



COVID-19: INSURANCE COVERAGE POSITION STATEMENT

Dear Member,

We continue to work collaboratively with our various stakeholders and partners including your Association to keep you informed during this evolving and unprecedented time.

This letter addresses specific aspects of policies purchased by CCPA members, including Business Interruption, Commercial General Liability and Professional Liability.

We are monitoring the ongoing government assistance with respect to small businesses and we are distributing risk management material that will be shared through your Association. Below, we have included links to key articles which you may find to be of further assistance. Please also continue to monitor your Association's and provincial College's website for pertinent information.

The contents of this letter are for informational purposes only and do not amount to insurance or legal advice in relation to any particular claim. Our intention is to provide you with an overview of the available coverage based on our review of the policy terms and conditions. The COVID-19 Pandemic is an unprecedented situation and insurance coverage is fact dependant. As the broker, BMS Canada Risk Services Ltd. does not adjudicate claims. Each claim is considered on its own unique facts by the Insurer. Please continue to report all potential or actual claims.

Contents & Crime Coverage

If you have purchased a Contents & Crime policy through the CCPA Insurance Program, this section applies to you. This product provides coverage for Property and/or Contents, Crime, and Business Interruption. The Insurer for this policy and the Commercial General Liability insurance policy is Berkley Canada.

Business Interruption

Business Interruption insurance is generally intended to cover losses from interruptions to a company's operations. Coverage is triggered if there is direct physical loss or damage to the insured premises that is caused by an insured peril (e.g. Fire). The scope of this coverage is common in the insurance industry.

Upon review of the policy wording, coverage that may be provided is for loss of business income, including extra expenses incurred during the period of time that your insured premises is damaged by a covered direct physical loss and until it can resume normal business operations, or for the amount of time that is necessary to repair, rebuild or replace the damaged property (plus 90 days), to a maximum of 12 months in either case.

However, the policy also contains an exclusion for Mold and Bacteria under the Property section. This exclusion lists, among other things, viruses of all kinds or bacterial infestation.

Insurance coverage limitations relating to virus or disease have been in place for some time in the business interruption context. Some additional restrictions were incorporated in business interruption policies after the 2002-2004 Severe Acute Respiratory Syndrome ("SARS") outbreak.

Commercial General Liability

Your Commercial General Liability (CGL) coverage is designed to protect against third party "bodily injury" and "property damage" claims. The definition of "bodily injury" includes disease, and could in limited circumstances trigger coverage in relation to COVID-19.

Insurers note that in order for the CGL to respond in present circumstances, there would have to be allegations of bodily injury, property damage or personal injury claimed by a third party arising from your handling of the COVID-19 pandemic. Additionally, the insured would need to be negligent and the loss must occur during the policy period and in the Coverage Territory.

Pollution is a common exclusion across CGL policies. It is anticipated that this exclusion will be contested and applied to limit opportunities for coverage in relation to COVID-19.

Professional Liability

Professional Liability insurance (PLI) protects you against liability or allegations of liability for injury or damages that have resulted from a negligent act, error, omission, or malpractice that has arisen out of your professional capacity as a counsellor or psychotherapist or if a complaint is made against you to your College. PLI protects counsellors and psychotherapists by ensuring that your legal defence is coordinated and paid for if a claim is made against you. Your PLI also covers the cost of client compensation, or damages.

Upon review of the CCPA PLI Wording, there are no specific exclusions relating to transmission of a virus or disease from the insured during delivery of their professional services that have been identified. However negligence on behalf of the Insured must be proven for a claim to be successful. There is also standard exclusions relating to claims arising out of, or attributable to any knowingly wrongful, dishonest, fraudulent, criminal or malicious act by an insured.

Telehealth

The CCPA PLI policy has no additional restrictions for counsellors and psychotherapists delivering their professional services via telehealth, as long as the insured is acting within their scope of practice and abiding by the professional regulations in your jurisdiction and in the jurisdiction where your patient is located. All standard policy conditions apply. There are additional considerations for professionals utilizing technology. Please refer to the Virtual Health Care Services – Ensuring Continuity of Care article linked on the next page.

If you are transitioning your practice to telehealth it's recommended that you consider Cyber Security & Privacy Liability coverage. More information can be found at www.ccpa.bmsgroup.com or by contacting BMS.

Claims Reporting

Every claim is unique and will be assessed on its own merit by the Insurer. Please continue to report all potential or actual claims. The content of this letter is for informational purposes only and does not constitute insurance or legal advice in relation to any particular claim.

