

**Real Estate Form
Business Interruption Endorsement
Gross Earnings/Rents/Extra Expense**

1. COVERAGE PROVIDED:

In consideration of additional premium, this policy is extended to cover the actual loss sustained by the Insured due to the necessary interruption of production or business operations or services during the period of interruption of the following:

A. Gross Earnings, Rents, and Expense to Reduce Loss; and

B. Extra Expense;

Directly resulting from direct physical loss or damage, insured by this policy to property not excluded, utilized by the insured, and at a **location**, but only to the extent the Insured is unable to make up production and resume or continue operations or services, partially or entirely, by utilizing damaged or undamaged property all whether or not at a **location(s)**.

2. CONDITIONS:

In determining the loss payable under this endorsement, this company will give consideration to:

A. The experience of the business before and the probable experience during the period of interruption.

B. The continuation of only those normal charges and expenses that would have existed had no interruption of production or business operations or services occurred.

3. PERIOD OF INTERRUPTION:

For the purposes of determining the loss payable under this endorsement due to an interruption of production or business operation or services at a **location** resulting from direct physical loss or damage the company will apply the following:

A. For Business Operations: The period of interruption is:

1) The period from the time of such loss or damage insured by this policy,

To the time

2) When, with due diligence and dispatch, such lost or damaged property could be repaired or replaced and made ready for production or business operations or services under the same or equivalent physical operating conditions at the **location** that existed prior to such loss or damage.

B. For Buildings in the Course of Construction/Renovation: The period of interruption for alterations or additions to existing property and property in the course of construction will be determined as follows:

1) The period from the time of such loss or damage insured by this policy,

To the time

2) When, with due diligence and dispatch, such lost or damaged property could be repaired or replaced to the same or equivalent degree of completion at the **location** that existed prior to such loss or damage.

This period of time will be applied to the level of production or business operations or services that would have been reasonably achieved after construction and startup would have been completed had no such loss or damage happened.

The **Period of Interruption** in **A and B** above:

1. Will include that period for which physically lost or damaged **raw materials** would have supplied production or business operating or servicing needs.
2. Will not include any additional time resulting from the inability to procure suitable **raw materials** and/or supplies to replace those physically damaged or destroyed.
3. Will not include any additional time required for making change(s) to the buildings, or structures, for any reason except as set forth in the Demolition and Increased Cost of Construction extension contained within the policy, nor any additional time for re-staffing or retraining employees.
4. Will not be limited by the expiration of this policy.
5. Will not exceed 12 months from the inception of direct physical loss or damage caused by or resulting from **terrorism**.

4. LIMIT OF LIABILITY:

The company's maximum limit of liability per **occurrence** for all loss under this endorsement will not exceed the sub-limit of liability shown in the declarations section.

Extra Expense Sub-Limit

The company's maximum limit of liability per **occurrence** for all Extra Expense loss under this endorsement will not exceed the sub-limit of liability shown in the declarations section.

Extensions of Coverage

The company's maximum sub-limit of liability per **occurrence** for all the Section 5., Extensions of Coverage are shown in the declarations section.

5. EXTENSIONS OF COVERAGE:

The following coverages apply, subject to the terms and conditions of the policy, and to the extent shown in the declarations section. Extensions of Coverage C., D., E., F., G., and H. do not provide coverage for loss caused by or resulting from **terrorism**.

A. Ordinary Payroll:

This policy is extended to cover the actual loss sustained of **ordinary payroll** during the period of interruption as a direct result of direct physical loss or damage insured by this policy, to property not excluded, utilized by the insured, and at a **location**, causing an interruption of production or business operations or services which results in a loss of **gross earnings**. This coverage is provided for no more than the number of consecutive days as shown in the declarations section, and only to the extent that such payroll would have been earned had no interruption occurred.

If the Insured reduces the daily loss otherwise payable under this extension, either by:

- 1) Providing gainful employment for; or
- 2) Paying less than the normal payroll rate to;

All or part of its employees, then the number of consecutive days provided above may be extended in proportion to such reduction of loss otherwise payable. In no event will this provision increase the total liability of the company beyond the amount for which it would have been liable for this coverage without this additional provision.

B. Civil Authority:

This policy is extended to cover **business interruption** when, as a direct result of direct physical loss or damage of the type insured by this policy to property not excluded by this policy, access to the **location** is prohibited by order of civil authority. This coverage is provided for no more than the number of consecutive days as shown in the declarations section starting from the time of such order of civil authority.

C. Off-Premises Service Interruption:

This policy is extended to cover **business interruption** as a direct result of interruption of the following incoming and outgoing services. The loss of such services must be a direct result of direct physical loss or damage of the type insured by this policy to property not excluded by this policy at the facilities of the service provider(s).

Covered services are incoming electric, gas, fuel, steam, water, refrigeration, and outgoing sewerage.

This coverage does not apply to: service interruption due to deliberate act(s) by the supplying entity to shed load, to maintain system integrity, **flood, earth movement**, Contingent Business Interruption Coverage, or at Unnamed Locations whether or not such coverage is provided elsewhere in this policy. Resultant and concurrent interruptions are considered as one event.

