Dear customer...

Sasria provides short-term insurance cover against special risks that the broader insurance industry does not cover. Examples of these special risks are civil commotion, strike, riot, public disorder and terrorism.

This document is the legal and official version of your Sasria policy wording. The laws of South Africa govern this policy.

Your contract with Sasria comprises:

- the policy wording (this document);
- the Sasria policy schedule;
- any information that you, or someone acting on your behalf, supply to us; and
- any amendment to the policy.

Please read the wording carefully to make sure that you understand what your policy covers. You must always read the wording together with the Sasria schedule.

We look forward to being of service to you.

How to reach us

011 214 0800 or 086 172 7742 | contactus@sasria.co.za | www.sasria.co.za

General terms and conditions

How you should read this document

"We", **"our"** or **"us"** in the wording refers to Sasria SOC Ltd. **"You"** or **"your"** in the wording refers to the policyholder.

Words in the singular include the plural. Words in the masculine gender (he) include the feminine gender (she).

Your Sasria policy and the underlying policy

You must have an underlying policy in force

To be insured against the special risks mentioned above, you must have an underlying policy contract in force that includes Sasria cover at the time of the event that gives rise to a loss. If you choose to only take out Sasria cover, there must be a pro forma underlying policy as a formality. The pro forma policy can be issued by any underlying insurer. The underlying insurer must give you Sasria cover regardless of your risk profile.

Sasria policies attach to the underlying policy or they are stand-alone:

- **Attached policies** incorporate the terms, conditions and warranties of the underlying policy with some exceptions (see the next subsection).
- **Stand-alone policies** have their own terms and conditions that are listed in the relevant policy wording.

Policies that attach to the underlying policy	**Stand-alone policies**
Material Damage (Fire) Contract Works	Motor Business Interruption (Standing Charges, Working Expenses, Loss of net profit, Loss of gross profit, Project Delay)

Policies that attach to the underlying policy

For these policies, the terms, conditions, exclusions and warranties of the underlying policy also apply to the Sasria policy **except for those listed below**:

Standard S.A.I.A. Exceptions

The general exclusions of underlying policies typically include the Standard S.A.I.A. Exceptions. Your Sasria policy covers some of the S.A.I.A. Exceptions, but not all of them.

Your Sasria policy covers civil commotion, riot, strike, lockout, public disorder, rebellion and revolution and terrorism (S.A.I.A. Exceptions A(i), A(iii)(b), A(iv), A(v), A(vi) and A(vii) to the extent that A(vii) refers to A(i), A(iii)(b), A(iv), A(v) and A(vi) and C).

Your Sasria policy does not cover war and war-related activities (S.A.I.A. Exceptions A(ii), A(iii)(a) and A(vii) to the extent that A(vii) refers to A(ii) and A(iii)(a) and B).

In each policy, see **What we cover** and **What we don't cover** for the details.

If the numbering in your underlying policy does not correspond with the numbering of the Standard S.A.I.A. Exceptions, you must refer to the corresponding contents.

Extensions

Sasria special risk cover only applies to the basic cover of the underlying policy. It does not apply to any additional perils and extensions included in the underlying policy, whether optional or not. Sasria covers its own list of extensions at an additional premium. You will find the list of extensions at Business Interruption Section. Contact us if you want Sasria cover for any of these extensions.

Excess

For Material Damage (Fire), there is no excess payable if you claim under your Sasria policy.

For Contract Works, the following excess is payable:

For loss or damage to contract works and materials, the excess or first amount payable is calculated as 0,1% of the value of the specific contract for which a claim is made.

The following minimum and maximum amounts apply:

Minimum excess (first amount payable)
- R250 (Domestic risks)
- R2 500 (All other risks)

Maximum excess (first amount payable)
- R25 000

For loss or damage to a construction plant, the excess is R1 000 for each loss or damage arising from any one insured event.

Premium

Any adjustment of the premium clause or condition in the underlying policy will not automatically apply to your Sasria policy.

