



ADVANCE LOSS OF PROFIT INSURANCE

Extension




Additional Definitions to Advance Loss of Profit Insurance

THIS SECTION APPLIES ONLY WHERE SHOWN AS OPERATIVE IN THE SCHEDULE

- 1 Damage** shall mean
physical loss physical destruction or physical damage
- 2 Development** shall mean
the development as described in the Business
- 3 Development Cost** shall mean
the total of all costs of the Development including the costs of site acquisition financing construction selling and overheads
- 4 Property Insured** shall mean
the Property Insured as defined in the Contractors' 'All Risks' - (CAR) Section of the Policy
- 5 Development Profit** shall mean
the amount by which the selling price (being the price at which but for the Damage the Development would have been sold at the commencement of the Indemnity Period) exceeds the Development Cost
- 6 Indemnity Period** shall mean
the period of delay in the letting (or sale) of the Development in consequence of the Damage beginning with the date upon which but for the Damage Rent would have commenced to be earned (or the sale of the Development would have been completed) and ending not later than the Maximum Indemnity Period (as shown in the Schedule) thereafter subject to the Deferment Period (as shown in the Schedule)
- 7 Deferment Period** shall mean
the period of delay in the letting (or sale) of the Development in consequence of the Damage beginning with the date upon which but for the Damage Rent would have commenced to be earned (or the sale of the Development would have been completed) and ending not later than the Deferment Period stated in the Schedule

- 8 Insurable Amount** shall mean
for the purpose of indemnity provision 1) in respect of a delay in the letting of the Development
 - the annual amount of Rent at which but for the Damage the Development would have been fully letfor the purpose of indemnity provision 2) in respect of a delay in the sale of the Development
 - the interest which would be payable for a period of twelve months from the commencement of the Indemnity Period on loans equivalent to the selling price of the Development

- 9 Rent** shall mean
the income (including service charges) which would have been payable to the Insured for accommodation and services to be provided at the Development



such amount to be proportionately increased if the Maximum Indemnity Period Exceeds twelve months

Advance Loss of Profit Insurance

The Company will pay to the Insured in accordance with the provisions of the Insurance the amount of loss resulting from the interruption or interference if Damage by any cause not excluded occurs at the Contract site to the Property Insured and such Damage causes interruption of or interference with the programme for the construction and marketing of the Development

provided that

- 1 payment has been made or liability admitted (or would have been made but for the operation of the Insured's Contribution) for Damage under either the Contractors' 'All Risks' - (CAR) Section or the Existing Buildings Section of the Policy
- 2 the Company's liability in respect of all losses arising out of any one occurrence of Damage shall not exceed the Estimated Loss of Profit Sum Insured or in respect of any item its sum insured or any other stated limit of liability

The Insurance Provided

In respect of Loss of Rent (or Interest) the Company will pay as indemnity any loss as described below unavoidably suffered or reasonably incurred by the Insured Employer solely in consequence of the Damage

1 in respect of a delay in the letting of the Development

the loss of Rent the amount payable being the actual shortfall in Rent received during the Indemnity Period less any savings in charges or expenses which would have been payable out of the Rent

or

2 in respect of a delay in the sale of the Development

- A) the loss relating to the Development Cost the amount payable being
 - i) the additional interest incurred on capital borrowed to finance the Development Cost during the Indemnity Period
 - ii) the investment interest lost by the use of the Insured's own funds to finance the Development Cost during the Indemnity Period
- B) the loss relating to the Development Profit the amount payable being
 - i) the interest incurred on capital borrowed (solely to offset in whole or part the loss of use of Development Profit) for the purpose of financing other developments during the Indemnity Period
 - ii) the investment interest lost to the Insured during the Indemnity Period on any balance of the Development Profit (after deduction of any capital borrowed as provided for under i))

- C) the loss in respect of acquisition costs and associated expenses of raising (or extending) the loans referred to in A) and B) the amount payable being the actual amount of such expenditure

Expediting Costs

The Company will also pay any

- A) costs of expediting reconstruction
- B) other additional costs

necessarily and reasonably incurred solely in consequence of the Damage to avoid or minimise the loss otherwise payable but excluding any costs which can be covered by any other item of this Insurance

Income from other Developments

If because of the Damage delaying completion of the Development the Insured shall let or sell other developments or premises the loss payable shall be reduced by the amounts of

- A) Rent received
- B) savings in interest payable
- C) interest earned (or which could have been earned) on the balance of the sale proceeds after repayment of capital borrowed

which accrue to the Insured's benefit during the Indemnity Period in consequence of the Damage

Maximum Interest Rate

The assessment of the loss in respect of interest shall be at a rate of not more than 4% above the London Interbank Offered Rate applying during the Indemnity Period

Underinsurance

If the Estimated Loss of Profit Sum Insured is less than 85% of the Insurable Amount the Company's liability for any loss shall be limited to that proportion of the amount otherwise payable which the Sum Insured bears to the Insurable Amount

