

COMMERCIAL PACKAGE BUSINESS INTERRUPTION ENDORSEMENT

WORDS AND PHRASES IN BOLD HAVE SPECIAL MEANING AS DEFINED ON THIS FORM OR IN THE PROPERTY INSURANCE COVERAGE FORM TO WHICH THIS ENDORSEMENT IS ATTACHED

SUMMARY OF COVERAGES

The following Extensions of Coverage are in addition to the amounts of insurance as listed on the **Declaration Page** and are subject to all of the terms, definitions, limitations, provisions and other conditions of this Policy.

Item#	Coverage	Amount of Insurance
1.	Loss of Income including: (a) Additional Time Required for Rebuilding due to the Operation of By-Laws (b) Interruption by Civil Authority (c) Key Employee Payroll Expense (d) Off Premises Utilities Interruption (e) Contingent Loss of Income	Actual Loss Sustained Included 30 days \$10,000 \$25,000 \$25,000
2.	Extra Expense	\$25,000
3.	Mortgage Rate Guarantee	\$10,000

If the **Declaration Page** indicates that the **Commercial Package Business Interruption Endorsement** applies, the Insurer will provide the coverages as described below, only for those locations as described on the **Declaration Page**, up to the limit specified by this Endorsement for the applicable extension. In the event that a similar extension to those provided by this Endorsement applies to the same property lost or damaged as a result of a single **occurrence**, only the extension with the highest amount of insurance will apply. In the event that a more specific coverage elsewhere in the Policy applies to the risk insured by one of these extensions, only the more specific coverage will apply.

The Policy deductible applies to all extensions of coverage. The following extensions of coverage are not subject to a co-insurance requirement:

1. Loss of Income

Amount of Insurance: Actual Loss Sustained

Indemnity Agreement

In the event that the **business** shall be interrupted as a direct result of direct physical loss of or **damage** to insured property at the insured **premises** described on the **Declaration Page** by an insured peril, the **Insurer** shall indemnify the **Insured** for the loss of **business income** suffered during the **indemnity period** in consequence thereof, in accordance with the terms and conditions of this Form.

Limit of Insurance

The Insurer, regardless of the number of persons and interests insured under this Form, shall not be liable for more than the actual loss of **business income** suffered during the **indemnity period**.

Determination of Payment

This insurance is limited to loss of **business income** due to (a) reduction of **revenue** and (b) increase in cost of operations. The amount payable will be:

- (a) **In Respect of Reduction of Revenue:** the amount obtained by multiplying the **revenue shortfall** by the **business income percentage**;
- (b) **In Respect of Increase in Cost of Operations:** the additional expenditure necessarily 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** as a consequence of the **damage**, but not exceeding the sum obtained by multiplying the amount of the reduction thereby avoided by the **business income percentage**; less any sum saved during the **indemnity period** in respect of such of the charges and expenses of the **business** payable out of **business income** as may cease or be reduced in consequence of the **damage**.