Claims Reporting details can be found on your individual Certificate of Insurance. If you have any questions, or to obtain a copy of the policy wording(s), please contact BMS at ccpa.insurance@bmsgroup.com.

Insurers for CCPA Insurance Program Policies:

Contents & Crime Coverage: Berkley Canada

Commercial General Liability: Berkley Canada

Professional Liability: Berkley Canada

Additional Resources

[Virtual Health Care Services – Ensuring Continuity of Care](#)

[First Response – The Law Governing States of Emergency in Canada](#)

[Most Businesses not covered for Potential Interruptions from Coronavirus, insurance industry warns - Globe and Mail](#)

[Coronavirus and small business: keeping you and your employees safe - CFIB](#)

[COVID-19 | Pandemic Preparedness for Business - Canadian Chamber of Commerce](#)

[Coronavirus disease \(COVID-19\): Resources for Canadian businesses – Government of Canada](#)

We are committed to monitoring developments as the COVID-19 pandemic evolves and we will continue to provide updates, including from insurers as they become available. We will also share additional resources with you.

Thank you for your continued participation in the CCPA Liability Insurance Program.

Brian Gomes

President & CEO, BMS Canada Risk Services Ltd.

Disclaimer: this document was made available on March 20, 2020 as a response to the COVID-19 outbreak in Canada. The circumstances surrounding COVID-19 continue to change rapidly and BMS Canada Risk Services Ltd. (BMS Group) wanted to provide members access to information relating to Liability Insurance Coverages that they may have purchased through their respective Professional Association Program. As the environment and realities related to COVID-19 are still in their infancy and continue to change rapidly, this information is provided merely as a guide and must be interpreted reflecting on when the information was delivered recognizing that the expert advice may change as the situation develops.

Appendix

Attached to this document is part of the Policy Wording that relates to Business Income.

Please contact BMS at ccpa.insurance@bmsgroup.com to obtain a full copy of the policy.



(Insurer)
Berkley Insurance Company
145 King Street West
Suite 1000
Toronto, ON M5H 1J8

BerkleyOne
PART 3 – BUSINESS INCOME

This Business Income Coverage Options include:

- Option 1. COMPREHENSIVE COVERAGE;**
- Option 2. EXTRA EXPENSE;**
- Option 3. GROSS PROFITS;**
- Option 4. GROSS RENTS**

1. COMPREHENSIVE COVERAGE

Option 1. is limited to a maximum recovery as shown on the **Declaration Pages** in any one occurrence. Unless a limit is shown on the **Declaration Pages** no coverage is provided.

1. INDEMNITY AGREEMENT

The Insurer will pay for the Insured's loss of business income including the Insured's incurred necessary **Extra Expense** during the Period of Indemnity resulting from **Covered Direct Physical Loss** subject to the provisions and limitations of this PART. The **Covered Direct Physical Loss** must occur on the Insured premise(s) that are showing a limit on the **Declaration Pages**, PART 3 – BUSINESS INCOME.

2. LIMIT OF LIABILITY

The Insurer will not be liable under Option 1. for more than the limit shown for each location on the **Declaration Pages**, as applicable to PART 3 – BUSINESS INCOME.

3. PERIOD OF INDEMNITY

When there is damage to property, the Insurer will cover the Insured's loss of business income for the shortest of the following periods, starting from the time of damage:

- i. the time required to resume the Insured's **Normal** business operations;
- ii. the time that is reasonably necessary to repair, rebuild or replace the damaged property, plus 90 days; or
- iii. 12 months.

If the Insured does not plan to resume operations, these same time limitations will apply except that the Insurer will not cover loss of business income for the additional 90 days after the time that would have been reasonably necessary to repair, rebuild or replace.

If damage involved was to a building being built or altered, the Insured can choose to have the period for which the Insurer will pay lost business income start on the date the Insured would have begun operations in the building, instead of the date of the damage. The time limitations described above will apply, no matter when the period begins. If necessary, the Insurer will pay for lost business income beyond the date that this Policy expires, but the time limitations described above will still apply.

4. DEDUCTIBLE

The Insurer is liable for the amount by which **Extra Expense** exceeds \$1,000, or any other sum shown as the deductible on the **Declaration Pages**, PART 3 – BUSINESS INCOME Option 1. in any one occurrence.

