interruption** in respect of fences, gates and moveable property in the open caused by wind, rain, hail, sleet, snow, flood or dust
8. **Business Interruption**
 - a. caused by fire resulting from any property undergoing any heating process or any process involving the application of heat
 - b. resulting from any property undergoing any process of production, packing, treatment, testing, commissioning, servicing or repair, but **the Insurer** will pay for such **Business Interruption** caused by fire or explosion
9. **Business Interruption** in respect of any building which is **Unoccupied** caused by
 - a. freezing
 - b. escape of water from any tank, apparatus or pipe
 - c. malicious persons not acting on behalf of or in connection with any political organisation, but **the Insurer** will pay for such **Business Interruption** caused by fire or explosion
10. **Business Interruption** in respect of
 - a. glass (other than fixed glass), sanitaryware (other than fixed sanitaryware), china, earthenware, marble or other fragile or brittle objects
 - b. vehicles licensed for road use (including accessories on them), caravans, trailers, railway locomotives, rolling stock, watercraft or aircraft
 - c. property or structures in course of construction or erection and materials or supplies in connection with all such property or structures
 - d. land, piers, jetties, bridges, culverts or excavations
 - e. livestock, growing crops or trees.but **the Insurer** will pay for such **Business Interruption** caused by a **Specified Event** in so far as it is not otherwise excluded

11. **Business Interruption** directly or indirectly caused by or consisting of or arising from the failure of any computer or other equipment or system for processing, storing or retrieving data, whether the property of **the Insured** or not, to achieve any or all of the purposes and consequential effects intended by the use of any number to denote a date, including the failure
- a. correctly to recognise any date as its true calendar date
 - b. to recognise, capture, save, retain, restore and/or correctly to manipulate, interpret, calculate or process any data or information or command or instruction as a result of treating any date otherwise than as its true calendar date
 - c. to recognise, capture, save, retain, restore and/or correctly to manipulate, interpret, calculate or process any data or information as a result of the operation of any command which has been programmed into any computer software or firmware, being a command which causes the loss of data or the inability to recognise, capture, save, retain, restore or correctly to manipulate, interpret, calculate or process any data on or after any date
- but **the Insurer** will pay for subsequent **Business Interruption** which is not otherwise excluded and which itself results from a **Specified Event**.

Basis of Settlement

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

- A. there is an insurance in force covering the interest of **the Insured** in the property at the **Premises** against such **Event** and that
 - i. payment has been made or liability has been admitted for payment, or
 - ii. payment would have been made or liability would have been admitted for payment but for the operation of a proviso in such insurance excluding liability for claims below a specified amount
- B. the most **the Insurer** will pay for any one claim is in the whole the **Total Sum Insured**, or in respect of any one item its **Sum Insured** or any other limit of liability in this **Section**.

The **Sums Insured** or limits of liability shall not be reduced by the amount of any claim as insured under this **Section** provided that

- a. **the Insurer** does not give written notice to the contrary within 30 days of the notification of any **Event**
- b. **the Insured** pays the appropriate additional premium on the amount of the claim from the date of the **Event** to the expiry of the **Period of Insurance**
- c. **the Insured** agrees to comply with any security recommendations or other measures **the Insurer** may require to reduce the risk of an **Event**.

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

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

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

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

Basis of Settlement Adjustments

The Insurer will not pay the Insured for

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

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

1. Average

If the **Sum Insured** by any item on **Gross Rent** is less than the **Annual Gross Rent**, or if the Departmental Trading clause applies is less than the aggregate of the sum produced by the **Annual Gross Rent** for each department of the **Business** (whether affected by the **Event** or not), the amount payable will be proportionately reduced.

The amount of the **Annual Gross Rent** will be proportionately increased when the **Maximum Indemnity Period** exceeds 12 months.

2. Alternative Premises

If during the **Indemnity Period** money is paid to **the Insured** for rent of premises elsewhere than at the **Premises**, for the benefit of the **Business**, the rent derived from such other premises shall be taken into account in arriving at the **Gross Rent** during the **Indemnity Period**.

3. Departmental Trading

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

4. Trends and Variations

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

5. New Business

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

Annual Gross Rent - the proportional equivalent, for the period of 12 months, of the **Gross Rent** realised during the period between the date of commencement of the **Business** and the date of the **Event**.

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

6. Auditors and Accountants Charges

If the auditors or 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 auditors or professional accountants provided that the sum of such reasonable charges and any other amount payable under this **Section** shall not exceed the liability of **the Insurer** under this **Section**.

7. 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.

8. Current Cost Accounting

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

9. 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**.

10. Claims Preparation Expenses

Cover extends to include the necessary and reasonable costs, expenses and charges incurred by **the Insured** in producing and certifying any particulars or details required by **the Insurer** in connection with any claim under this **Section** and which are incurred with the consent of **the Insurer** and for which **the Insurer** has admitted liability, provided that

- i. such costs and expenses are limited to
 - any additional costs and expenses incurred by any employees of **the Insured** and the cost of materials used in furnishing **the Insurer's** requirements
 - the reasonable charges payable by **the Insured** to their auditors or professional accountants for producing such information as may be required by **the Insurer**
- ii. **the Insurer** shall have the right to review and audit all documentation relating to such costs and expenses
- iii. such costs expenses and charges are not otherwise recoverable under this **Section** or the **Policy**
- iv. an **Excess** of £500 shall apply in respect of each and every claim
- v. the liability of **the Insurer** shall not exceed £25,000 in respect of any one claim, and such limit shall apply in addition to the **Sums Insured** or limits applying under this **Section**.