Exclusions to Advance Loss of Profit Insurance

This Insurance does not cover loss

- 1 resulting from Damage to any property in transit which is left unattended within the vicinity of or at the permanent address of the Insured or any of the Insured's employees
- 2 which would have been incurred irrespective of whether the Damage had occurred
- 3 solely to expedite the completion of the Development or any part thereof at an earlier date than would have been attained had the said Damage not occurred
- 4 incurred in redesigning altering adding to or improving permanent or temporary works or rectification of defects or faults or elimination of any deficiencies carried out after the Damage or any financial loss as a result of such redesigning alteration addition or improvement
- 5 resulting from any delay due to the inability of the Insured to provide sufficient funds for the repair or replacement of the permanent or temporary works suffering Damage
- 6 arising from or in respect of any other losses not specifically provided for in this Section
- 7 incurred which is specified elsewhere in this Policy
- 8 which is recoverable from the Contractor under the terms of the contract with the Employer
- 9 arising out of Damage at suppliers or manufacturers premises
- 10 incurred by the Insured during the Deferment Period specified in the Schedule

Extensions to Advance Loss of Profit Insurance

(each of which is subject otherwise to the terms of this Policy)

1 Automatic Reinstatement after a Loss

In the absence of written notice by the Insured or the Company to the contrary within 30 days of the discovery of any Damage the Company's liability shall not be reduced by the amount of any loss and the Insured shall pay the appropriate additional premium for such automatic reinstatement of cover

2 Professional Accountants Charges

The Company will pay the reasonable charges payable by the Insured to their professional accountants for producing information required by the Company under the terms of the Claims Conditions and for reporting that such information is in accordance with the Insured's accounts

3 Discontinuance of the Employer

If during the Indemnity Period the Insured Employer shall be wound up or carried on by a liquidator or receiver or permanently discontinued then

A) if the Contract be continued by another party (for whom the Company has agreed to provide indemnity) the liability of the Company shall be limited to the amount that would otherwise have been payable had the Insured Employer been able to continue the Development as originally planned

otherwise

B) the Indemnity Period shall be regarded as ended on the date of such winding up or liquidation receivership or permanent discontinuance

4 Failure of Utilities

In respect of the Insurance by this Section the term Damage is extended to include the failure of the supply of

- A) electricity at the terminal ends of the supply authority's service feeders at the Development
- B) gas at the supply authority's meters at the Development
- C) water at the supply authority's main stop cock serving the Development

by any accidental cause other than the deliberate act of any supply authority or by any such authority exercising its power to withhold or restrict supply or by drought

provided that

- A) the indemnity hereunder shall not apply to failures which last less than 24 hours
- B) the Company's liability shall not exceed 20% of the Estimated Loss of Profit Sum Insured or £250,000 whichever is less

5 Damage to Other Property including Prevention of Access

The Insurance is extended to include loss as insured resulting from

- A) Damage in Great Britain Northern Ireland the Isle of Man the Channel Islands to
 - i) a) materials and equipment to be incorporated in the Development whilst in transit
 - b) temporary buildings and constructional plant (including such property hired-in) whilst at the Contract site or in transit to or from the Contract site other than mechanically propelled constructional vehicles and plant whilst in transit
 - c) mechanically propelled constructional vehicles and plant whilst being transported to or from the Contract site
 - ii) any premises occupied by the Insured solely as offices
 - iii) any premises occupied solely as offices by any contractor or professional firm engaged by the Insured in connection with the design construction letting or sale of the Development
- B) Damage to any phase or other part of the Development which is not the subject of this Insurance
- C) prevention or hindrance of access to or use of the Development in consequence of Damage to property in the vicinity of the Development

provided that the Company's liability after the application of all other terms and Conditions of the Insurance shall not exceed in respect of any one occurrence-

under A) i)

A) iii)

and B)



20% of the Estimated Loss of Profit Sum Insured or £250,000 whichever is less

6 Denial of Access (Non-Damage) Extension

This Section is extended to cover interruption of or interference with the Policyholder's Business in consequence of access to the Premises being hindered or prevented as a result of the actions or advice of a government or local authority due to an emergency arising which is likely to endanger life or property at or in the immediate vicinity of the Premises provided that there shall be no liability under this Extension for;

- 1) any loss as insured involving an interruption of less than 24 hours continuous duration
- 2) any period other than the actual period of hindrance or prevention of access to the Premises
- 3) any consequence of physical Damage
- 4) any consequence of labour disputes, infectious or contagious diseases drought
- 5) any consequence arising from any cause within the control of the Policyholder
- 6) any action for which the Policyholder has been given prior notice of more than 4 hours by such government or local authority

Special Condition

For the purpose of this Extension only the Maximum Indemnity Period shall not exceed 3 Months

The liability of the Company in respect of this Extension shall in no case exceed £100,000 or as otherwise specified in the Schedule whichever is the lesser amount

Additional Conditions applicable to Advance Loss of Profit Insurance

1 Progress Reports

The Insured shall provide to the Company regular and up to date reports of the progress of the Development at quarterly intervals from commencement of the Period of Insurance

In the event of Damage the Insured shall keep and include in such reports to the Company a record of the delay caused by such Damage and of the other causes (insured or uninsured) which affect the subsequent course of completion of the Development and of the steps taken to minimise the delay(s)

2 Suspension of Works

In the event of suspension of progress of the works beyond a period of 72 hours other than for normal holiday or weekend stoppages cover under this Section of the Policy shall also be suspended until its continuance is agreed by memorandum signed by the Company