D. Contingent Business Interruption Coverage:

This policy is extended to cover **business interruption** as a direct result of direct physical loss or damage of the type insured by this policy to property not excluded by this policy at the premises of direct suppliers; customers; contract service suppliers; or of any company under any royalty, licensing fee or commission agreement.

Such parties above do not include entities supplying to or receiving from a **location**: electricity, fuel, water, steam, refrigeration, sewage or communications services of every type and description.

Loss sustained by the insured resulting from **flood** and/or **earth movement** whether or not such coverage is provided elsewhere in this policy is not covered.

E. Lost Lease:

This policy is extended to cover the **rents** loss due to the cancellation of a lease by any of the Insured's tenants resulting from direct physical loss or damage insured by this policy at a **described location**.

The company's liability for such canceled leases resulting from such loss is limited to the **rents** that would have been paid, for the time period beginning:

1. When, with due diligence and dispatch, physically lost or damaged property could be repaired or replaced and made ready for production or business operations or services under the same or equivalent physical operating conditions at the **location** that existed prior to such loss or damage.
2. And ending;
 - a) Twelve (12) months immediately following the time period outlined in **1.** above;
 - b) With the expiration date of each cancelled lease; or
 - c) When the location is leased;

Whichever first occurs, but in no event will exceed the limit of liability shown in the declarations.

No coverage is provided for loss caused by the Insured: canceling; suspending; or allowing for the lapse of such lease.

F. Ingress/Egress:

This policy is extended to cover **business interruption** as a direct result of physical loss or damage insured by this policy when ingress to or egress from a **location(s)** is physically prevented by such loss or damage.

G. Tax Treatment:

This policy is extended to cover increased tax liability as a direct result of direct physical loss or damage insured by this policy to property not excluded by this policy. If the tax liability is greater than the tax liability that would have been incurred had no such loss occurred, then this policy will cover only the increased tax liability for the profit portion of the physically damaged **finished goods**, and the profit portion of the **gross earnings and rents loss**.

H. Extended Period of Indemnity:

This policy is extended to cover **gross earnings** during the time it takes to restore the Insured's business, with due diligence and dispatch, to the probable experience that would have existed had no direct insured physical loss or damage causing an interruption of production or business operation or services occurred.

This extension of time starts immediately after the Period of Interruption and runs for no more than the number of consecutive days as shown in the declarations section. This extension does not extend the Period of Interruption for Section 5., Extensions of Coverage, Items; A., B., E., F. and G.

6. **EXCLUSIONS:**

This endorsement does not cover any of the following:

- a. Any loss during any period in which goods would not have been produced or in which business operations or services, including rental activities, would not have been maintained for any reason other than the direct physical loss or damage insured by this policy.
- b. Any increase in loss due to the suspension, cancellation, or lapse of any lease, contract, license, or order except as provided in Section 5., Extensions of Coverage, Item H., Extended Period of Indemnity.
- c. Any additional loss due to:
 - 1) Fines or damages for breach of contract,
 - 2) Late or non-completion of orders or penalties of any nature whatsoever, or
 - 3) Any other consequential or remote loss.
- d. Any loss resulting from physical loss or damage to property in transit.
- e. Any loss resulting from physical loss or damage to **finished goods** or the time required for their reproduction.
- f. Any remaining or residual value of property obtained in reducing loss payable, in making up production, or in continuing the business operations or services.
- g. Any loss resulting from the Actual Cash Value portion of direct physical loss or damage by fire caused by or resulting from **terrorism**.

7. **DEFINITIONS:**

Business Interruption means **Gross Earnings, Rents, Expense to Reduce Loss, Extra Expense, and Ordinary Payroll.**

Expense to Reduce Loss means:

The expenses, over and above normal operating expenses incurred during the period of interruption that reduce loss otherwise payable but only to the extent that such loss has been reduced.

Extra Expense means:

The reasonable and necessary expenses in excess of normal incurred by the Insured during the period of interruption to:

- a) Temporarily continue as nearly normal the conduct of the Insured's business,
- b) Temporarily use the property of the Insured or others,

All less any value remaining at the end of the period of interruption for property obtained in connection with the above.

Extra Expense does not mean:

- 1) Any loss of income.
- 2) Expenses that normally would have been incurred in the conduct of the Insured's business.
- 3) Cost of permanent repair or replacement of property that has been damaged or destroyed.

Gross Earnings means:

The net sales value of production lost during the period of interruption, less the cost of all:

- a) Raw stock;
- b) Materials and supplies;
- c) Services rendered by the Insured;
- d) Ordinary Payroll;**
- e) Charges and Expenses that do not continue; and
- f) Merchandise sold.

Plus all other earnings derived from operations of the business excluding **Rents**.

Ordinary Payroll means:

- a) Wages of all employees except officers, executives, department managers, and employees under contract or similar key employees; and
- b) Includes taxes and charges dependent on the payment of those wages.

Rents means:

When Insured property cannot be occupied:

- a) The fair rental value of any portion of the property occupied by the Insured;
- b) Income reasonably expected from the rentals of unoccupied or un-rented portions of such property; and
- c) The rental income from the rented portions of such property, according to bona fide leases, contracts, or agreements, in force at the time of loss;

Less the cost of all Charges and Expenses that do not continue during the period of interruption.

All other terms and conditions of this policy remain unchanged.