

# Business Interruption All Risks Section

## Estimated Income

### 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.

#### Income

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

#### Standard Income

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

#### Estimated Income

The amount declared by the Insured as representing not less than the Income 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 Maximum Indemnity Period exceeds twelve months).

## 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 speeds but 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 the 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 services  
but 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 landslide
    - 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
  - b erasure, loss, distortion or corruption of information on computer systems or other records, programs or software caused deliberately by rioters, strikers, locked-out workers, persons taking part in labour disturbances or civil commotions or malicious persons
  - c other erasure, loss, distortion or corruption of information on computer systems or other records, programs or software, but the Insurer will pay for such Business Interruption resulting from a Specified Event in so far as it is not otherwise excluded
- 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
  - i** 133 1/3% of the Estimated Income
  - ii** for any other item, 100% of the Sum Insured or any other limit of liability in this Section
  - iii** in total the sum of 133 1/3% of the Estimated Income and 100% of the Sums Insured or limits of liability for any other items.

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 Income, and
- B** Increase in Cost of Working.

Loss of Income means the amount by which the Income during the Indemnity Period falls short of the Standard Income.

Increase in Cost of Working means the additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the loss of Income 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 Income 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 Income 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 Alternative Premises

If during the Indemnity Period work is done 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 work or services shall be taken into account in arriving at the Income 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 Estimated Income shall apply separately to each department affected.

### 3 Trends and Variations

Adjustments shall be made to the figures representing the Standard Income 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.

### 4 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, Standard Income shall mean the following.

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

### 5 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.

### 6 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.

## 7 Current Cost Accounting

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

## 8 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.

## 9 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.

## 10 Fines and Damages

Cover extends to indemnify the Insured against fines, penalties or damages imposed by the conditions of any contract between the Insured and their customer for breach of contract, and the amount payable shall be such sums as the Insured shall be legally liable to pay and shall pay in discharge of fines, penalties or damages for non-completion or late completion of orders or contracts, or in respect of cancellation of orders or contracts, incurred directly and solely as a result of Business Interruption at the Premises, provided that the Insurer

- i shall not be liable for the amount of any loss which is incurred after a period of 12 months beginning with the date of the occurrence of the Event
- ii shall not be liable for more than £10,000 in respect of any one claim.

## 11 Additional Rent – Data Processing and Ancillary Equipment

Cover extends to indemnify the Insured against the payment of additional rental arising in consequence of Business Interruption at the Premises to any data processing and/or ancillary equipment necessitated by the cancellation of the lease/hire contract in force at the date of the Business Interruption and its replacement by a new contract for similar equipment in respect of the period commencing after the expiry of the Maximum Indemnity Period and ending not later than 12 months thereafter or the expiry of the lease/hire contract in force at the date of the Business Interruption whichever is the sooner, provided that the Insurer shall not be liable for more than £25,000 in respect of any one claim.

## 12 Research and Development Costs

Cover extends to indemnify the Insured in respect of additional expenditure necessarily and reasonably incurred during the Indemnity Period solely to re-constitute records and re-work projects and to restore research and development projects to a state substantially similar to that which existed before the date of the Event, provided that

- i the Insurer shall not be liable for more than one third of the limit shown below in respect of such additional expenditure arising in the first quarter of the Indemnity Period following the date of the Event nor more than an equal proportion of the balance of the limit shown below per month in respect of the additional expenditure in the remainder of the Indemnity Period
- ii the Maximum Indemnity Period in respect of this clause shall not exceed 12 months
- iii the Insurer shall not be liable for more than £25,000 in respect of any one claim.

## 13 Essential Personnel

Cover extends to include additional expenditure necessarily and reasonably incurred by the Insured during the Indemnity Period as a consequence of the death or permanent disablement of any principal, director or partner of the Insured by accidental and external means preventing the carrying out of their usual employment or occupation for the sole purpose of avoiding or diminishing any interruption of or interference with the Business carried on by the Insured at the Premises which but for that expenditure would have taken place during the Indemnity Period, provided that

- i the Maximum Indemnity Period in respect of this clause shall not exceed 12 months
- ii the Insurer shall not be liable for more than £25,000 in respect of any one claim.

## 14 Public Relations Expenses

In the event of Business Interruption at the Premises Cover extends to include the additional expenditure necessarily and reasonably incurred during the Indemnity Period of employing suitable public relations personnel to deal with press and public announcements and other activities, provided that

- i the Maximum Indemnity Period in respect of this clause shall not exceed 3 months
- ii the Insurer shall not be liable for more than £10,000 in respect of any one claim.



## Extensions

Any claim resulting from interruption of 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 133 1/3% of the Estimated Income, or the percentage of 133 1/3% of the Estimated Income, 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.

### **Moulds, Tools & Dies**

Moulds, tools and dies belonging to the Insured or for which the Insured are responsible whilst at the Premises or at any premises not in the occupation of the Insured or in transit by road, rail or inland waterway. Limit £25,000.

### **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 Declarations

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

Premiums are provisional. If the declaration of Income provided by the Insured and confirmed by the Insured's auditors, proportionately increased where the Maximum Indemnity Period exceeds 12 months, is

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