Period of insurance

The period of insurance of your Sasria policy is the same as the period of insurance of the underlying policy.

Sasria and the underlying insurer must sign your schedule

For your Sasria contract to be valid, the Sasria schedule must bear the signatures of a director of Sasria and the underlying insurer.

Cancellation

Only you have the option to cancel Sasria cover; Sasria will never cancel your cover.

If an underlying policy is cancelled, it does not automatically result in cancellation of your Sasria cover. The underlying insurer must give you the option to keep your Sasria cover except if the cancellation was due to non-payment. If you choose to keep your Sasria cover, the underlying insurer will issue a pro forma policy to which your Sasria policy will attach.

Our rights

To review rates and premiums

We reserve the right to review the terms and conditions of a policy, including rates and premiums, in line with all applicable laws (e.g. the Policyholder Protection Rules). Where necessary, some or all classes of business rates and premiums may be reviewed with reference to trends, expectations and assumptions, including but not limited to the following:

a) Documented trend of poor performance on class or classes of business over the last three (3- to five (5) years;
b) Reasonably balancing the interests of Sasria SOC Ltd and its policyholders' expectations; and
c) The extent to which the assumptions on which the premium was based have been met.

In accordance with the law, we will duly notify the policyholder in writing, through our distribution channels, of the details of the pending review; the effective date of the review; the reasons for the review; the implication of the review; the policyholder's rights and obligations regarding the review,

including any cooling-off rights offered and procedures applicable for the exercise thereof; and any other relevant details.

Each policyholder will be given a reasonable notice period to make an informed decision as to whether the policy continues to meet the policyholder's requirements as a result of the reviewed terms and conditions.

To take possession of damaged property

When you claim under this policy, you agree that we, and any person authorised by us, have the right to enter the damaged property, or take possession of it, and deal with it in any reasonable manner. This right does not imply that we accept liability for the claim. It also does not diminish our right to apply any condition of this policy.

You remain responsible for all damaged property until it is in our possession.

To take legal action on your behalf

If we have compensated you for loss or damage, we have the right to recover our costs from the responsible third-party. We have the right to take legal action on your behalf to defend or settle any third-party claim. You agree that we may conduct the legal proceedings to our full discretion.

You must cooperate fully with us. Specifically, you agree to:

- do nothing that will prejudice or limit our rights;
- give us all information and documents we require;
- sign any document or affidavit that we request to enable us to exercise our rights;
- attend depositions, hearings, trials and give evidence as necessary; and
- make no admission, offer, promise, payment or statement about Sasria's liability without our written consent.

Transfer of rights

Only you have the right to claim against us under this policy. This right may only be transferred to another person or entity if you should die or if the law orders it.

Sharing information

By entering into a contract with Sasria, you waive your right to privacy and agree that we may disclose to any other insurance company any relevant information that you, or someone else on your behalf, has provided to us.

Your responsibilities

To be covered

To be covered under your Sasria policy:

1. The underlying policy must have been valid and active on the date of the insured event for which you claim;
2. The Sasria premium payments must be up to date and we must have received all such payments; and
3. You must, for attached policies, comply with the terms and conditions of your Sasria policy and those of the underlying policy (with the exceptions described above under **Policies that**

attach to the underlying policies). For stand-alone policies, you must comply with the terms and conditions of your Sasria policy.

Pay the premium in advance

Your Sasria premium is payable in advance per month or per year. If the period of insurance is more than one month, but less than 12 months, the full annual premium will be payable in advance.

If we do not receive your premium by the due date, we will consider this policy to have lapsed at 24:00 (midnight) of the last day of the previous period of insurance, unless you can prove that the failure to pay was an error on the part of our agent or your broker.

Take all reasonable precautions

You must take all reasonable action to prevent loss or damage.

Do not withhold information or commit fraud

It is your responsibility to make sure that you give us all relevant information and that this information is complete, correct, and remains correct. If you withhold any information, or give us false or incorrect information, we may refuse to pay your claim.

We have the right to verify or investigate any information that you submit.