Extensions of Coverage

- (a) **Additional Time Required for Rebuilding due to the Operation of By-Laws:** In the case of **damage** by a peril **insured** against, the insurance provided by this Form extends to insure any increase in loss resulting from or contributed to by, the operation of any by-law, ordinance or law which regulates zoning or the demolition, repair, or construction of damaged buildings or structures, but shall in no way operate to extend the **indemnity period**.
- (b) **Interruption by Civil Authority:** This Form, subject to its terms and conditions, is extended to insure the loss of **business income** suffered by the **Insured** during the period of time, not exceeding thirty (30) days, while access to the **premises** is prohibited by order of civil authority, but only when such order is given as a direct result of **damage** to neighbouring premises by a peril **insured** against on the Policy to which this Form is attached.
- (c) **Key Employee Payroll Expense:** This Form, subject to its terms and conditions, is extended to insure up to ten thousand dollars (\$10,000), or the amount shown on the **Declarations Page** as Payroll Expense, for **ordinary payroll** expense which may continue during a total or partial interruption of the **business**. Indemnity is provided for **payroll expenses** only to the extent necessary to resume **business** operations with the same quality of service which existed immediately preceding the **damage** and which would have been earned had no **damage** occurred.
- (d) **Off Premises Utility Interruption:** This Form, subject to its terms and conditions, is extended to insure up to twenty-five thousand dollars (\$25,000) for loss resulting from the necessary interruption of **business** caused by **damage** to or destruction of off-premises public utility property located within twenty-five (25) kilometres of the **premises**. Such public utility property includes plants, transformer or switching stations, sub-stations, transformers, pumping stations which furnish heat, light, power or gas to the **insured premises**, provided such loss or **damage** is caused directly by a peril **insured** against under this Policy to **building(s)**, structure(s), machinery, **equipment** or **stock** as described on the **Declaration Page**. This extension does not cover Loss of Income during the first twenty-four (24) consecutive hours of loss of **services** or **service interruption** directly or indirectly arising from:
- i. loss or **damage** to electrical transmission lines or distribution lines or their supporting structure(s);
 - ii. loss of or reduction of **services** due to lack of sufficient capacity; or
 - iii. an intentional reduction in the supply of **services**.
- (e) **Contingent Loss of Income:** This Form, subject to its terms and conditions, is extended to insure up to twenty-five thousand dollars (\$25,000) for the amount of loss which results from the interruption or interference of the **Insured's** business caused by the **damage** or destruction as the result of an insured peril under this Policy, to any **building** or part thereof or other property of a **contributing property** or **recipient property** being a business not operated by the **Insured**.

Additional Conditions

Alternate Trading: If during the **Indemnity Period** goods shall be sold or services shall be rendered elsewhere than the **premises** for the benefit of the business, either by the **Insured** or by others on his behalf, the money paid or payable in respect of such sales or service shall be brought into account in arriving at the **Revenue** during the **Indemnity Period**.

Obligation to Minimize Loss: In the event of **damage** in consequence of which a claim is or may be made under this Form, the **Insured** shall with due diligence do and continue doing and permit to be done, all things which may be reasonably practicable to minimize or check any interruption of or interference with the **business** or to avoid or diminish the loss.

Loss or Damage Not Insured: The **Insurer** shall not be liable under this Form and its Extensions for loss due to fines or damages for breach of contract, for late or non-completion of orders, or any penalties of whatever nature.

2. Extra Expense

Amount of Insurance: \$25,000 Per Occurrence

This extension provides coverage for the necessary **extra expense** incurred by the **Insured** in order to continue as nearly as practicable the **normal** conduct of the **Insured's** business during the **period of restoration** following **damage** or destruction by the perils insured against, to the property insured on this Policy. Payment under this extension shall not be limited by the date of expiration of this Policy.

Resumption of Operations

As soon as practicable after any loss, the **Insured** shall resume complete or partial business operations of the property described and, in so far as practicable, reduce or dispense with such extra expenses that are being incurred.

3. Mortgage Rate Guarantee

Limit of Insurance: \$10,000 per Occurrence

This extension insures the increase in mortgage costs required as a result of direct physical loss of or **damage to buildings** described on the **Declaration Page** from an insured peril where loss or **damage** to buildings is deemed to be total, and where the mortgagor at the time of the loss closes the existing mortgage and requires a new mortgage at a higher, competitive rate of interest. Terms of the new mortgage must be the same in time frame, amortization, and interest rate option of the mortgage at the time of loss. Indemnity shall be based on the difference between the mortgage rate in effect on the date of the loss and the new mortgage rate, based on the outstanding mortgage balance.

The Insurer's obligation to pay begins on the effective date of the new mortgage and will continue for:

- (a) the duration of the existing mortgage period in effect at the time of loss, until its expiry;
- (b) the **Insured** relinquishes title or interest in the **buildings**; or
- (c) for sixty (60) months;

Whichever occurs first.

This coverage shall have full force and effect only if loss or **damage to buildings** is deemed to be total, and settlement of partial losses shall be made as if this extension had not been in effect.

Definitions

Wherever used in this Form:

"Annual Revenue" means the **revenue** during the 12 (twelve) months immediately before the date of the **damage** to which such adjustments shall be made as 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 **damage** or which would have affected the **business** had the **damage** not occurred so that the figures thus adjusted shall represent as nearly as may be reasonably practicable the results which but for the **damage** would have been obtained during the relative period after the **damage**.

