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## Section 4 - Business Interruption

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This section is subject to the General Conditions contained in the **Policy Booklet**.

### Specific Definitions

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The meaning of some of the important words and terms used in Section 4 only, are shown below.

**Annual Turnover** means the sum derived by adjusting the **Turnover** obtained in the **Business** during the 12 months immediately before the date of the **Damage** to provide for trends, variations, or other circumstances:

- a) affecting the **Business** either before or after the **Damage**; or
- b) which would have affected the **Business** had the **Damage** not occurred.

**Average Weekly Income** means the average weekly gross income during the 52 weeks immediately before the **Damage** (or such lesser period in the event that **your Business** has been in operation for less than 52 weeks) to which adjustment shall be made to reflect the trend in the **Business** and any other circumstances in order to arrive at the result that would have been obtained had the **Damage** not occurred.

**Boiler** or **Economiser** means boiler, pressure vessel or economiser for which a certificate is required to be issued under the terms of any statute or regulation.

**Charges** means fixed costs of the **Business** which do not vary in direct proportion to an increase or reduction in **Turnover**.

**Closing Stock** means the closing stock figures arrived at from **your** normal account records less an allowance for depreciation.

**Collapse** means the sudden and dangerous distortion of the furnace or firebox of an internally fired boiler, or any part of a pressure vessel, caused by bending or crushing of the permanent structure by force of steam, gas, air or other fluid pressure (other than the pressure of ignited flue gases).

**Damage** means loss, destruction or damage to **your Property**, or property used by **you**, caused by a Defined Event insured under Section 3 of this **Policy** and for which we have admitted liability or would have paid for, or admitted liability, but for the operation of an **Excess**.

**Explosion** means the sudden and violent rending of the **Boiler** or **Economiser** by force of internal steam, gas or fluid pressure (including the pressure of ignited flue gases) causing bodily displacement of its structure together with forcible ejection of its contents.

**Gross Profit** means the total of:

- The amount paid or payable to **you** for goods sold and service rendered; and
- Gross rentals; and
- All other sources of income received in the course of the **Business**; and
- The amount of closing stock and work in progress at the end of **your** financial year;

Less

- Purchase of stock and consumables; and
- The amount of opening stock and work in progress at the beginning of **your** financial period; and
- Uninsured working expenses.

**Indemnity Period** means the period beginning with the occurrence of the **Damage** and ending not later than the number of months stated in the **Schedule**, during which period the **Business** is affected in consequence of the **Damage**.

**Opening Stock** means the opening stock figures arrived at from **your** normal account records less an allowance for depreciation.

**Output** means the sales value of goods manufactured both at and away from the **Premises**, by **you**, or others on **your** behalf, in the course of **Business**.

**Rate of Gross Profit** means the percentage representing the rate of **Gross Profit** earned on the **Turnover** during the financial year before the date of the **Damage**, to which adjustments shall be made to provide for trends, variations or other circumstances:

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- a) affecting the **Business** either before or after the **Damage**; or
- b) which would have affected the **Business** had the **Damage** not occurred.

**Shortage in Turnover** means the amount by which the **Turnover** falls short of the **Standard Turnover** during the **Indemnity Period** as a result of the **Damage**.

**Standard Turnover** means the sum representing the **Turnover** during that period in the 12 months immediately before the date of the **Damage** which corresponds with the **Indemnity Period**, to which adjustments are made to provide for trends, variations, or other circumstances:

- a) affecting the **Business** either before or after the **Damage**; or
- b) which would have affected the **Business** had the **Damage** not occurred.

**Turnover** means money paid or payable to **you** for goods sold and delivered and services rendered in the course of the **Business** at the **Premises**.

**Weekly Income** means the gross income received by **you** for each week the **Business** is in operation.

### Cover Provided

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If **your Schedule** indicates that **you** have taken out insurance under Section 4, **we** will pay **you** on the basis set out below and up to the limits specified in the **Schedule** for loss during the **Indemnity Period** resulting from interruption or interference to the **Business** caused by **Damage** to **Property** insured under Fire and Other Defined Events (Section 3), Burglary (Section 5), Money (Section 8), Glass (Section 6) or any other policy insuring the same events and for which liability is admitted, unless liability is not admitted solely due to the operation of or provision in any such Section or policy excluding liability for loss below a specified amount, or caused by an explosion of a **Boiler** or **Economiser** on the **Premises**.

**We** will not pay **you** in respect of any of the matters set out in the Specific Exclusions listed below or the General Exclusions that are contained in the **Policy Booklet**.

### Basis of Settlement

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If **you** have a valid claim under Section 4 **we** will pay **you** as set out below.

1. Where "Gross Profit" has been selected **we** will pay:
  - a) the product of the **Rate of Gross Profit** and the **Shortage in Turnover**; and
  - b) the additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the **Shortage in Turnover** which, but for that expenditure, would have occurred during the **Indemnity Period** in consequence of the **Damage**, but only if the additional expenditure does not exceed the product of the **Rate of Gross Profit** and the amount avoided or diminished.

