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 there been no Accident, 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
   a. loss of or destruction or damage to Plant by 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. **E Risks**
   - loss destruction or damage (whether sudden and unforeseen or not or accidental or not) to
     a. any computer or other equipment or component or system or item which processes stores transmits or retrieves data or
     b. any part of a computer or other equipment or component or system or item which processes stores transmits or retrieves data
   - whether tangible or intangible (including but without limitation any data information or programs or software) and whether part of the Plant or not caused directly or indirectly by
     i. **Virus or Similar Mechanism**
       - program code programming instruction or any set of instructions intentionally constructed with the ability to damage interfere with or otherwise adversely affect computer programs data files or operations whether involving self replication or not. This includes but is not limited to viruses trojan horses worms and logic bombs
     ii. **Hacking**
       - unauthorised access to any computer or other equipment or component or system or item whether part of the Plant or not which processes stores transmits or retrieves data.
     - but this Exclusion shall not apply to subsequent loss 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 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.

14. **War and Kindred Risks**
   - a. loss destruction or damage (whether sudden and unforeseen or not or accidental or not) directly or indirectly caused by war invasion act of foreign enemy hostilities (whether war be declared or not) civil war rebellion revolution insurrection or military or usurped power confiscation nationalisation requisition or destruction of or damage to property by order of the Government or any Public Municipal or Local Authority
   - b. in the case of Plant outside Great Britain Northern Ireland the Isle of Man and the Channel Islands loss destruction damage directly or indirectly caused by warlike operations mutiny conspiracy martial law state of siege or any events or causes which determine the proclamation or maintenance of martial law or state of siege riot civil commotion strike lock-out persons taking part in labour disturbances or malicious persons acting on behalf of or in connection with any political organisation.
Exclusions (continued)

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

15. 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.

16. 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.
Exclusions (continued)

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

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.

17. 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.
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

   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**.