

LOSS OF RENTS

CONSEQUENTIAL LOSS

1. SCOPE

The real pecuniary loss sustained by the Insured resulting from rents not received from the leased location or locations as a consequence of the occurrence of the perils covered under the direct physical damage Policy, and up to the Insured Sum indicated in the Specification of the Policy.

The expenses incurred with the purpose to reduce the loss are also covered, but not exceeding the reduced amount, unless the Company has given written instructions.

The Sum Insured represents the annual amount for RENTS of the location or locations insured under the direct physical damage Policy; should this be less Clause 4 "Proportional Rule" of the General Conditions of the Policy apply.

It is understood that the indemnity period shall be limited to the time required to repair, with due diligence and dispatch, that part of the building in respect of which rents should have been paid to the Insured, but limited to the maximum indemnity period contracted for, which is indicated in the Specification of the Policy.

Such period shall begin as of the date of loss and shall not be limited to the expiry date of the Policy.

2. DEFINITIONS

2.1. **Rents.-** mean the amounts received by the Insured from any location or locations of the building insured under the direct damage Policy, but not including:

2.1.A. Salaries of the Concierge or Administrator, for such unnecessary services after the loss.

2.1.B. Commissions for the collection of rents or the administration of the building.

2.1.C. Cancelled taxes.

2.1.D. Heating, water and energy costs.

2.1.E. Any other expense that cease as a direct consequence of the damage and was included in the rental amount.

2.2. **Period of Indemnity.-** the period beginning on the date of loss, within the coverage term, and ending after the period provided therein, whereas the location or locations covered may be affected as a consequence of such loss, but not limited to the expiry date of the Policy term.

2.3. **Interruption by a civil authority**

This coverage is extended to insure the loss of rents of up to a maximum of 15 (fifteen) days, when the access to the building, where rents are covered, is prohibited by authorities, for damage sustained by adjacent buildings as a consequence of one or several of the perils covered by this Policy.

2.4. **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 of the building, where rents are covered, in order that the Company may adjust the corresponding difference in premium, if any.

Should such modification imply an essential increase of hazard. The Insured's failure to notify the Company within a period of 24 (twenty four) hours shall render the Company release from the obligations thereof.

3. EXCLUSIONS

THE COMPANY SHALL NOT BE LIABLE FOR ANY INCREASE TO THE AMOUNTS WHICH, NORMALLY AND IN ACCORDANCE WITH THIS COVERAGE, ARE TO BE INDEMNIFIED, AS A CAUSE OR CONSEQUENCE OF:

- 3.1. THE INSURED'S ECONOMICAL FAILURE TO PAY THE EXPENSES FOR THE RECONSTRUCTION OR REPAIR OF THE BUILDING, WHERE RENTS ARE COVERED.**
- 3.2. THE SUSPENSION, LAPSE OR CANCELLATION OF ANY CONTRACT OR AUTHORIZATION BY THE APPLICATION OF ANY LAW OR ORDINANCE OF AUTHORITIES REGULATING THE CONSTRUCTION OR REPAIR OF BUILDINGS.**
- 3.3. STRIKERS OR PERSONS TAKING PART IN WORK STOPPAGES, LABOUR DISTURBANCES, RIOTS INTERRUPTING THE RECONSTRUCTION OR REPAIR OF THE BUILDING, WHERE RENTS ARE INSURED HEREIN, OR PERSONS INTERRUPTING THE OCCUPANCY THEREOF.**
- 3.4. THE FAILURES RESULTING FROM THE RECONSTRUCTION OR REPAIR OF THE BUILDING, EVEN IF SUCH CONSTRUCTION OR REPAIR GIVES RISE TO THE LOSS SUSTAINED BY ANY OF THE PERILS COVERED UNDER THIS POLICY.**

4. DEDUCTIBLE

The deductible as indicated in the Policy shall be applied to each loss.

5. INSURED'S OBLIGATIONS

It is stipulated that the Insured shall have current leasing contracts for each location or locations declared and witnessed before the corresponding authorities.