5. EXCLUSIONS

Under PART 3 – BUSINESS INCOME, Option 1., the Insurer will not cover the following losses and expenses:

- A.** the cost of repairing or replacing the property, or the cost of research or other costs of replacing or restoring any type of recorded material. However, if these costs are necessary to speed up the Insured's return to **Normal** operations, the Insurer will cover them to the extent that they reduce the Insured's business income loss;
- B.** any increase in the Insured's loss that results because strikers or other persons have interfered with repairs to damaged property or with any resumption of operations;
- C.** any increase in the Insured's loss that results from the loss of a lease, license, other contract or order. However, if the loss of the lease, license, other contract or order is the direct result of an interruption of business due to damage to property at the Insured's premises as described on the **Declaration Pages**, the Insurer will cover the loss of business income only during the time that would have been required to repair, rebuild or replace the damaged property; or
- D.** any other consequential or remote loss.

EXTENSIONS OF COVERAGE

A. CONTINGENT BUSINESS INCOME COVERAGE

The insurance under Option 1. is extended to pay for loss of business income resulting from interruption to the Insured's business due to loss or damage from an **Insured Peril** to **Contingent Property**, not specifically described, anywhere in Canada or the Continental United States, provided such location is not under the Insured's ownership, controlled or occupied by the Insured or by a public utility which furnishes heat, light, power or gas to the Insured.

This extension is limited to a maximum recovery of \$25,000 in any one occurrence.

B. OFF-PREMISES HEAT, POWER, GAS, WATER OR COMMUNICATION SERVICES EXTENSION

The insurance under Option 1. is extended to pay for loss of business income resulting from interruption of service caused by damage or destruction of off-premises public utility plants, transformer or switching stations, sub-stations, including underground power transmission and communications lines, which furnish heat, light, power, gas or communication services to your premises.

The damage must be due to an **Insured Peril** under PART 1 - PROPERTY of this Policy. This coverage does not apply if such property is located on your premises or is under your control or is located more than 304.8 meters (1000 feet) from your premises.

The Insurer's liability for each interruption of business begins only when the period of interruption exceeds 24 consecutive hours or as otherwise indicated on the **Declaration Pages**, PART 3 – BUSINESS INCOME or attached endorsement.

This extension is limited to a maximum recovery of \$25,000 in any one occurrence.

C. PROFESSIONAL FEES

The insurance under Option 1. is extended to the insurance provided by PART 1 – PROPERTY to include the expenses incurred by you for reasonable fees payable to the Insured Auditors, Accountants, Lawyers, Architects, Engineers, or other consultants, except Public Adjusters for producing particulars or details or other proofs, information or evidence as may be required by the Insured for the purpose of investigating or verifying any claim under PART 3 – BUSINESS INCOME of this Policy and reporting that such particulars or details are in accordance with the Insured's books of account and other business books or documents.

This extension is limited to a maximum recovery of \$25,000 in any one occurrence.

D. CIVIL AUTHORITY

The insurance under Option 1. is extended to PART 1 – PROPERTY if the Insured is denied access to the premises as described on the **Declaration Pages** by a Government authority, due to damage to other property nearby, the Insurer will cover the Insured's loss of business income for up to two weeks. However, the other property involved must have been damaged by an **Insured Peril** as covered under PART 1 – PROPERTY of this Policy.

This extension is limited to a maximum recovery of 30 days in any one occurrence.

E. NEWLY ACQUIRED OR CONSTRUCTED BUILDINGS

The insurance under Option 1., is extended to PART 1 – PROPERTY, Section 2. **Insured Property**, to **Building(s)** to apply to loss or damage by an **Insured Peril** to:

- i. new **Building(s)** or structures acquired by the Insured after the inception date of this Policy;
- ii. the Insured's new **Building(s)** or structures while being built on a premises described on the **Declaration Pages**;
- iii. **Building(s)** that you acquire at a location(s) other than at the premises described on the **Declaration Pages**, within Canada;
- iv. **Building(s)** owned or controlled by an organization that you acquire or form (other than a joint venture) and in which you have a majority interest.

This extension of coverage will continue in force until the earliest of the following events:

- i. 90 days from the date construction begins; or,
- ii. the date of such acquisition; or
- iii. the date that the values are reported to us; or
- iv. the expiration date of the Policy

When such **Building(s)** are to be covered under this PART beyond 90 days, premium will be payable from the date construction begins or the date of acquisition.

If the Insurer provides business income coverage for the Insured's newly acquired property for more than 90 days, the Insurer will charge an additional premium from the date that the Insured first acquired the property. The Insurer will pay for the actual loss of business income that the Insured sustained, resulting from the loss or damage to property which the Insured acquired after the Policy takes effect, as long as the damage or destruction is from an **Insured Peril** as insured under PART 1 - PROPERTY of this Policy and the property is located in Canada.

