

Form #S42000.2 (Rev. November 1, 2014)
Gross Earnings Form
(MERCANTILE OR NON-MANUFACTURING)

FOR USE WITH EQUIPMENT BREAKDOWN INSURANCE

Words and phrases in quotation marks have special meaning as defined in this form or as defined in the Equipment Breakdown Insurance Form attached to this policy.

1. INSURING AGREEMENT

This Form insures, up to the amount stated in the "Declarations Page", against loss directly resulting from necessary interruption of business caused by destruction or damage by "breakdown", occurring during the term of this policy, to "insured equipment" on the "premises". The description of the Insured's business and the location of the insured "premises" are as stated in the "Declarations Page".

2. MEASURE OF RECOVERY

The measure of recovery in the event of loss hereunder shall be the reduction in Gross Earnings directly resulting from such interruption of business less charges and expenses which do not necessarily continue during the interruption of business, for not exceeding such length of time as would be required with the exercise of due diligence and dispatch to rebuild, repair or replace such part of the described property as has been destroyed or damaged, commencing with the date of such destruction or damage and not limited by the date of expiration of this policy, but not exceeding the actual loss sustained by the Insured resulting from such interruption of business. Due consideration shall be given to the continuation of normal charges and expenses, including payroll, to the extent necessary to resume operations of the Insured with the same quality of service which existed immediately preceding the destruction or damage by the "breakdown" insured against.

3. CO-INSURANCE CLAUSE

The Insurer shall not be liable, in the event of loss, for a greater proportion thereof than the amount hereby insured bears to the percentage of the Gross Earnings as stated in the "Declarations Page" that would have been earned (had no loss occurred) during the twelve (12) months immediately following the date of damage to or destruction of the described property.

4. PREMIUM ADJUSTMENT

If within 12 months after the expiration of this Policy the Insured shall file with the Insurer a premium adjustment application form showing:

- (a) The total amount of insurance carried on "gross earnings" as defined herein, during the annual term of this Policy and that such amount was not decreased during the said annual term; and
- (b) That the amount produced by applying the percentage stipulated in the "Declarations Page" to the Gross Earnings amount certified by the Insured's Auditors as earned during the Insured's financial year most nearly concurrent with the annual term of the Policy was less than the total amount of insurance carried thereon,

Then the Insurer will allow in respect of its pro rata proportion of the difference a return of premium not exceeding 50% (25% if the co-insurance requirement is less than 80%, where eligible) of the premium paid by the Insured under this Form in respect of such "gross earnings".

In the event of loss originating within the term of this Policy, the premium for the full term of this insurance on the full amount paid or payable for such loss shall be regarded as earned and no return premium shall be allowed in respect thereof.

The Insurer reserves the right to inspect the Insured's books, records and such policies as relate to this insurance for verification of any statement filed for the purpose of adjusting the premium of this insurance.

5. PERIOD OF INDEMNITY

The length of time of necessary interruption of business for which indemnity is payable is limited, in addition to those provisions set out in this Form, to a maximum of 12 consecutive calendar months following the date of damage or destruction.

6. RESUMPTION OF OPERATIONS

It is a condition of this insurance that if the Insured could reduce the loss resulting from the interruption of business,

- (a) by complete or partial resumption of operation of the property herein described, whether damaged or not, or
 - (b) by making use of merchandise or other property at the location(s) described herein or elsewhere,
- such reduction shall be taken into account in arriving at the amount of loss hereunder.

7. EXPENSES TO REDUCE LOSS

This Form also insures such expenses as are necessarily incurred for the purpose of reducing loss under this Form (except expense incurred to extinguish a fire), but in no event shall the aggregate of such expenses exceed the amount by which the loss under this Form is thereby reduced. Such expenses shall not be subject to the application of the Co-insurance Clause.

8. MEDIA LIMITATION

With respect to loss resulting from damage to or destruction of media for, or programming records pertaining to electronic data processing or electronically controlled equipment, including data thereon, by the "breakdown" insured against, the length of time for which the Insurer shall be liable hereunder shall not exceed:

- (a) thirty (30) consecutive calendar days; or
 - (b) the length of time that would be required to rebuild, repair or replace such other property herein described as has been damaged or destroyed,
- whichever is the greater length of time.

9. INTERRUPTION BY CIVIL AUTHORITY

This Form is extended to include the actual loss as insured hereunder during the period of time, not exceeding two weeks, while access to the described "premises" is prohibited by order of civil authority, but only when such order is given as a direct result of damage to neighbouring premises by a "breakdown" insured against.

