

BUSINESS INCOME COVERAGE FORM ACTUAL LOSS SUSTAINED (Profits)

A. COVERAGE

Insurance is provided as described below for one or more of the following options if shown in the Declarations:

- (i) Business Income including "Rental Value".
- (ii) Business Income other than "Rental Value".
- (iii) "Rental Value."

If option (i) above is selected, the term Business Income will include "Rental Value". If option (iii) above is selected, the term Business Income will mean "Rental Value" only.

We will pay for the actual loss of Business Income you sustain due to the necessary suspension of your "operations" during the "period of restoration". The suspension must be caused by direct physical loss of or damage to property at the premises described in the Declarations, including property in the open (or in a vehicle) within 100 metres, caused by or resulting from an Insured Peril.

1. Business Income

Business Income means the:

- (a) Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred; and
- (b) Continuing normal operating expenses incurred, including payroll.

2. Insured Perils

See applicable BUILDING AND BUSINESS CONTENTS COVERAGE FORM shown in the Declarations.

3. Additional Coverages

- (a) **Expenses to Reduce Loss.** We will pay any reasonable and necessary expenses you incur, except the cost of extinguishing a fire, to reduce the amount of Business Income loss. We will pay for such expenses to the extent that they do not exceed the amount of loss that otherwise would have been payable under this Form.
- (b) **Civil Authority.** We will pay for the actual loss of Business Income you sustain caused by action of civil authority that prohibits access to the described premises due to direct physical loss of or damage to property, other than at the described premises, caused by or resulting from an Insured Peril. This insurance will apply for a period of up to 14 consecutive days from the date of that action.
- (c) **Alterations and New Buildings.** We will pay for the actual loss of Business Income you sustain due to direct physical loss or damage at the described premises caused by or resulting from an Insured Peril to:
 - (i) New buildings or structures, whether complete or under construction;
 - (ii) Alterations or additions to existing buildings or structures; and
 - (iii) Machinery, equipment, supplies or building materials located on or within 100 metres of the described premises and:
 - (1) Used in the construction, alterations or additions; or
 - (2) Incidental to the occupancy of new buildings.

If such direct physical loss or damage delays the start of "operations", the "period of restoration" will begin on the date "operations" would have begun if the direct physical loss or damage had not occurred.

(d) Extended Business Income

We will pay for the actual loss of Business Income you incur during the period that:

- (i) Begins on the date property is actually repaired, rebuilt or replaced and "operations" are resumed; and

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- (ii) Ends on the date you could restore your "operations", with reasonable speed, to the condition that would have existed if no direct physical loss or damage occurred.

Loss of Business Income must be caused by direct physical loss or damage at the described premises caused by or resulting from an Insured Peril.

Extended Business Income does not include any increased period required due to the enforcement of any ordinance or law that:

- (1) Regulates the construction, use or repair, or requires the tearing down of any property; or
- (2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

4. Coverage Extension

Newly Acquired Locations

- (a) You may extend your Business Income Coverage to apply to property at any location you acquire, other than fairs or exhibitions.
- (b) The most we will pay for loss under this Extension is \$100,000 at each location.
- (c) Insurance under this Extension for each newly acquired location will end when any of the following first occurs:
 - (i) This policy expires;
 - (ii) 30 days expire after you acquire or begin to construct the property; or
 - (iii) You report the newly acquired location to us.

We will charge you additional premium from the date you acquire the property. This Extension is additional insurance.

B. EXCLUSIONS

We will not pay for:

- 1. Any loss excluded in **B. 2. Excluded Perils** in the applicable BUILDING AND BUSINESS CONTENTS COVERAGE FORM shown in the Declarations.
- 2. Any loss due to:
 - (a) Fines or damages for breach of contract;
 - (b) Fines or damages for late or non-completion of orders; or
 - (c) Penalties of any kind.
- 3. Any increase in loss or damage caused by or resulting from:
 - (a) Delay in rebuilding, repairing or replacing the property or resuming "operations", due to interference at the location of the rebuilding, repair or replacement by strikers or other persons; or
 - (b) Suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the suspension of "operations", we will cover such loss that affects your Business Income during the "period of restoration" and during the applicable period determined in **d. Extended Business Income** in **3. Additional Coverages**.

C. LIMITATION

Electronic Media And Records

We will not pay for any loss of Business Income caused by direct physical loss of or damage to Electronic Media and Records after the longer of:

- (a) 60 consecutive days from the date of direct physical loss or damage; or

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- (b) The period, beginning with the date of direct physical loss or damage, necessary to repair, rebuild or replace, with reasonable speed and similar quality, other property at the described premises due to loss or damage caused by the same occurrence.

Electronic Media and Records are:

- (i) Electronic data processing, recording or storage media such as films, tapes, discs, drums or cells;
- (ii) Data stored on such media; or
- (iii) Programming records used for electronic data processing or electronically controlled equipment.

D. AMOUNTS OF INSURANCE

We will only pay for loss of Business Income that occurs within twelve (12) consecutive months after the date of direct physical loss or damage.

E. ADDITIONAL CONDITIONS

The following conditions apply in addition to the Common Policy And Property Conditions.

1. Appraisal

In the event of disagreement on the amount of Net Income and operating expense or the amount of the loss, those questions shall be determined by appraisal as provided under the Insurance Act before there can be any recovery under this Form, whether the right to recover under this Form is disputed or not, and independently of all other questions. There shall be no right to an appraisal until:

- (a) A specific demand for one is made in writing; and
- (b) Proof of loss has been delivered to us.

2. Loss Determination

- (a) The amount of Business Income loss will be determined based on:

- (i) The Net Income of the business before the direct physical loss or damage occurred;
- (ii) The likely Net Income of the business if no loss or damage occurred;
- (iii) The operating expenses, including payroll expenses, necessary to resume "operations" with the same quality of service that existed just before the direct physical loss or damage; and
- (iv) Other relevant sources of information, including:

- (1) Your financial records and accounting procedures;
- (2) Bills, invoices and other vouchers; and
- (3) Deeds, liens or contracts.

- (b) Resumption of Operations

We will reduce the amount of your Business Income loss to the extent you can resume your "operations", in whole or in part, by using damaged or undamaged property (including merchandise or stock) at the described premises or elsewhere.

- (c) In the event of a loss, if you intend to continue your business, you must resume all or part of your "operations" as quickly as possible. If you do not resume "operations", or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.

F. DEFINITIONS

- 1. "Operations" means:

- (a) Your business activities occurring at the described premises; and
- (b) The tenantability of the described premises, if insurance for

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- (i) Business Income including "Rental Value"; or
 - (ii) "Rental Value";
- applies.

2. **"Period of Restoration"** means the period of time that:

- (a) Begins with the date of direct physical loss or damage caused by or resulting from an Insured Peril at the described premises; and
- (b) Ends on the date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality.

"Period of restoration" does not include any increased period required due to the enforcement of any ordinance or law that:

- (i) Regulates the construction, use or repair, or requires the tearing down of any property; or
- (ii) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

The expiration date of this policy will not cut short the "period of restoration".

3. **"Pollutants"** means any solid, liquid, gaseous or thermal irritant or contaminant, including odour, vapour, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

4. **"Rental Value"** means the:

- (a) Total anticipated rental income from tenant occupancy of the premises described in the Declarations as furnished and equipped by you, and
- (b) Continuing operating expenses incurred in connection with the described premises, including the amount of all charges which are the legal obligation of the tenant(s) and which would otherwise be your obligations, and
- (c) Fair rental value of any portion of the described premises which is occupied by you.