Extensions

Any claim resulting from interruption or interference with the **Business** in consequence of
A. accidental loss, destruction or damage at any Situation or to any Property shown below, or
B. any of the under-noted Contingencies
within the **United Kingdom**, shall be understood to be **Business Interruption** by an **Event** covered by this **Section**, provided that after the application of all other terms, conditions and provisions of this **Section** and as shown below the liability of **the Insurer** for any one claim shall not exceed in the whole the **Total Sum Insured**, or the percentage of the **Total Sum Insured**, or the amount shown below (or the amount as specified otherwise in the **Schedule**) against any of the Situations or any of the Property or any Contingency as the Limit, whichever is the less.

Situations

Exhibition Sites

Any exhibition site where **the Insured** are exhibiting goods or services, excluding any such site under canvas or in the open.

Limit £25,000.

Property

Supply Undertakings

Property

A. at any land based premises
B. comprising any land based connecting cable, pipe or pylon to the terminal connecting point at the **Premises**

of any supply undertaking service provider or producer from which **the Insured** obtains

- i. electricity (including generating stations or sub-stations)
Limit £10,000,000
- ii. gas (including any natural gas producer linked directly therewith)
Limit £10,000,000
- iii. water (including works and pumping stations)
Limit £10,000,000
- iv. telecommunications services (excluding intranet or extranet services)
Limit £10,000,000
- v. other telecommunications services (including intranet or extranet services)
Limit £10,000,000

Provided that **the Insurer** shall not be liable for any **Business Interruption**

- a. which does not involve a cessation of supply for at least two (2) consecutive hours in respect of para B. above
- b. caused by or arising from or attributable to any overhead transmission and distributing lines and their supporting structures, other than those within one (1) mile of the **Premises**.

Denial of Access

Property in the immediate vicinity of the **Premises**, which prevents or hinders the use of or access to the **Premises** whether the **Premises** or property in the **Premises** is destroyed or damaged or not, but excluding loss or destruction of or damage to the property of any supply undertaking from which **the Insured** obtains electricity, gas, water or telecommunications services which prevents or hinders the supply of such services to the **Premises**.

Documents

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

Contingencies

Failure of Supply

Accidental failure of supply of

- i. electricity at the terminal ends of the service provider's feeders at the **Premises**
Limit £25,000.
- ii. gas at the service provider's meters at the **Premises**
Limit £25,000
- iii. water at the service provider's main stop cock serving the **Premises**
Limit £25,000
- iv. land based telecommunications services (excluding intranet or extranet services) at the incoming line terminals or receivers at the **Premises**
Limit £25,000
- v. other telecommunications services (including intranet or extranet services) at the incoming line terminals or receivers at the **Premises**
Limit £25,000

Provided that

- a. in respect of the supply of land based and other telecommunications services the **Maximum Indemnity Period** shall not exceed 3 months
- b. **the Insurer** shall not be liable for any **Business Interruption**
 - i. which does not involve a cessation of supply for at least four (4) consecutive hours in respect of the supply of electricity, gas or water services and for at least twelve (12) consecutive hours in respect of the supply of land based and other telecommunications services
 - ii. resulting from 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 not performed for the sole purpose of safeguarding life or protecting the supply undertaking's system
 - iii. resulting from failure caused by
 - strikes or any labour or trade dispute
 - drought
 - other atmospheric or weather conditions, but this shall not exclude failure due to damage caused by such conditions

- iv. caused by or arising from or attributable to the failure of any overhead transmission and distributing lines and their supporting structures, other than those within one (1) mile of the **Premises**
- v. resulting from the failure of telecommunications services via satellite
 - due to the failure of any satellite prior to its attaining its full operating function or whilst in or beyond the final year of its design life
 - in the event of temporary interference with transmissions to and from satellites due to atmospheric weather, solar or lunar conditions
 - resulting from the transfer of **the Insured's** satellite facility to another party
- vi. as insured under the Supply Undertakings Extension.

Section Conditions

1. Alteration in Risk

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** at the **Premises**

- 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. in respect of the risks of subsidence, ground heave or landslip where any demolition, construction, ground works or excavation work is being carried out on any adjoining site
- d. 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 an **Event** and any other loss or expenditure 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. Additional Claims Conditions

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

- A. within 28 days of its happening, full details of **Business Interruption** caused by riot, civil commotion, strikers, locked-out workers, persons taking part in labour disturbances, malicious persons or theft
- B. not later than 30 days after expiry of the **Indemnity Period**, or such further time that **the Insurer** may allow, full information in writing of the particulars of the claim, together with details of all other policies covering property used by **the Insured** at the **Premises** for the purpose of the **Business** or any part of the **Business**, and the amount of any resulting **Business Interruption**
- C. such books of account and other business books, vouchers, invoices, balance sheets and other documents, proofs, information, explanation and other evidence that **the Insurer** may reasonably require for the purpose of investigating or verifying the claim, together with, if required, a statutory declaration of the truth of the claim and of any matters connected with it.

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

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

3. Contribution

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

4. Subrogation

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

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

5. Arbitration

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

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

6. Declarations

The Insured may, at **the Insured's** option, provide **the Insurer** with a declaration confirmed by **the Insured's** auditors of the **Gross Rent** earned during the financial year most nearly concurrent with an expired **Period of Insurance**. If any **Event** has occurred giving rise to a claim for loss of **Gross Rent**, such declaration will be increased by **the Insurer** for the purpose of premium adjustment, by the amount by which the **Gross Rent** was reduced during such financial year solely in consequence of the **Event**.

If such declaration of **Gross Rent**, proportionately increased where the **Maximum Indemnity Period** exceeds 12 months, is less than the **Sum Insured** on **Gross Rent** for the relative **Period of Insurance**, **the Insurer** will allow a *pro rata* return of premium not exceeding 50% of the premium paid.