

BUSINESS GUARD - COMMERCIAL

**Consequential Loss (Fire) Rider
Attached to and forming part of Business Guard-Commercial Policy No. _____**

**SPECIFICATION C – Difference Basis
Insurance on Gross Profit on Turnover Basis**

Item No.		Sum Insured
1. On Gross Profit	Rs.	Per Schedule
2. (If applicable, Per Schedule)		
3. (If applicable, Per Schedule)		
Total Sum Insured		Per Schedule

The insurance under Item No. 1 is limited to loss of Gross Profit due to (a) Reduction in Turnover and (b) Increase in Cost of Working and the amount payable as indemnity thereunder shall be: -

- a) IN RESPECT OF REDUCTION IN TURNOVER: the sum produced by applying the Rate of Gross Profit to the amount by which the Turnover during the Indemnity Period shall, in consequence of the Damage, fall short of the Standard Turnover.
- b) IN RESPECT OF INCREASE IN COST OF WORKING: the addition expenditure (subject to the provisions of Memo 2) necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the reduction in Turnover which but for that expenditure would have taken place during the Indemnity Period in consequence of the Damage but not exceeding the sum produced by applying the Rate of Gross Profit to the amount of the reduction thereby avoided,

less any sum saved during the Indemnity Period in respect of such of the Insured Standing Charges as may cease or be reduced in consequence of the Damage, provided that if the Sum Insured by this Item be less than the sum produced by applying the Rate of Gross Profit to that proportion (the Indemnity Period bears to 12 months) of the Annual Turnover, the amount payable shall be proportionately reduced.

Departmental Clause

If the Business be conducted in departments, the independent trading results of which are ascertainable, the provision of Clause (a) and (b) of Item 1 shall apply separately to each department affected by the Damage except that if the Sum Insured by the said item be less than the aggregate of the sum produced by applying the Rate of Gross Profit for each department of the Business (whether affected by the Damage or not) to the relative Annual Turnover thereof, the amount payable shall be proportionately reduced.

Accumulated Stocks Clause

In adjusting any loss, account shall be taken and an equitable allowance made if any shortage in Turnover due to Damage is postponed by reason of the Turnover being temporarily maintained from accumulated stocks of finished goods in the Insured’s warehouses.

Definitions

GROSS PROFIT – The amount by which

- (1) the sum of turnover and the amount of Closing Stock shall exceed
- (2) the sum of the amount of the Opening Stock and the amount of Specified Working Expenses.

Note: The amounts of the Opening and Closing Stock shall be arrived at in accordance with the Insured’s normal accountancy methods, due provision being made for depreciation.

SPECIFIED WORKING EXPENSES – Per listing of Expenses stated in the Schedule to the Policy.

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TURNOVER – The money paid or payable to the Insured for goods sold and delivered and for services rendered in course of the Business at the premises.

INDEMNITY PERIOD – the period beginning with the occurrence of the Damage and ending not later than the number of months (stated in the Schedule) thereafter during which the results of the Business shall be affected in consequence of the Damage.

RATE OF GROSS PROFIT – the Rate of Gross Profit earned on the Turnover during the financial year immediately before the date of the Damage.

ANNUAL TURNOVER – the Turnover during the twelve months immediately before the date of the Damage.

STANDARD TURNOVER – the Turnover during that period in the twelve months immediately before the date of the Damage which corresponds with the Indemnity Period

to which such adjustments shall be made as may be necessary to provide for the trend of the Business and for variations in or special circumstances affecting the business either before or after the Damage or which would have affected the Business had the Damage not occurred so that the figures thus adjusted shall represent as nearly as may be reasonably practicable the results which, but for the Damage, would have been obtained during the relative period after the Damage.

Memo 1. If during the Indemnity Period goods shall be sold or services shall be rendered elsewhere than at the premises for the benefit of the Business either by the Insured or by others on his behalf the money paid or payable in respect of such sales or services shall be brought into account in arriving at the Turnover during the Indemnity Period.

Memo 2. If any Standing Charges of the Business be not insured by this Policy then in computing the account recoverable hereunder as Increase in Cost of Working that proportion only of the additional expenditure shall be brought into account which the sum of the Net Profit and the Insured Standing Charges bears to the sum of the Net Profit and all the standing charges.

Memo 3. If the Insured declares, at the latest twelve months after the expiry of any Period of Insurance, that the Gross Profit earned (or a proportionately increased multiple thereof where the maximum Indemnity Period exceeds 12 months) during the accounting period of 12 months most nearly concurrent with any Period of Insurance, as certified by the Insured's Auditors, was less than the Sum Insured thereon, a pro-rata return of Premium not exceeding 50% of the Premium paid on such Sum Insured for such Period of Insurance shall be made in respect of the difference. Where, however, the declaration is not received by the Company within twelve months after the expiry of the Period of Insurance, no refund shall be admissible.

If any Damage has occurred giving rise to a claim under this Policy, such return shall be made in respect only of said difference as is not due to the Damage.

**New Business Clause
(Applicable if so declared in the Schedule)**

For the purpose of any claim arising from Damage occurring before the completion of the first year's trading of the Business at the premises the terms "Rate of Gross Profit," "Annual Output/ Turnover" and "Standard Output/ Turnover" shall bear the following meaning and not as within stated.

RATE OF GROSS PROFIT – The rate of Gross Profit earned on the Output/ Turnover during the period between the date of the commencement of the Business and the date of the Damage

ANNUAL OUTPUT/ TURNOVER – The proportional equivalent for a period of twelve months or the Output/ Turnover realized during the period between the commencement of the Business and the date of the Damage.

STANDARD OUTPUT/ TURNOVER – The proportional equivalent for a period equal to the Indemnity Period of the Output/ Turnover realized during the period between the commencement of the Business and the date of the Damage

to which such adjustments shall be made as may be necessary to provide for the trend of the Business and for variations in or special circumstances affecting the Business either before or after the Damage or which would have affected the Business had the Damage not occurred so that the figures thus adjusted shall represent as nearly as may be reasonably practicably, the results which, but for the Damage, would have been obtained during the relative period after the Damage.