10. LOSS CLAUSE

Any loss hereunder shall not reduce the amount of insurance applicable to this Form.

11. ADDITIONAL EXCLUSIONS

The Insurer shall not be liable for:

- (a) any increase of loss directly or indirectly, proximately or remotely, resulting from, or contributed to by, the operation of any by-law, ordinance or law regulating zoning or the demolition, repair or construction of buildings or structures, unless the liability is otherwise specifically assumed by endorsement hereon;
- (b) any increase of loss due to interference at the described "premises" by strikers or other persons, with rebuilding, repairing or replacing the property, or with the resumption or continuation of business;
- (c) loss due to fines or damages for breach of contract for late or non-completion of orders, or for any penalties of whatever nature;
- (d) loss due to the suspension, lapse or cancellation of any lease or license, contract or order, which may affect the Insured's earnings after the period following any loss during which indemnity is payable.

12. WAIVER OF TERM OR CONDITION

No term or condition of this policy shall be deemed to be waived by the Insurer in whole or in part unless the waiver is clearly expressed in **writing** signed by a person authorized for that purpose by the Insurer.

Neither the Insurer nor the Insured shall be deemed to have waived any term or condition of this policy by any act relating to the appraisal of the amount of loss or to the delivery and completion of proofs, or the investigation or adjustment of any claim under this policy.

13. DEFINITIONS

For the purposes of this insurance:

"**Gross Earnings**" are defined as the sum of:

- (a) Total net sales, and
- (b) Other earnings derived from operations of the business, less the cost of:
- (c) Merchandise sold, including packaging materials therefor,
- (d) Materials and supplies consumed directly in supplying the service(s) sold by the Insured, and
- (e) Service(s) purchased from outsiders (not employees of the Insured) for resale, which do not continue under contract.

No other costs shall be deducted in determining Gross Earnings.

In determining Gross Earnings due consideration shall be given to the experience of the business before the date of the damage or destruction and the probable experience thereafter had no loss occurred.

"**Normal**" means the condition which would have existed had no loss occurred.

"**Premises**" means the entire area within the property lines at the location described in the "Declarations Page", including areas under adjoining sidewalks and driveways.

"**Provincial Conditions**". This Form shall be subject only to the Statutory Conditions and Conditions of the Policy of the Province in which the property insured is located and to such variations of the Conditions and such other terms and conditions as are herein printed or represented in writing.

"**Breach of Conditions**". Where a loss occurs and there has been a breach of condition relating to a matter before the happening of the loss, which breach would otherwise disentitle the Insured to recover under the policy, the breach shall not disentitle the Insured to recover if the Insured establishes that the loss was not caused or contributed to by the breach of condition.

14. PERMISSION IS GRANTED

For further concurrent insurance either prior, co-incident or subsequent, and to increase or decrease insurance without notice until required, but this permission shall not be construed to waive the requirements of the Co-Insurance Clause.

To do such work and to keep and use such articles, materials, and supplies in such quantities as are usual or necessary to the Insured's business.

AT UNSPRINKLERED LOCATIONS ONLY:

- To make additions, alterations or repairs without limit of time.
- To cease operations or to remain vacant or unoccupied for a period not exceeding thirty (30) days at any one time.
- To keep and use fuel oil in the building for heating purposes.
- To keep automobiles, tractors or other motor vehicles.

AT SPRINKLERED LOCATIONS ONLY:

For plant changes, alterations and repairs, and for ordinary additions without limit of time; but extraordinary additions and extensions are only permitted provided notice thereof is given the Insurer, at or about the time when work is commenced. Subject to the foregoing, the insurance on the property covered under this Form is hereby extended to said additions and extensions, subject to all the terms and conditions of the policy and to any adjustment of premium deemed necessary.

To cease operations in, and for any individual buildings to remain vacant or unoccupied without limit of time, but the entire plant not to cease operations, or to be vacant or unoccupied for a period exceeding thirty (30) days at any one time.

AUTOMATIC FIRE PROTECTION MAINTENANCE CLAUSE

The rate of premium being fixed having regard to the fact that the risk is mainly under sprinkler protection, it is understood and agreed that the Insured shall forthwith notify the Insurer of any interruption to or flaw or defect in the sprinkler equipment coming to the knowledge of the Insured.