**We** will deduct, from any amount payable, any savings during the **Indemnity Period** in respect of **Charges** and expenses payable out of **Gross Profit** as may cease, or be reduced, in consequence of the **Damage**.

2. Where "Weekly Income" has been selected **we** will pay the percentage of the "Weekly Income" **Sum Insured** that the reduction in **your Weekly Income** bears to the **Average Weekly Income** provided that the interruption or interference to the **Business** is for a period exceeding one week and **our** liability shall not exceed the **Average Weekly Income**.

**We** will deduct, from any amount payable, any savings during the **Indemnity Period** in respect of **Charges** and expenses payable out of **Weekly Income** as may cease, or be reduced, in consequence of the **Damage**.

3. Turnover Elsewhere after Damage  
If **Turnover** is being derived from goods sold or services rendered elsewhere than at the **Premises**, then this turnover must be included in calculating the **Turnover** during the **Indemnity Period**.

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### 4. Accumulated Stocks

If **Turnover** is being temporarily maintained from accumulated stock of finished goods, then an allowance will be made in the amount recoverable to reflect the depletion of accumulated stock.

### 5. Departmental Clause

If the **Business** is conducted in departments which have individual trading results, then in calculating the amount recoverable, **you** may, at **your** option, separately apply the formula for loss under "Gross Profit" above to each department affected by the **Damage**, however, if the **Limit of Liability** is less than the sum of the product of the **Rate of Gross Profit** and **Annual Turnover** for each department, including those not affected by the **Damage**, then the amount payable will be adjusted as set out for Underinsurance in General Conditions.

### 6. Salvage Sale

If **you** hold a salvage sale during the **Indemnity Period**, the **Turnover** resulting from the salvage sale will not be taken into account when calculating the **Shortage in Turnover**.

### 7. New Business

If **Damage** occurs at the **Premises** before the completion of the first year's trading of the **Business**, the definitions for:

- a) **Annual Turnover**;
- b) **Rate of Gross Profit**; and
- c) **Standard Turnover**;

will be adjusted to reflect the proportional equivalent of the respective periods.

### 8. Our Limit of Liability

**Our** liability is limited to the **Sum Insured** stated in the **Schedule** less the **Excess** shown.

### 9. Turnover / Output

If selected by **you**, **Output** may be used instead of **Turnover** in order to calculate loss, but only one meaning may be operative in connection with any one occurrence of **Damage**.

### 10. Underinsurance

Only "Gross Profit" is subject to Underinsurance as defined in General Conditions.

## Additional Benefits

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**If you have a valid claim under Section 4, we will also pay you for the following Additional Benefit, in addition to the Sum Insured, provided the costs are necessarily and reasonably incurred.**

### 1. Accountants' Fees

**We** will pay up to:

- a) \$10,000; or
- b) the amount specified in the **Schedule**;

whichever is greater, for the reasonable costs of **your** auditors or accountants producing and certifying any particular, detail, information, proof or evidence required for the preparation of a Business Interruption claim under Section 4.

**If you are insured under Section 4, we will extend your insurance to include the following Additional Benefits.**

### 2. Government Incentives

In calculating the amount of loss for "Gross Profit" only, **we** will include the loss of any government approved incentives, subsidies or market development allowances to which **you** would have been entitled, but for the interruption or interference to the **Business** caused by the **Damage to Property**.

### 3. Explosion or Collapse of Boilers or Economisers

**We** will pay for loss, calculated in accordance with the Basis of Settlement under Section 4 above, following **Damage** to any **Buildings** or **Property** used by **you** at the **Premises** directly caused by **Explosion** or **Collapse** of:

- a) steam pipes;
- b) vessels under steam, gas, air or other fluid pressure; or

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c) **Boilers or Economisers.**

**We** will not pay for loss following **Damage** caused by, or resulting from:

- i. wearing away or wasting of the material of any plant, whether caused by leakage, corrosion, action of fuel or otherwise;
- ii. slowly developing deformation or distortion of any part of any plant;
- iii. cracks, fractures, blisters, laminations, flaws or grooving even when accompanied by leakage, or **Damage** to tubes, headers, or other parts of the plant caused by overheating or leakage at seams, tubes, or other parts of any plant; or
- iv. failure of joints.

4. Prevention of Access

If loss results from the interruption or interference to the **Business** due to **Damage** to **Property** in the vicinity of **your Premises**, which:

- a) could have been insured for Fire and Other Defined Events under Section 3, if owned by **you**; and
- b) prevents or hinders the use of, or access to, the **Premises**;

with a resultant reduction in **Turnover**, then that loss will be deemed to be in consequence of **Damage** at the **Premises**.

