

BUSINESS INTERRUPTION INSURANCE PROPOSAL FORM

EACH OF THESE QUESTIONS MUST BE ANSWERED COMPLETELY

COVER PROVIDED:

Business Interruption or Loss of Profits Insurance (otherwise known as Consequential Loss) complements insurance on material assets such as buildings, plant and stock. It is designed to provide protection against loss consequent upon interruption to a business as a result of damage to these assets by fire and other contingencies insured under a Material Damage policy, such as Fire and Extraneous Perils or Industrial Special Risks.

EACH OF THESE QUESTIONS MUST BE ANSWERED COMPLETELY

Name/s of Proposer (s) (in full) _____
 Title First Name Middle Name Surname

Name and Address of Company _____

Nature of Business _____

Situation of premises (all must be specified) _____

Period of Insurance from _____ to _____
 MM/DD/YY MM/DD/YY

Indemnity against loss resulting from perils covered under the Material Damage Policy.

ITEMS TO BE INSURED	SUM INSURED	INDEMNITY PERIOD
Gross Profit		
Rental		
Revenue		
Wages		
Increased Cost of Work		
Auditors' Fees		
TOTAL SUM INSURED		

When does your financial year end and are your books and accounts regularly balanced and audited?

Date of your most recent Audited Financial Statement _____

Name and Address of your Auditor _____

Have you at present an existing insurance covering Business Interruption? YES NO

If 'YES', please give details _____

Do you carry on any other business or occupy any other premises not included in this Proposal? YES NO

If 'YES', please give details _____

Disclaimer:

Please read the following declaration before signing and confirm the answers especially if you did not complete this form.

I/We do hereby declare that the above answers are true and that I/We have withheld no material information regarding this Proposal. I/We agree that this Proposal Form and Declaration and any other information provided to you by me/us or on my/our behalf shall form the basis of the contract between me/us and GUARDIAN GENERAL INSURANCE LIMITED.

Date (MM/DD/YY): _____ Signature of Proposer (s) _____

The liability of the Company does not commence until the acceptance of the proposal has been formally acknowledged by the Company and a premium or deposit has been paid, except as provided by an Official Covering Note issued by us.

CALCULATION OF THE SUM INSURED ON GROSS PROFIT AND WAGES

GROSS PROFIT

Annual turnover (less discounts allowed and bad debts) _____
 Closing Stock (incl. Work In Progress) _____

LESS

Opening Stock (incl. Work In progress) _____
 Stock purchased (less discounts received) _____
 Wages * (as defined below) _____
 List other items which vary directly with turnover _____

ANNUAL GROSS PROFIT for last financial year _____
 Add allowance for possible future increase (Margin for expansion) _____
 Proportionate increase if Indemnity Period exceeds 12 months _____
SUM TO BE INSURED under **GROSS PROFIT** _____

***Wages** i.e. the remuneration (including related insurance contributions, bonuses, overtime, holiday pay and all other payments pertaining to wages) of all employees other than those whose remuneration is treated in the books as Salaries - (Salaries are included in Gross Profit) - computed as follows:

Annual wage roll _____
 Margin for expansion _____
 Proportionate increase if Indemnity period > 12 mths _____

Wages of all employees for the whole indemnity period - **Sum Insured** _____

If the insuring method is all wages for a selected period (minimum 4 weeks) and a selected percentage (minimum 10%) for the remainder of the indemnity period (the minimum indemnity period is 12 months), state:

Annual period of full cover in -----weeks
 And percentage thereafter -----per cent required

If the cover is to be arranged for wages for either all employees or specified employees for an indemnity period shorter than that selected for the Gross Profit item, state:

Indemnity Period required -----months

If cover is only required for specified classes of employees:

Indicate the annual wage roll for the specified classes _____

Indicate classes of employee to be insured under this item

Auditor's fee incurred in connection with a claim _____ Sum Insured _____

NOTES:

Indemnity Period

Compensation is payable for the period of the interruption up to the limit of the Indemnity Period you select.

This should therefore represent the maximum period during which your business could be affected as a result of serious damage. You should allow for the time taken in preparing plans, obtaining estimates and building permission, rebuilding, fitting out the premises (including delivery of machinery), training personnel and finally, in bringing turnover and cost levels to normal.

Nothing less than twelve (12) months is recommended; beyond this, the longer the indemnity period, the lower, relatively, is the premium.

Sums Insured

The Proposal Form shows the recommended methods of computing the Sums Insured on Gross Profit and Wages, but only the final figures need to be shown.

Allowances should be made for anticipated increases in Gross Profit and Wages during the next two years or longer if the indemnity period is more than twelve (12) months and a further amount added as a safety margin. If the Sums Insured prove too high, a pro rata return of premium (maximum 50%) will be made but if they are too low, you will bear a proportionate part of any claim.

In the event of a claim, you may wish your auditors to produce the necessary figures. Their charges for this service can also be insured.

Insurance of Wages

If your business is interrupted, it is imperative to retain at least essential employees so that they do not seek work elsewhere, possibly with competitors, and are available when you are able to recommence working. For a short stoppage you may wish to retain all your employees, but in the event should some workers be dismissed, you may have a legal liability to pay wages under an agreement.

Three alternative methods of insuring wages are available:

1. Wages of all employees for the whole of the indemnity period.
2. All wages for a select initial period (minimum 4 weeks) and a selected percentage (minimum 10%) for the remainder of the indemnity period. This method is flexible as the cover for the initial and subsequent periods can, to a certain extent, be consolidated. The minimum indemnity period for this method is 12 months.
3. Wages for either all employees or specified employees for an indemnity period shorter than that selected for the Gross Profit item.

Extensions

Many businesses can also be interrupted by damage elsewhere than at their own premises. Cover can be included on the same basis as for your own premises and we will be pleased to discuss with you any of the extensions listed below

- a. Premises from which components, goods or materials are obtained or where they are manufactured, processed or other work is done on your behalf.
- b. Property stored on premises other than your own.
- c. Prevention of access even though your own premises are not damaged.
- d. The electricity station or gas or water works of the public supply undertaken.
- e. Property in transit.
- f. Premises where you may be carrying out a contract.
- g. Important customers.

Premium

The rate in premium is based on the rate and discounts for your material damage fire and extra perils' insurance, the length of the indemnity period and the method of insuring wages (the rate for Method 2 and 3 being less than for 1).

Where a discount is allowed on your material damage insurance for an agreement to renew the insurance for an agreed period, a similar arrangement can be made for Loss of Profits.