We have the right to reject a claim if you, or any person representing you, commit fraud in terms of this Sasria policy. If we refuse to pay your claim because of fraud or attempted fraud, we will not refund premiums already paid and may start legal proceedings against the defrauding party.

You commit fraud if you, or anyone on your behalf:

- submit a false or dishonest claim under this policy;
- use false or dishonest means or false information to benefit from the cover that we provide; or
- deliberately cause an insured event. For example, if you should deliberately cause a fire or add fuel to it.

Compensation

How we compensate you

If you have a valid claim, we will compensate you for the lost or damaged property by making a payment to you, or by repairing, replacing or reinstating the damaged property.

Who gets the compensation?

If we accept liability, we compensate the policyholder, or his beneficiary in the event of his death, except in the following cases:

1. If the lost or damaged property is still under finance, we will pay the financial institution first.
2. If the lost or damaged property has been sold to you, but the seller still has an insurable interest in the property, we will compensate the seller proportionally if you write to us and request us to do so.

If the compensation that settles the claim is accepted, we will have no further liability regarding the claim.

Policy limits

The limits of compensation are detailed in the respective policies.

Agreed value

If the property is leased, rented or hired under an agreement that requires the insured to insure the property and/or be responsible for it at an agreed value, the sum insured will be the stipulated agreed value.

Countries where you are covered

This policy covers only property situated in the Republic of South Africa or in the territorial waters of South Africa. The 1982 United Nations Convention on the Law of the Sea defines territorial waters as "a belt of coastal waters extending 12 nautical miles (22.2 km) from the baseline (usually the mean low-water mark) into the sea".

Sasria has an agreement with the Namibian special risk insurance association (Nasria). In terms of this agreement, you have Sasria cover in Namibia for a maximum of sixty (60) consecutive days.

Disputes

If a dispute arises as to the compensation payable, or the liability of Sasria, we will refer the matter for arbitration in terms of the arbitration laws in force at that time in the Republic of South Africa, at a place that we will determine.

You will not have the right to take legal action against Sasria until the arbiter has made a decision. The decision of the arbiter will be final and binding.

Amendment

You, or Sasria, may amend this policy, but no amendment to this policy will be valid unless a director of Sasria has signed the amendment.

How to claim

What to do in the event of a business interruption

You must notify the underlying insurer in writing that you intend to claim for business interruption under this policy. You must submit the claim to the underlying insurer not later than 30 days after the end of the indemnity period unless we have agreed otherwise. (See the definition of indemnity period below.)

You must also provide us with details of all other insurance covering the loss or damage.

Supporting documents

We may ask you to submit financial evidence to support your claim. Your underlying insurer will send you a list of all the required documents. The documents must be certified by your auditors or accountants and will be used to verify your claim.

Business Interruption

Important words and phrases

General

Word or phrase	Defined meaning
Civil commotion	Large-scale violence by members of the public, causing injury to people or damage to property.
Consequential loss	Loss or damage that is not directly caused by an insured risk, but which is an indirect consequence or result of the insured risk.
Labour disturbance	In the case of Slabbert Burger vs Sasria, disturbance in a labour context was defined as "an overt disturbance of the public peace in defiance of authority, leading to physical damage". Sasria will only consider a claim for loss or damage as a result of a labour disturbance if all four of the following elements are present: • A disturbance of the public peace; • Which happens openly, or which is clear upon observing; • In disobedience of authority; and • Which leads to physical loss or damage.
Lockout	According to section 213 of the Labour Relations Act (66 of 1995), a lockout means "the exclusion by an employer of employees from the employer's workplace, for the purpose of compelling the employees to accept a demand in respect of any matter of mutual interest between employer and employee, whether or not the employer breaches those employees' contracts of employment in the course of or for the purpose of that exclusion". This definition may be amended by South African law from time to time.
Looting	To steal goods, typically during a riot, strike or civil commotion. Looting must take place during an event that Sasria covers. Sasria does not cover theft.
Policyholder	The person(s) or juristic entity in whose name the policy is issued. A policyholder could be: • A holding company and all its subsidiaries (as set out in the Companies Act, 61 of 1973); or • A subsidiary of the holding company; or • An entity other than a company; or • A person or persons.

