

# CONTINGENT INSURANCE

## CONSEQUENTIAL LOSS

### 1. SCOPE

The actual loss resulting from the forced interruption of the Insured's business operations as a consequence of the failure by his suppliers to deliver the materials derived from the direct damage to property of the supplier or "Contributory Business" due to the occurrence of a compensable loss in the Policy, in accordance with the terms and conditions therein. The locations of the suppliers or "Contributory Business" together with the Limit of Liability of this coverage are indicated in the Specification of the Policy.

However, the indemnity shall not exceed the reduction in his "Gross Earnings" as hereinafter established, less unnecessary ongoing expenses and charges during the interruption or stoppage of business. Furthermore, the necessary expenses incurred, with the purpose to reduce the loss, are covered, but not exceeding the reduced amount.

In determining the indemnity, the Company shall consider the experience prior to the date of loss, and the probable experience thereafter had no loss occurred.

Subject to the printed General Conditions of the Policy, to which this coverage is attached, the Company shall only be liable for the actual loss sustained by the Insured resulting directly from the interruption of operations, but not exceeding the actual reduction of the gross earnings, less unnecessary ongoing expenses and charges during the interruption, and only within the necessary time to repair, rebuild or replace with due diligence and dispatch, the property of his suppliers or the "Contributory Business" which might have been damaged or destroyed during the occurrence of a compensable loss.

This period of indemnity begins from the date of the interruption of the Insured's operations and shall not be limited to the expiry date of this Policy. Due consideration shall be given to the continuation of expenses, including salaries and wages to the extent to resume operations with the same quality of services existing prior to the occurrence of the loss.

The maximum liability limit and percentage assumed by the Company are indicated in the Specification of the Policy of Gross Earnings estimated for the insured business for the months indicated in the Specification of the Policy, following the inception date of the term of this coverage.

In the event of legal indemnity, the Company shall reimburse to the Insured the 100% of the losses recoverable under this coverage, limited to the Sum Insured, providing that the Sum Insured represents at least the same percentage indicated in respect to the Gross Earnings, which would have been obtained had the loss not occurred. On the contrary, the Company shall only be liable for a proportion no greater than the loss to the insured limit in comparison with the same percentage indicated in the coverage.

The Insured shall have an insurance on the Gross Earnings expected from the business at least up to the insured percentage. The Insured is obliged to keep this insurance in force during the term of this coverage, neither canceling nor reducing it, and shall make the required increases to keep it within the contracted percentage. On the contrary, the Company may terminate this coverage.

### 2. DEFINITIONS:

The terms mentioned below shall have the following meaning:

#### 2.1. GROSS EARNINGS

##### 2.1.A. The sum of:

2.1.A.1. Net sales value of production.

2.1.A.2. Other income derived from the business operations.

**2.1.B. Less the cost of:**

2.1.B.1. Raw material and materials used in the production

2.1.B.2. Value of services rendered by third parties and which do not continue under contract

**2.2. CONTRIBUTORY BUSINESS.-** Those manufacturers, suppliers, or sales agents supplying raw material, products and services to the Insured in order that he carries out his business.

**2.3. RAW MATERIAL.-** The materials used in the Insured's business in the condition that they are acquired.

**2.4. PRODUCTS IN PROCESS.-** Raw material of the Assured undergoing transformation in order to obtain a finished product, but not yet in its final condition.

**2.5. FINISHED PRODUCTS.-** The product, subject of insured business, in its final condition to be packed, shipped or sold.

**2.6. MERCHANDISE.-** Existing non manufactured stock or property kept by the Insured for sale.

**3. CONDITIONS:**

**3.1. DESCRIPTION OF CONTRIBUTORY BUSINESS.-** The Company shall not be liable for the loss sustained by the Insured caused by damage or destruction to the property of "Contributory Business" which are not described in the enclosure that constitutes an integral part of this insurance.

**3.2. INTERRUPTION BY A CIVIL AUTHORITY.-** This coverage is extended to cover the actual loss covered, but not exceeding two consecutive weeks when, as direct result of the perils insured herein, access to the premises of the providers or "Contributory Business" has been prohibited by order of Civil Authorities.

**3.3. RESUMPTION OF OPERATIONS.-** It is a condition of this insurance that if the Insured may reduce the loss resulting from the interruption of business by means of the following measures, such reduction shall be taken into account in determining the amount of loss:

3.3.A. By a complete or partial resumption of operations.

3.3.B. By making use of available stock or other source of supply.

3.3.C. By making use of stock of raw material, product in process or finished product in the premises occupied by the Insured.

3.3.D. By making use of his influence to induce the suppliers or "Contributory Business" to have other machinery, equipment, supplies or locations available in order to resume his operations by the delivery of materials to the Insured. The Insured shall cooperate with the damage Negotiation to such an extent but without incurring financial commitment, unless expressly authorized by the Company.

**4. EXCLUSIONS.-**

**THIS COMPANY SHALL NOT BE LIABLE FOR ANY INCREASE IN THE LOSS AS A CONSEQUENCE OF:**

**4.1. LAWS OR REGULATIONS REGULATING THE CONSTRUCTION, REPAIR OR DEMOLITION OF BUILDINGS AND/OR STRUCTURES.**

**4.2. THE SUSPENSION, LAPSE OR CANCELLATION OF ANY LEASE, LICENSE, CONTRACT, OR ORDER, UNLESS SUCH SUSPENSION, LAPSE OR CANCELLATION ARISE FROM THE BUSINESS INTERRUPTION, IN SUCH A CASE, THE COMPANY SHALL BE LIABLE ONLY FOR SUCH LOSS THAT AFFECT THE INSURED'S INCOMES DURING AND LIMITED TO THE INDEMNITY PERIOD COVERED UNDER THIS POLICY.**

**5. ACCOUNTING BOOKS.-** For the purposes of indemnity of this coverage, the Insured authorizes the Company to review the accounting books.

**6. CAUSES FOR CONTRACT CANCELLATION**

**6.1. SHOULD THE INSURED, AFTER A LOSS, VOLUNTARILY INTERRUPT THE BUSINESS WITH THE INTENTION NOT TO RESUME NORMAL OPERATIONS, THIS COVERAGE SHALL BE CANCELLED, AND THERETOFORE THE COMPANY SHALL REFUND THE UNEARNED PREMIUM AT PRO RATA, AT THE DATE OF LOSS.**

**6.2. SHOULD THE INSTALLATIONS OF THE SUPPLIER OR "CONTRIBUTORY BUSINESS" REMAIN CLOSED DURING A PERIOD OF 20 (TWENTY) OR MORE CONSECUTIVE DAYS.**

**SHOULD THE INSTALLATIONS OF THE SUPPLIER OR "CONTRIBUTORY BUSINESS" BE HANDLED OVER TO A LIQUIDATOR OR SYNDICATE, WHETHER BY JUDICIAL ORDER, CREDITORS' AGREEMENT OR VOLUNTARILY BY THE SHAREHOLDERS OF THE "CONTRIBUTORY BUSINESS".**

**7. DEDUCTIBLE**

A deductible as indicated in the Specification of the Policy shall be applied to each loss.