This extension is limited to a maximum recovery as shown of \$250,000 in any one occurrence.

6. VALUATION

To indemnify the Insured under PART 3 – BUSINESS INCOME, Option 1., the Insurer will establish the amount by which the Insured's earnings have been reduced. This will include the reduction in any rents that Insured would have normally received. The Valuation will be determined as per the following:

- i. the Insurer will establish the amount by which the Insured's earnings have been reduced. This will include the reduction in any rents that the Insured would have normally received.
- ii. the Insurer will subtract those expenses that do not necessarily continue during the time the Insurer pays for the Insured's loss of business income.
- iii. the Insurer will consider any of the Insured's ordinary business expenses necessary if:
 1. they would have been covered by the earnings of the business before the loss, and
 2. they are required so that your business can return to operations with the same quality of service as before the loss.
- iv. the Insurer will add the **Extra Expense** you necessarily incur to continue or resume operations as nearly **Normal** as possible.

7. YOUR OBLIGATIONS

The Insured has certain additional obligations under Option 1. and the Insured may not be covered for a loss if they do not meet these obligations:

- i. the Insured must resume operations and stop all **Extra Expenses** as soon as possible and to whatever extent is possible, as long as this will not increase the loss.
- ii. the Insured must also make use of the merchandise, stock, or other property at the premises or at other locations if it would reduce the business income loss.

If the Insured fails to take any of these steps to reduce the loss, the Insurer will reduce the amount that will be paid for loss of business income by the amount which could have been saved.

8. DEFINITIONS

The following words wherever used in Option 1. shall be construed to mean:

Building(s)

The **Building(s)** described on the **Declaration Pages** and includes:

1. fixed structures pertaining to the **Building(s)** and located on the **Premises**;
2. additions and extensions communicating and in contact with the **Building(s)**;
3. permanent fittings and fixtures attached to and forming part of the **Building(s)**;
4. materials, **Equipment** and supplies on the **Premises** for maintenance of, and **Normal** repairs and minor alterations to the **Building(s)** or for building services;
5. growing plants, trees, shrubs or flowers inside the **Building(s)** used for decorative purposes when the Insured is the owner of the **Building(s)**.

Contingent Property

Including but not limited to:

- i. property which provides you or to anyone else on your behalf with products, materials or services;
- ii. property which receives your products, materials or services that you produce or sell; or
- iii. property that is in the vicinity of your business and attracts business to your vicinity.

Covered Direct Physical Loss means loss of or damage to **Insured Property** by an **Insured Peril** during the term of this Policy. However, any occurrence insured under the following PART 1 – PROPERTY, Section 10. Extensions of Coverage will not be considered a **Covered Direct Physical Loss** for the purposes of Option 1.

- B.** Automatic Fire Suppression System Recharge Expenses;
- H.** Condominium Loss Assessment;
- I.** Consequential Loss;
- P.** Fire Department Service Charges;
- S.** Installation Floater;
- U.** Lock and Key Replacement;
- BB.** Pollutant Cleanup and Removal;
- CC.** Professional Fees;
- HH.** Rewards;

Declaration Pages

The **Declaration Pages**, including any supplementary pages or schedule of coverage attached thereto, applicable to this Policy.

Extra Expense

The term **Extra Expense** wherever used in this PART is defined as 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; the cost in each case to include the expense of using other property or facilities of other concerns or other similar necessary emergency expenses. In no event, however, shall Insurers be liable under PART for loss of income nor for **Extra Expense** in excess of that necessary to continue as nearly as practicable the **Normal** conduct of the Insured's business, nor for the cost of repairing or replacing any of the described property that has been damaged or destroyed by the perils Insured against, except cost in excess of the **Normal** cost of such repairs or replacements necessarily incurred for the purpose of reducing the total amount of **Extra Expense**; liability for such excess cost, however, shall not exceed the amount by which the total **Extra Expense** otherwise payable under this PART is reduced. The Insurers shall also be liable for **Extra Expense** incurred in obtaining property for temporary use during the period of restoration necessarily required for the conduct of the Insured's business, any salvage value of such property remaining after resumption of **Normal** operations shall be taken into consideration in the adjustment of any loss hereunder.

Insured Peril means perils insured under PART 1 – PROPERTY of this Policy.

Insured Property means **Insured Property** under PART 1 – PROPERTY of this Policy.

Normal

The condition that would have existed had no loss occurred.

10. GENERAL PROVISIONS

All the General Provisions, Conditions, Exclusions and Definitions of the Policy apply to PART 3 – BUSINESS INCOME, Option 1.