Public disorder	A riot or other civil commotion that gives rise to a serious risk to public safety, whether at a single location or resulting from a series of incidents in the same or different locations.
Riot	In terms of case law, riot means the tumultuous disturbance of public peace by an assembly of three or more persons acting together in the execution of some private objective. Sasria will only consider a claim for loss or damage as a result of a riot, if all four of the following elements are present: • Three or more persons who have assembled with the same objective; • A tumultuous disturbance of the public peace; • Which leads to strife, violence or threats of violence; and • Physical loss or damage. In terms of this definition, Sasria does not consider the violent acts of three or more people who have different objectives as a riot.
Strike	According to section 213 of the Labour Relations Act (66 of 1995), a strike means "the partial or complete concerted refusal to work, or the retardation or obstruction of work, by persons who are or have been employed by the same employer or by different employers, for the purpose of remedying a grievance or resolving a dispute in respect of any matter of mutual interest between employer and employee, and every reference to 'work' in this definition includes overtime work, whether it is voluntary or compulsory". This definition may be amended by South African law from time to time.
Terrorism	The unlawful use of violence and intimidation, especially against civilians, in the pursuit of political aims. Please note that Sasria cover does not extend beyond the borders of South Africa. In other words, if terrorism happens outside the borders of South Africa, Sasria does not cover that. Furthermore, Sasria does not cover consequential loss emanating from any acts of terrorism.

Words and phrases relating to Business Interruption

Indemnity period	The period during which the insured business incurred financial losses or expenses as a result of an interruption to the insured business as defined in this policy. The period will start on the date that the insured event, which caused the business interruption, occurred. The maximum length of the indemnity period is set out in the policy schedule.
Turnover	The money paid or payable to the insured for goods sold and delivered and for services rendered in the course of business at the insured premises
Annual turnover	The turnover of the insured business for the 12 months immediately before the insured event occurred.

Standard turnover	The turnover of the insured business during a specific period in the 12 months immediately before the insured event, which corresponds with the same period during the indemnity period.
Revenue	The total income of the insured business from, for example, sales, fees, interest or rentals.
Annual revenue	The revenue of the insured business for the 12 months immediately before the insured event occurred.
Standard revenue	The revenue of the insured business during a specific period in the 12 months immediately before the insured event, which corresponds with the same period during the indemnity period.

Overview

Business Interruption is a stand-alone policy with its own terms and conditions. It does not attach to the terms and conditions of the underlying policy.

Business Interruption covers you for financial losses due to the interruption of, or interference with, your business activities as a result of loss of, or damage to, any building or other property, or any part of it, at the premises shown as the risk address in the schedule as a result of an event that Sasria covers.

This policy comprises five sections: Standing charges, Working expenses, Loss of net profit, Loss of gross profit and Project Delay.

Cover for 'Increase in cost of working' is included in all sections. 'Increase in cost of working' refers to the expenditure necessarily and reasonably incurred by the insured to ensure the continued operations of the business and for the sole purpose of avoiding a reduction in turnover during the indemnity period.

Standing Charges

Standing charges covers you for regular, fixed business expenses, for example wages, rentals, subscriptions, utility, telephone and internet charges. You must specify in the schedule which standing charges you want this policy to cover.

Working Expenses

Working expenses covers you for variable business expenses. You may indicate in the schedule the working expenses that you do not want this policy to cover, for example discounts or bad debts. These are also called working expenses specified as uninsured.

Loss of net profit

Loss of net profit covers you for loss of the actual profit of the insured business as a result of a business interruption as defined in this policy and covered during the indemnity period. Net profit is defined as profit after all costs have been deducted from the turnover or revenue, including standing and other charges, as well as depreciation. Capital receipts and deposits are not included in the

calculation of net profit. The calculation of net profit takes place before any tax on profits is deducted.