5. Murder, Suicide, Poisoning, Disease, or Defective Sanitary Arrangement

If loss results from the interruption or interference to the **Business** due to:

- a) murder or suicide occurring at the **Premises**;
- b) injury or illness to any person arising from or traceable to foreign or injurious matter in food or drink provided on the **Premises**;
- c) closing all or part of the **Premises** by order of a public authority as a result of defects in the drains or other sanitary arrangements at the **Premises**; or

- d) closing of the entire **Premises** by order of a public authority as a result of an outbreak of a notifiable human infectious or contagious disease;

then that loss will be deemed to be in consequence of **Damage** at the **Premises**.

6. Public Utilities

If loss results from the interruption or interference to the **Business** due to damage to any electricity station or sub-station, gas works, water works or sewerage reticulation works, pumping station or a public supply from which **you** obtain electric current, gas or water and including their pipelines and transmission lines, which:

- a) could have been insured for Fire and Other Defined Events (Section 3), of this **Policy**, if owned by **you**;
- b) the interruption of supply extends for greater than 48 hours; and
- c) all of the above public supply undertakings including their pipelines and transmission lines are on shore within the Commonwealth of Australia;

then that loss will be deemed to be in consequence of **Damage** at the **Premises**.

7. Fines and Damages

Following a claim under "Gross Profit" for which **we** have agreed to **Indemnify you**, **we** will also insure **you** for liability **you** incur:

- a) for fines or damages, other than aggravated, punitive or exemplary damages, for breach of contract resulting from **your** non completion or late completion of orders, or
- b) in discharge of
  - i. contract purchases; or
  - ii. cancellation charges; or
  - iii. fines; or
  - iv. damages;

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for breach of contracts for **your** purchase of goods and services which cannot be utilised by **you** during the **Indemnity Period**, less any value to **you** for such goods or the amount received from sale of those goods and services.

**We** will pay up to:

- i. 5% of the **Sum Insured** for "Gross Profit"; or
- ii. \$100,000;

whichever is the lesser.

### 8. Storage Sites

If loss results from interruption or interference to the **Business** due to **Damage to your Property** that is stored or being processed at any premises in the Commonwealth of Australia not occupied by **you**, then the loss will be deemed to be in consequence of **Damage** at the **Premises**.

Provided that the respective **Sums Insured** are not otherwise exhausted, **we** will pay up to 20% of the **Sum Insured** for "Gross Profit" or "Weekly Income".

### 9. Documents

If loss results from the interruption or interference to the **Business** due to **Damage** to documents belonging to or held in trust by **you**, whilst in transit or at premises not occupied by **you**, then **we** will pay up to 20% of the total **Sum Insured** for "Gross Profit" or "Weekly Income".

### 10. Motor Vehicles Owned or Operated by You

If loss results from the interruption or interference to the **Business** due to **Damage** to any registered vehicles or trailers owned or operated by **you**.

**We** will pay up to:

- i. 5% of the **Sum Insured** for "Gross Profit"; or
- ii. \$100,000;

whichever is the lesser.

**We** will not pay for loss that results from **Damage** to any registered vehicles that are owned or operated by **you** if **Damage** to the vehicle occurs on a public thoroughfare.

## Specific Exclusions

**We** will not pay **you** under Section 4 in the following circumstances.

### 1. Business Ceases

**We** will not pay for loss of any kind if the **Business** is wound-up, carried on by a liquidator or receiver, or **your** interest in the **Business** ceases other than by death.

### 2. Delay or Loss of Contract

**We** will not pay for loss of any kind due to delay, lack of performance, loss of contracts, or depreciation in the value of land or stock, except as otherwise provided for under Section 4.

### 3. Underinsurance

**We** will not pay for loss of any kind due to underinsurance under the "Gross Profit" options of this **Policy**, or any other policy of insurance.

### 4. Public Utilities

**We** will not pay for loss of any kind due to the failure of a public utility to supply services, except as provided for under Section 4, Additional Benefit clause 6.

## Optional Covers

If selected by **you** and specified in the **Schedule**, the optional cover indicated below will apply.

### 1. Additional Increased Cost of Working

**We** will pay additional expenditure incurred during the **Indemnity Period** in consequence of the **Damage**, in excess of the amount payable under "Gross Profit" clause b), for the purpose of:

- a) resuming or maintaining normal **Business** operations or administrative facilities; and
- b) minimising any interruption of or interference with the **Business**;

whether there is a **Shortage in Turnover** or not.

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### 2. Suppliers' or Customers' Premises

If the **Business** is interrupted or interfered with in consequence of **Damage** to the **Premises** of a supplier or customer, which:

- a) if owned by **you**, could have been insured for Fire and Other Defined Events under Section 3 of the **Policy**;
- b) is within the Commonwealth of Australia; and
- c) is specified in the **Schedule**;

then that loss will be deemed to be in consequence of the **Damage**.

**We** will pay up to:

- i. 20% of the **Sum Insured** for "Gross Profit" regardless of the number of suppliers' or customers' **Premises**; or
- ii. the percentage specified in the **Schedule**, of the **Sum Insured** for "Gross Profit" for each supplier or customer.