2. EXTRA EXPENSE

Option 2., is limited to a maximum recovery as shown on the **Declaration Pages** in any one occurrence.

Unless a limit is shown on the **Declaration Pages** no coverage is provided.

1. INSURING AGREEMENT

If the **Insured Property** described in PART 1 – PROPERTY is destroyed or so damaged by the Perils Insured against occurring during the term of this Policy as to necessitate incurring **Extra Expense** (as defined in this Option), the Insurers shall be liable for the **Extra Expense** so incurred, for not exceeding such length of time, herein referred to as the period of restoration, commencing with the date of the loss and not limited by the date of expiration of this Policy, as shall be required with the exercise of due diligence and dispatch by the Insured, to repair, rebuild, or replace such Property.

2. INSURED PERILS

PART 3 – BUSINESS INCOME, Option 2., insures against All Risks of direct physical loss or damage howsoever caused except as may be otherwise excluded in PART 1 – PROPERTY.

3. DUE DILIGENCE

As soon as practicable after any loss, the Insured shall resume complete or partial business operations of the property herein described and, insofar as practicable, reduce or dispense with such **Extra Expenses** as are being incurred.

4. INTERRUPTION BY CIVIL AUTHORITY

This PART of the Policy is extended to include the actual loss as covered hereunder up to a period of four (4) weeks, when as result of a peril not otherwise excluded, access to the premises described is prohibited by order of Civil or Military Authority.

5. EXCLUSIONS

Insurer shall not be liable under this PART for:

- (a) Loss due to fines or damages for breach of contract for late or non-completion of orders or for any penalties of whatever nature.
- (b) Loss due to the suspension, lapse or cancellation of any lease or licence, contract or order.
- (c) Any increase of loss due to interference at the described premises by strikers or other persons, with building, repairing or replacing the property, or with the resumption or continuation of business.

6. LIMITS

The maximum amount recoverable under this coverage shall be as per the **Declaration Pages** per occurrence. The period of indemnity shall not exceed twelve (12) months. However, for locations where the values are reported for a period of time longer or shorter than twelve months the period of indemnity shall be the term as on record with the Insurers. On newly acquired property, the period of indemnity shall be twelve (12) months.

7. PREVENTION OF INGRESS/EGRESS

The insurance under PART 3 – BUSINESS INCOME, Option 2., is extended to cover the actual loss as covered hereunder up to a period of four (4) weeks, when as a result of a peril not otherwise excluded ingress to or egress from the premises is prevented irrespective of whether the premises or property of the Insured shall have been damaged.

8. DEFINITIONS

The following words wherever used in Option 2., shall be construed to mean:

Declaration Pages

The **Declaration Pages**, including any supplementary pages or schedule of coverage attached thereto, applicable to this Policy.

Extra Expense

The term **Extra Expense** wherever used in this PART is defined as 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; the cost in each case to include the expense of using other property or facilities of other concerns or other similar necessary emergency expenses. In no event, however, shall Insurers be liable under PART for loss of income nor for **Extra Expense** in excess of that necessary to continue as nearly as practicable the **Normal** conduct of the Insured's business, nor for the cost of repairing or replacing any of the described property that has been damaged or destroyed by the perils Insured against, except cost in excess of the **Normal** cost of such repairs or replacements necessarily incurred for the purpose of reducing the total amount of **Extra Expense**; liability for such excess cost, however, shall not exceed the amount by which the total **Extra Expense** otherwise payable under this PART is reduced. The Insurers shall also be liable for **Extra Expense** incurred in obtaining property for temporary use during the period of restoration necessarily required for the conduct of the Insured's business, any salvage value of such property remaining after resumption of **Normal** operations shall be taken into consideration in the adjustment of any loss hereunder.

Insured Property means **Insured Property** under PART 1 – PROPERTY of this Policy.

Normal

The condition that would have existed had no loss occurred.

3. GROSS PROFITS

Option 3. is limited to a maximum recovery as shown on the Declaration Pages in any one occurrence.

Unless a limit is shown on the Declaration Pages no coverage is provided.

1. INSURING AGREEMENT

The Insurer agrees with the Insured, subject to the terms and conditions expressed herein, that so long as this Policy shall be in force, if the business carried on by the Insured is interrupted or interfered with solely as a result of an Insured loss to property as defined in PART 1 – PROPERTY the Insurer will pay the Insured the amount of loss resulting from such necessary interruption or interference in accordance with the provisions herein contained.