Turnover and revenue refer to the total income of the business generated from sales or services. The term 'turnover' is usually applied for businesses with stock whereas the term 'revenue' is usually applied for businesses without stock.

Loss of gross profit

Loss of gross profit covers you for loss of net profit plus standing charges or working expenses, as explained above.

Project Delay

Project Delay covers you for expenses necessarily and reasonably incurred when a construction project is delayed as a result of a business interruption as defined in this policy and covered during the indemnity period.

Summary

The relationship between the sections that Business Interruption comprises is explained in the figure below:

Business Interruption

Standing Charges	Working Expenses	Loss of net profit	Loss of gross profit	Project Delay
Standing charges that you want the policy to cover needs to be specified in the schedule	Calculated according to a formula Expenses that you do not want the policy to cover needs to be specified in the schedule	Loss of turnover (for businesses with stock) OR Loss of revenue (no stock)	Loss of net profit plus standing charges or working expenses	Standing charges only; not loss of profit
Increase in cost of working included	Increase in cost of working included	Increase in cost of working included	Increase in cost of working included	Increase in cost of working (expenses associated with project delay)
Condition: A valid Sasria claim under a Material damage policy				Condition: A valid Sasria claim under Contract works policy

WHO do we cover?

The Business Interruption policy covers the policyholder and any other insured entity or person named in the schedule.

What we cover

Sasria will compensate you for financial losses due to business interruption as selected and specified in the schedule.

The business interruption must be as a result of the loss of, or damage to, property insured in a Material Damage (Standing Charges, Working Expenses, Loss of net profit and Loss of gross profit) or Contract Works (Project Delay) policy. The loss or damage that led to the business interruption must have taken place during the period of insurance of the applicable Sasria policy.

The loss or damage must be directly related to, or caused by, the following insured events:

1. Any riot, strike or public disorder or any act or activity which is calculated or directed to bring about a riot, strike or public disorder;
2. Any act (whether on behalf of any organisation, body or person, or group of persons) calculated or directed to overthrow or influence any State or government, or any provincial, local or tribal authority with force, or by means of fear, terrorism or violence;
3. Any act which is calculated or directed to bring about loss or damage in order to further any political aim, objective or cause, or to bring about any social or economic change, or in protest against any State or government, or any provincial, local or tribal authority, or for the purpose of inspiring fear in the public, or any section thereof;
4. Any attempt to perform any act referred to in clauses 1, 2 and 3 above;
5. The act of any lawfully established authority in controlling, preventing, suppressing or, in any other way, dealing with any act or attempted act referred to in clauses 1, 2, 3 or 4 above;
6. Looting committed as part of the acts described in 1, 2, 3, 4 or 5 above.

Extension included

Claim preparations cost

The insurance provided by this policy includes costs that you reasonably incurred to produce and certify any particulars or details that we require in terms of Condition 6 or to substantiate any claim. We will pay a maximum of R50 000 for such costs per claim.

Extension optional

Additional increase in cost of working

You may increase the sum insured for 'Increase in cost of working' at an additional premium.

You will find the full list of extensions at INSERT LINK. Contact us if you want Sasria cover for any of these extensions.

What we DON'T cover

Sasria does not compensate you for business interruption that results from any of the following:

