

EXTRA EXPENSE
(For Commercial and Industrial Business)

CONSEQUENTIAL LOSS

1. SCOPE

The amount of necessary Extra Expense incurred by the Insured are covered in the event of loss in order to continue the normal operations of the insured company in case of damage or destruction to buildings and/or contents insured in the direct physical damage Policy by the occurrence of the contracted perils.

However, the indemnity shall not exceed the reimbursement of the expenses incurred and duly verified, with a maximum limit of liability and a period of indemnity mentioned in the Specification of the Policy, which is independent of the contracted Sum Insured to cover the real and personal property in the direct damage insurance; henceforth, for the purpose of this insurance, Clause 4 "Proportional Rule" of the General Conditions of the Policy shall be null and void.

It is understood that any salvage value of property obtained for temporary use, which remains after the normal resumption of operations shall be taken into consideration in the adjustment of any loss under this coverage.

Subject to the printed General Conditions of the Policy, to which this coverage is attached, the Company shall reimburse duly verified extra expense, when the covered property is destroyed or damaged by the perils contracted in the Policy, up to the limit of liability as mentioned in the Specification of the Policy. And the mentioned restoration period of such property in a condition necessary to resume the Insured's operations with the same quality of service which existed prior to loss, not limited to the expiry date of the Policy.

2. DEFINITIONS

- a. **Extra Expense.**- means the difference between the total costs incurred by the Insured to maintain his business in operation less the normal total cost incurred to operate his business during the same period had no loss occurred. Such Extra Expense shall also include, in each case, those for acquiring or using other property or facilities of other companies and other emergency expenses.
- b. **Period of Restoration.**- means the length of time commencing at the date of such damage or destruction and ending after resuming the conditions that existed prior to the occurrence of the loss. This period is not limited to the expiry date of the Policy.

3. CONDITIONS

3.1. Interruption by a civil authority

This coverage is extended to cover the Extra Expense incurred by the Insured, in accordance with the limits and conditions, but not exceeding two consecutive weeks, when as a direct result of the covered perils, access to premises has been prohibited by an order of a civil authority.

3.2. Resumption of operations

It is a condition of this coverage that as soon as possible after a loss has occurred, the Insured resumes totally or partially the business operations, and reduces or prevents up to the maximum possible whichever extra expense.

3.3. Modifications in the occupancy of the covered risk

Since the rate of this coverage is based on the corresponding direct damage insurance, the Insured is obliged to declare to the Company any modification in the occupancy 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.

3.4. Reduction of covered expenses

The Insured has the obligation to reduce, where possible, the covered expenses with the purpose to reduce the loss.

4. CAUSES FOR CONTRACT CANCELLATION

4.1. 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.

4.2. IF AFTER A LOSS, THE INSURED SUSPENDS THE BUSINESS OPERATIONS, SUBJECT OF THESE CONDITIONS, DUE TO LACK OF CAPITAL FOR THE RECONSTRUCTION, REPLACEMENT OR REPAIR OF THE AFFECTED PROPERTY BY ANY OF THE PERILS COVERED BY THE POLICY; THE COMPANY SHALL REFUND THE UNEARNED PREMIUM AT PRO RATA.

4.3. SHOULD THE BUSINESS REMAIN CLOSED DURING A PERIOD OF 20 (TWENTY) OR MORE CONSECUTIVE DAYS, IF NO SUCH LOSS HAS OCCURRED.

4.4. SHOULD THE BUSINESS BE HANDLED OVER TO A LIQUIDATOR OR SYNDICATE, WHETHER BY CREDITORS' AGREEMENT OR VOLUNTARILY BY THE INSURED.

5. EXCLUSIONS

IN NO EVENT SHALL THIS COMPANY BE LIABLE FOR THE AMOUNT OF ANY EXTRA EXPENSE RESULTING FROM:

5.1. THE ENFORCEMENT OF ANY MUNICIPAL, STATE OR FEDERAL LAW REGULATING THE USE, CONSTRUCTION, REPAIR OR DEMOLITION OF BUILDINGS OR STRUCTURES.

5.2. THE SUSPENSION, LAPSE OR CANCELLATION OF ANY PERMISSION, LICENSE, LEASE OR CONCESSION.

- 5.3. THE COST OF CONSTRUCTION, RECONSTRUCTION, REPAIR OR REPLACEMENT OF THE PROPERTY COVERED IN THE POLICY.**
- 5.4. THE COST OF RESEARCH OR ANY OTHER NECESSARY EXPENSE TO REPLACE OR RESTORE ACCOUNTING BOOKS, PLANS, MAPS, AND FILES (INCLUDING TAPES, FILMS, DISCS, OR WHATEVER OTHER MAGNETIC REGISTER FOR ELECTRONIC PROCESS) WHICH HAVE BEEN DAMAGED OR DESTROYED BY ANY OF THE COVERED PERILS.**
- 5.5. INTERFERENCE AT THE DESCRIBED PREMISES BY STRIKERS OR OTHER PERSONS INTERRUPTING OR DELAYING THE RECONSTRUCTION, REPAIR OR REPLACEMENT OF THE INSURED COMPANY'S PROPERTY.**
- 5.6. GROSS EARNINGS AND/OR MARKET LOSS.**