- i. This insurance is limited to loss of **Gross Profit** due to a. Reduction in **Turnover** and b. increase in cost of working and the amount payable as indemnity hereunder shall be:
 - a. In respect of reduction in **Turnover**:

The sum produced by applying the **Rate of Gross Profit** to the amount by which the **Turnover** during the **Indemnity Period** shall, in consequence of the destruction or damage by a peril insured against, fall short of the **Standard Turnover**;
 - b. In respect of increase in cost of working:

The additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the reduction in **Turnover** which but for that expenditure would have taken place during the **Turnover** in consequence of the destruction or damage by a peril insured against, but not exceeding the sum produced by applying the **Rate of Gross Profit** to the amount of reduction thereby avoided; less any sum saved in respect of such of the Insured **Standing Charges** as may cease or be reduced in consequence of the destruction or damage by the perils Insured against.

2. PERILS INSURED

Option 3. insures against All Risks of direct physical loss or damage howsoever caused, including General Average and Salvage Charges, except as may be otherwise excluded in PART 1 – PROPERTY.

3. PROVISIONS

- i. If during the Policy Period specified on the **Declaration Pages** goods shall be sold or services shall be rendered elsewhere than at 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 services shall be brought into account in arriving at the **Turnover** during the **Turnover**, subject to the conditions of **Rate of Gross Profit** in Option 3., Section 9. Definitions.
- ii. This Insurer shall not be liable for any loss due to fines or damages for breach of contract, for late or non-completion of orders, or for any penalties of whatever nature.

- iii. The Liability of the Insurer shall in no case exceed the total sum Insured hereby or such other sum or sums as may hereafter be substituted therefore by endorsement signed by or on behalf of the Insurer.
- iv. On the happening of any destruction or damage by a peril insured against in consequence of which a claim is or may be made under this Policy, the Insured shall with due diligence do and concur in 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.
- v. The Insurers shall be liable for actual loss sustained, as covered hereunder, during the period of time, when, as a direct result of the peril(s) Insured against, access to the premises described is prohibited by order of civil authority.

4. DEPARTMENTAL CLAUSE

If the business be conducted in Departments, the independent trading results of which are ascertainable, Option 3., Section 1. Insuring Agreement i. a. and i. b. shall apply separately to each Department affected by the damage.

5. CONTINGENT BUSINESS INTERRUPTION

Subject to the limit stated on the **Declaration Pages** Insurers shall be liable for loss resulting directly from necessary interruption of business caused by damage or destruction by the peril(s) Insured against during the term of this Policy, to any of the real or personal property of the Insured's direct customers, vendors or suppliers which results in their inability to supply or accept goods and/or materials, supplies, services, or the like, which wholly or partially prevents delivery of materials to the Insured or to others for the account of the Insured.

6. ORDINARY PAYROLL

Included in the Limit of Liability is the Insured's entire **Ordinary Payroll** expense for a period of time immediately following the date of loss, which may continue during a total or partial suspension of business, covering only to the extent necessary to resume the **Normal** business of the Insured with the same quality of service which existed immediately preceding the destruction or damage by a peril insured against, and which would have been earned had no destruction or damage by a peril insured against occurred.

The above does not cover any portion of salaries described under **Standing Charges** in Option 3., Section 9. Definitions.

7. PREVENTION OF INGRESS/EGRESS

The insurance under PART 3 – BUSINESS INCOME, Option 3. is extended to cover the actual loss as covered hereunder during the period of time, when as a result of a peril not otherwise excluded ingress to or egress from the premises is prevented irrespective of whether the premises or property of the Insured shall have been damaged. The period of time is not to exceed four (4) weeks from the date when ingress to or egress from the premises is prevented.

8. INTERRUPTION BY CIVIL OR MILITARY AUTHORITY

The insurance under PART 3 – BUSINESS INCOME, Option 3. is extended to include the actual loss as covered hereunder up to a period of four (4) weeks, when as result of a peril not otherwise excluded, access to the premises described is prohibited by order of Civil or Military Authority.

9. DEFINITIONS

The following words wherever used in Option 3., shall be construed to mean:

Annual Turnover

The **Turnover** during the twelve months immediately before the date of the destruction or damage by a peril insured against.

Declaration Pages

The **Declaration Pages**, including any supplementary pages or schedule of coverage attached thereto, applicable to this Policy.

Gross Profit

The sum produced by adding to the **Net Profit** the amount of the insured **Standing Charges**, depreciation of plant and machinery not damaged by the **Insured Peril** and amortization of preproduction expenses, or if there be no **Net Profit**, the amount of the insured **Standing Charges** less such a proportion of any net trading loss as the amount of the insured **Standing Charges** bears to all the **Standing Charges** of the business.