"Business" means the **business** of the **insured** as stated on the **Declaration Page**.

"Business Income" means the amount by which:

- (a) the sum of the **revenue** and the amounts of closing stock and work in progress shall exceed;
- (b) the sum of the amounts of opening stock and work in progress and the amount of the **variable operating expenses**.

Note: The amounts of opening stock and closing stocks and work in progress shall be arrived at in accordance with the **Insured's** normal accountancy methods, with due provision being made for depreciation.

"Business Income Percentage" means the percentage obtained by dividing the **business income** by the **revenue** during the financial year immediately before the date of the **damage** to which such adjustments shall be made as 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 **damage** or which would have affected the **business** had the **damage** not occurred so that the figures thus adjusted shall represent as nearly as may be reasonably practicable the results which but for the **damage** would have been obtained during the relative period after the **damage**.

"Contributing Properties" are **premises** within the territorial limits which supply materials to the **insured** and which are not owned, rented or controlled in whole or in part by the **Insured**.

"Damage" means the direct physical loss or **damage** to property at the **premises** from a peril insured against.

"Expected Revenue" means the **revenue** during the period corresponding with the **indemnity period** in the 12 (twelve) months immediately before the date of the **damage** appropriately adjusted where the **indemnity period** exceeds twelve (12) months to which such adjustments shall be made as 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 **damage** or which would have affected the **business** had the **damage** not occurred so that the figures thus adjusted shall represent as nearly as may be reasonably practicable the results which but for the **damage** would have been obtained during the relative period after the **damage**.

"Extra Expense" means the excess (if any) of the total cost during the **period of restoration** for the purpose of continuing the **Insured's** business over and above the total cost that would normally have been incurred to conduct the business during the same period had no loss occurred.

"Indemnity Period" means the period beginning with the **occurrence** of the **damage** and ending not later than twelve (12) consecutive calendar months (or such other period if so specified on the **Declaration Page** as the maximum indemnity period) thereafter during which the results of the **business** shall be affected in consequence of the **damage**. However, if media for, or programming records pertaining to, electronic data processing or electronically controlled equipment including data thereon be lost or damaged by a peril insured against then the **indemnity period** in respect thereof shall not extend beyond:

- (a) thirty (30) consecutive days after the **occurrence** of such **damage**; or
- (b) the date upon which liability ceases under this Form for loss arising from other property lost or damaged by the same **occurrence**;

whichever shall be the latter.

“**Normal**” means the condition that would have existed had no loss occurred.

“**Ordinary Payroll**” means the entire payroll expense for all employees of the **insured** other than salaries to permanent staff and wages to foremen and important employees whose services would not be dispensed with should the **business** be interfered with or interrupted.

“**Period of Restoration**” means the length of time commencing with the date of loss that is required, with the exercise of due diligence and dispatch, to repair, rebuild or replace the property insured on this Policy that has been damaged or destroyed by an insured peril.

“**Revenue**” means the money paid or payable to the **Insured** for goods sold and delivered and for services rendered in course of the **business** at the **premises** after allowing for returns and discounts.

“**Recipient Properties**” are **premises** within the territorial limits to which the **insured’s** products are shipped and which are not owned, rented or controlled in whole or in part by the **Insured**.

“**Revenue Shortfall**” means the amount by which the **revenue** during the **indemnity period** in consequence of the **damage** falls short of the **expected revenue**.

“**Services**” means electricity, water, gas or steam.

“**Service Interruption**” means loss of **services** for a period exceeding twenty-four (24) consecutive hours.

“**Variable Operating Expenses**” means:

- (a) all purchases (less discounts received);
- (b) packing materials;
- (c) delivery and freight (other than by own vehicles);
- (d) **ordinary payroll**.

Note: The words and expressions used in this definition shall have the meaning usually attached to them in the books and accounts of the **Insured**.

ALL OTHER TERMS AND CONDITIONS OF THE POLICY TO WHICH THIS ENDORSEMENT IS ATTACHED REMAIN UNCHANGED.