

# GROSS EARNINGS NOT GENERATED IN INDUSTRIAL PLANTS

## CONSEQUENTIAL LOSS

### 1. SCOPE

The actual loss sustained by the Insured resulting from the stoppage or interruption of business operations, as a consequence of the occurrence of the compensable losses, and up to the Sum Insured mentioned in the Specification of the Policy.

However, the indemnity shall not exceed the reduction of his "Gross Earnings" as established hereto forthwith, 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.

The Company shall be liable only during the necessary time, as from the date of damage or destruction in order to rebuild, repair or replace that part of the damaged or destroyed property until normal resumption of the operations of the business with the same quality of service as that existed prior to the loss, but not limited to the expiry date of this coverage.

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 General and Individual Conditions of the Policy, the Company agrees that when the described property is destroyed or damaged by any covered peril occurring during the term of the coverage, and the business operations are interrupted or suspended as a consequence thereof, this Company shall be liable up to the maximum limit of liability mentioned in the Specification, and hereto fixed by the Insured and represents the percentage of Gross Earnings of his business for the months indicated in the Specification of the Policy, following the inception date of the term.

In the event of legal indemnity, the Company shall reimburse to the Insured the 100% of the losses under this coverage, with limit to the contracted Sum Insured.

The Company shall only be liable for a proportion no greater than the stated limit insured with the same percentage indicated above in the Gross Earnings which would have been obtained had the loss not occurred, during the 12 (twelve) months following the inception date of this coverage.

### 2. DEFINITIONS

The terms mentioned below shall have the following meaning:

#### 2.1. GROSS EARNINGS.-

The amount resulting from Income less Expenditures as follows:

##### 2.1.A. INCOME:

- 2.1.A.1. Total production value at net sales price.
- 2.1.A.2. Total "merchandise" value at net sales price.
- 2.1.A.3. Value of services rendered to third parties by the Insured.
- 2.1.A.4. Other earnings derived from operations of the Insured.

**2.1.B. EXPENDITURES:**

- 2.1.B.1. Cost of raw material and materials used in the production of products referred to in item 2.1.A.1. of income.
- 2.1.B.2. Cost of "merchandise" including packaging materials therein.
- 2.1.B.3. Cost of raw material and materials consumed in the services rendered to third parties by the Insured.
- 2.1.B.4. Value of services rendered to third parties by the Insured which do continue under contract
- 2.1.B.5. Value of services rendered by third parties to the Insured which do not continue under contract.

**No other cost may be deducted to determine the gross earnings.**

- 2.2. RAW MATERIAL.-** The usual materials in the Insured's business in the condition that they are acquired.
- 2.3. PRODUCTS IN PROCESS.-** Raw material which has undergone some voluntary transformation within the Insured's business to obtain a finished product, but not yet however in its final condition.
- 2.4. FINISHED PRODUCTS.-** The product, subject of the insured business, to be packed, shipped or sold.
- 2.5. MERCHANDISE.-** Existing non manufactured stock or property kept by the Insured for sale.

**3. CONDITIONS:**

- 3.1. INTERRUPTION BY A CIVIL AUTHORITY.-** This coverage is extended to insure the actual loss insured, when as a direct result of the covered perils, access to premises is prohibited by order of civil authorities, but not exceeding two consecutive weeks.
- 3.2. RESUMPTION OF OPERATIONS AND USE OF OTHER PROPERTY.-** As soon as possible after the occurrence of any loss, the Insured is obliged to resume totally or partially the operations of his business covered in this coverage, and make use of, when necessary and where possible, any other location or property when by doing so the loss covered by this policy may be reduced, and such reduction shall be taken into account so as to determine the losses to be paid in accordance with this coverage.

**4. EXCLUSIONS.-**

**IT IS UNDERSTOOD AND AGREED THAT THIS COMPANY SHALL NOT BE LIABLE FOR:**

- 4.1. ANY LOSS RESULT RESULTING FROM DAMAGE TO OR DESTRUCTION OF FINISHED PRODUCTS**
- 4.2. THE TIME REQUIRED TO REPRODUCE ANY FINISHED PRODUCT THAT WOULD HAVE BEEN DAMAGED OR DESTROYED**
- 4.3. ANY LOSS WHICH MAY BE OCCASIONED BY ANY CIVIL ORDINANCE OR LAW REGULATING THE CONSTRUCTION OR REPAIR OF BUILDINGS**

#### **4.4. THE SUSPENSION, LAPSE OR CANCELLATION OF ANY LEASE OR CONCESSION, CONTRACT, OR SUPPLY ORDER.**

#### **4.5. ANY OTHER CONSEQUENTIAL LOSS.**

5. **REDUCTION OF EXPENSES COVERED.**- The Insured is obliged to reduce, where possible, the expenses covered with the purpose to reduce the loss.
6. **ACCOUNTING BOOKS.**- For the purposes of indemnity of this coverage, the Insured authorizes the Company to review the accounting books.
7. **MODIFICATIONS IN THE OCCUPANCY OF THE COVERED RISK.**- Since the rate of this coverage is based on the corresponding physical damage insurance, the Insured is obliged to declare to the Company any modification in the occupancy or alteration of the insured business, whereas the Company may adjust the corresponding difference in premium, if any.

**Should such modification imply an essential increase of hazard, and the Insured fails to notify the Company within a period of 24 (twenty four) hours, the Company shall be released from all obligations therefore mentioned.**

#### **8. CAUSES FOR CONTRACT CANCELLATION**

- 8.1. 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.
- 8.2. Should the business remain closed during a period of 20 (twenty) or more consecutive days.
- 8.3. Should the business be handled over to a liquidator or syndicate, whether by judicial order, creditors' agreement or voluntarily by the Insured.
- 8.4. If there are non justified discrepancies between the amounts declared by the Insured, and those presented by an accounting audit, during the normal operations of the Insured's business.

#### **9. DEDUCTIBLE**

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

#### **10. INSURED'S OBLIGATIONS**

It is stipulated that the Insured shall comply with the following obligations:

- 10.1. During the following 30 (thirty) days from the issuance date of this insurance, the Insured shall make a complete and detailed inventory of his business, and hereinafter once every 12 (twelve) calendar months the previous inventory, unless the Insured has taken such inventory prior to the date of issuance of this coverage, together with inventory books clearly describing the operations in effect at the time herein.
- 10.2. At the inception date of this coverage and from thereon, the Insured shall maintain, in the normal course of his business, an updated set of books then register clearly the operations in effect at the time, including all purchases, sales and shipments, both in cash and on credit.

The term "complete register of operations carried out" in the form in which is used in the above paragraphs has the intention to include in the aforementioned set of books a complete description of all

goods received in the premises that increase the stock, and all goods taken from stock, whether being the Insured or others, although such operations neither constitute purchases nor sales. Furthermore, the Insured should indicate all raw materials received and the products manufactured thereby, including the cost of manufacturing, and indicate the reduction or waste resulting from the process of manufacture, together with all the raw materials and manufactured products removed from the described building or buildings.

- 10.3.** The Insured shall keep and protect all current and previous inventories that exist at the time of issuing this coverage, and shall keep and protect all such books as a registry of his business operations during the current and previous year.

The books and inventories shall be kept by the Insured in a fireproof safe deposit box at all times during which the building or buildings mentioned in this Policy are not actually open for business. In case of loss or damage occurring to the covered property, such books and inventories shall be furnished by the Insured to the Company for purposes of examination.

Furthermore, it is agreed that in fact that the Company requests or receives any such books or inventories or carries out the examination thereof does not constitute the admission of any liability, or waiver of any provision or condition of this Policy therein.