Indemnity Period

The period beginning with the occurrence of the loss or damage and ending not later than the last day of the period specified in the **Declaration Pages**, during which the results of the business shall be affected in consequence of the loss or damage.

Insured Peril means perils insured under PART 1 – PROPERTY of this Policy.

Net Profit

The net trading profit (exclusive of all capital receipts and accretions and all outlay properly chargeable to capital) resulting from the business of the Insured after due provision has been made for all standing and other charges including depreciation, but before the deduction of any taxation chargeable on profits.

Normal

The condition that would have existed had no loss occurred.

Ordinary Payroll

The entire payroll expense for all employees of the Insured except officers, executives, department managers, employees under contract including union contract requirements and other important employees.

Rate of Gross Profit

The **Rate of Gross Profit** earned on the **Turnover** during the financial year immediately before the date of the destruction or damage by a peril insured against.

Standard Turnover

The **Turnover** during that period in the twelve months immediately before the date of destruction or damage by an **Insured Peril** against which corresponds with the **Turnover**.

Standing Charges

The following shall be deemed not to be **Standing Charges**:

- i. Depreciation of Stock,
- ii. Bad Debts,
- iii. Fines or Damages for breach of contract,
- iv. Wages and salaries other than salaries to permanent staff and wages to foremen and important employees whose services would not be dispensed with should the business come to a standstill.

It is agreed that the term **Standing Charges** is extended to include the value of consumable materials and supplies whose value is diminished due to design and/or specification changes. The coverage provided herein is subject to the following conditions:

- a. This coverage applies only to materials or supplies that have been purchased for a specific contract or series of contracts the completion of which is prevented or impaired as a direct result of an **Insured Peril** damaging **Insured Property** in PART 1 – PROPERTY of this Policy.
- b. The Insured must act with due diligence to minimize any loss covered by this clause.

Turnover

The money paid or payable to the Insured for goods sold and delivered and for services rendered. To which such adjustments shall be made as may be necessary to provide for trends of the business and for variations in or special circumstances affecting the business either before or after the destruction or damage by a peril insured against or which would have affected the business had the destruction or damage by a peril insured against not occurred so that the figures thus adjusted shall represent as nearly as may be reasonably practicable the results which but for the destruction or damage by the peril insured against would have been obtained during the relative period after the destruction or damage by a peril insured against. This clause is applicable to following definitions, **Annual Turnover**, **Ordinary Payroll**, **Rate of Gross Profit**, and **Standard Turnover**.

Please note:

Annual Turnover, **Ordinary Payroll**, **Rate of Gross Profit**, and **Standard Turnover** are all subject to adjustments that will be made as may be necessary to provide for trends of the business and for variations in or special circumstances affecting the business either before or after the destruction or damage by a peril insured against or which would have affected the business had the destruction or damage by a peril insured against not occurred so that the figures thus adjusted shall represent as nearly as may be reasonably practicable the results which but for the destruction or damage by the peril insured against would have been obtained during the relative period after the destruction or damage by a peril insured against.

4. GROSS RENTS

Option 4 is limited to a maximum recovery as shown on the Declaration Pages in any one occurrence.

Unless a limit is shown on the Declaration Pages no coverage is provided.

1. INSURING AGREEMENT

The Insurer agrees with the Insured, subject to the terms and conditions expressed herein, that if destruction or damage occurs to the **Insured Property**, when such destruction or damage is covered elsewhere in this Policy, payment shall be made to the Insured for loss of **Gross Rentals** on the following basis:

This Insurance is limited to loss of **Gross Rentals** due to i. Reduction in **Gross Rentals** and ii. Increase in cost of working, and the amount payable as indemnity thereunder shall be:

- i. Reduction in **Gross Rentals**:
The amount by which the **Gross Rentals** during the **Indemnity Period** shall, in consequence of the destruction or damage, fall short of the **Standard Gross Rentals**;
- ii. Increase in cost of working:
The additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the reduction in **Gross Rentals** which but for that expenditure would have taken place during the **Indemnity Period** in consequence of the destruction or damage, but not exceeding the loss of **Gross Rentals** thereby avoided, less any sum saved during the **Indemnity Period** in respect of Costs as may cease or be reduced in consequence of the damage.

2. PROVISIONS

Where the net amount recovered after deducting the costs of recovery is not sufficient to provide a complete indemnity for the loss or damage suffered, that amount shall be divided between the Insurer and the Insured in the proportion in which the loss or damage has been borne by them respectively.

Any release from liability entered into by the Insured prior to the loss shall not affect the right of the Insured to recover.

- i. If, on the happening of any loss, there is in force more than one Policy insuring the same interest, irrespective of If during the **Indemnity Period** services shall be 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 in respect of such services shall be brought into account in arriving at the **Gross Rentals** during the **Indemnity Period**.
- ii. The liability of the Insurer shall in no case exceed the total sum insured.
- iii. The Insurer shall not be liable for any loss due to fines or damages for breach of contract, or for any penalties of whatever nature.
- iv. On the happening of any destruction or damage by a peril insured against in consequence of which a claim is or may be made under this Policy, the Insured shall with due diligence do and concur in doing and permit to be done all things which may be reasonably practicable to minimize or check any interruption of or interference with **Gross Rentals** or to avoid or diminish the loss.
- v. The Insurer shall be liable for actual loss sustained hereunder, during the period of time, not exceeding two consecutive weeks from the date when, as a direct result of the peril(s) insured against, access to the premises described is prohibited by order of civil authority.
- vi. The Insurer, upon making any payment or assuming liability therefore under this Policy, shall be subrogated to all rights of recovery of the Insured against any person and may bring action in the name of the Insured to enforce such rights.
- vii. Whether by any term in such contract the insurance granted thereby shall not cover, come into force, attach or become insurance until after full or partial payment of any loss under any other Policy, it is a condition of this Policy that the claim hereunder shall be adjusted with the Insured on the basis that such Policy or policies will contribute a ratable proportion of the loss unless it is otherwise expressly agreed in writing.
- viii. No term or condition of this Policy shall be deemed to be waived by this Insurer in whole or in part unless the waiver is clearly expressed in writing signed by a person authorized for that purpose by the Insurer.

Neither the Insurer nor the Insured shall be deemed to have waived any term or condition of this Policy by any act relating to the appraisal of the amount of loss or to the delivery and completion of proofs, or the investigation or adjustment of any claim under this Policy.

3. PERIOD OF INDEMNITY

When there is damage to property, the Insurer will cover the Insured's loss of business income for the shortest of the following periods, starting from the time of damage:

- i. the time required to resume the Insured's **Normal** business operations;
- ii. the time that is reasonably necessary to repair, rebuild or replace the damaged property, plus 90 days; or
- iii. as specified on the **Declaration Pages**.

If the Insured does not plan to resume operations, these same time limitations will apply except that the Insurer will not cover loss of business income for the additional 90 days after the time that would have been reasonably necessary to repair, rebuild or replace.

If damage involved was to a building being built or altered, the Insured can choose to have the period for which the Insurer will pay lost business income start on the date the Insured would have begun operations in the building, instead of the date of the damage. The time limitations described above will apply, no matter when the period begins. If necessary, the Insurer will pay for lost business income beyond the date that this Policy expires, but the time limitations described above will still apply.

4. DEFINITIONS

The following words wherever used in Option 4. shall be construed to mean:

Declaration Pages

The **Declaration Pages**, including any supplementary pages or schedule of coverage attached thereto, applicable to this Policy.

Gross Rentals

The money paid or payable to the Insured by tenants in respect of rental of the premises.

Indemnity Period

The period beginning with the occurrence of the destruction or damage and ending not later than the expiration of the length of time indicated on the **Declaration Pages** thereafter during which the **Gross Rentals** shall be affected in consequence of the destruction or damage by a peril insured against.

Insured Property means **Insured Property** under PART 1 – PROPERTY of this Policy.

Normal

The condition that would have existed had no loss occurred.

Standard Gross Rentals

The **Gross Rentals** during that period in the length of time specified on the **Declaration Pages** immediately before the date of the destruction or damage by a peril insured against or which corresponds with the **Indemnity Period**.

To the annual Gross Rentals and **Standard Gross Rentals** such adjustments shall be made as may be necessary to provide for the trends of, variations in or special circumstances affecting **Gross Rentals** either before or after the destruction or damage or which would have affected **Gross Rental** had the destruction or damage not occurred, so that the figures thus adjusted shall represent as nearly as may be reasonably practicable the results which but for the destruction or damage would have been obtained during the relative period after the destruction or damage.

All other terms and conditions of the PART 1 – PROPERTY remain unchanged.

In witness whereof, the Insurer has caused this Policy to be executed on the Declaration Pages.

For purposes of the Insurance Companies Act (Canada), this document was issued in the course of Berkley Insurance Company's insurance business in Canada.