1. Any form of consequential or indirect loss or damage, depreciation of any nature, wear and tear, and any form of mechanical or electrical failure or breakdown;
2. Consequential loss or damage resulting from stopping work, totally or partially, or from delaying, interrupting or stopping any process or operation;
3. Loss or damage resulting from a lawful authority confiscating, commandeering or requisitioning insured property, permanently or temporarily, or any attempt to do so;
4. Loss or damage, in any way caused by, or contributed to, an act of terrorism that uses, or threatens to use, any nuclear weapon or device, or any chemical or biological agent;
5. Loss or damage, in any way caused by, or contributed to, war, invasion, act of foreign enemy, hostilities or warlike operations (whether war be declared or not), civil war, mutiny, military rising, military or usurped power, martial law or state of siege, or any other event or cause which determines the proclamation or maintenance of martial law or a state of siege;
6. Any attempt to perform any act referred to in clauses 4 and 5 above;
7. The act of any lawfully established authority in controlling, preventing, suppressing or, in any other way, dealing with any act or attempted act referred to in clause 4 and 5 above;
8. Loss or damage caused directly or indirectly by, or through, or in consequence of any occurrence for which a fund has been established in terms of the War Damage Insurance and Compensation Act, 1976 (No. 85 of l976) or any similar Act operative in South African territory to which this policy applies;
9. Prevention of access (for example, penalties or fines for an extended contract period);
10. Loss or damage for which you are liable in terms of a contract, unless you would have been liable for the damage in the absence of the contract;
11. Loss or damage caused directly or indirectly by a nuclear event. A nuclear event is an incident or accident involving the release of radioactive material with negative health and environmental effects.

If we reject a claim by reason of exclusion 4, you will have to prove that the loss or damage was not related to exclusion 4.

We will also not compensate you under this policy for:

12. Loss of net profit and any extra expenses due to a business interruption at the premises of a customer or a supplier, or any entity that is part of your supply chain;
13. Loss resulting from a business interruption that was caused by damage to a public utility or public communications entity serving the insured premises.

Conditions

1. For Standing Charges, Working Expenses, Loss of net profit and Loss of gross profit:
   1.1. You must have Sasria cover under a Material Damage (Fire) policy with an underlying insurer.
   1.2. You may only submit a claim under any of these sections if the business interruption is a result of loss of damage for which you have successfully claimed from Sasria under Material Damage.
2. For Project Delay:
   2.1. You must have Sasria cover under a Contract Works policy with an underlying insurer.
   2.2. You may only submit a claim under Project Delay if the delay is a result of loss or damage for which you have successfully claimed from Sasria under Contract Works. If a claim under Contract Works is rejected only because the excess amount is larger than the material damage loss, then Sasria will nevertheless cover you for project delay if you have taken out this section.
3. Cover under this policy or any section of it will end, if:
   3.1. the insured business is permanently discontinued or liquidated; or
   3.2. after the start of the period of insurance, the insured dies or no longer has an insurable interest in the business; or
   3.3. you cancel your Material Damage or Contract Works with Sasria, as applicable to the sections of this policy.

   We may agree in writing to continue cover in the event of 3.1 or 3.2.
4. You must notify the underlying insurer in writing that you intend to claim for business interruption under this policy. You must take reasonable care to prevent or reduce business interruption by avoiding or diminishing any further loss or damage.
5. You must submit a claim for business interruption to the underlying insurer not later than 30 days after the end of the indemnity period unless we have agreed otherwise. You must also provide them with details of all other insurance covering the loss or damage that led to the business interruption or any consequential loss.
6. You must submit all financial evidence that the underlying insurer requires in support of your claim. The documents must be certified by your auditors or accountants and will be used to verify your claim. You may also be asked to submit an affidavit that declares the truthfulness of the claim and related matters. No claim is payable unless you have complied with this condition. If we have paid out a claim and we discover that the claim was fraudulent, you will have to pay back the compensation.
7. We may adjust the premium paid for Standing Charges when we receive a declaration from the underlying insurer of the actual standing charges paid during the financial year that ends during the Period of Insurance, as certified by your auditors. If the declaration for actual standing charges for that financial year is less than the sum insured for Standing Charges, we will refund the premium for Standing Charges up to a maximum of 50%.

Compensation

For the policyholder, the total limit of compensation is R500 million (excluding VAT) per period of insurance. The policyholder may insure sub-contractors under Project Delay at an additional premium.

The maximum total compensation for all the sub-contractors together is R50 million per period of insurance. Sub-contractors may take out their own Sasria insurance.

These limits apply irrespective of the number of insured events or the number of claims for which we have accepted liability under this policy.

The principle of average will apply as follows: The amount we will pay for an indemnity period of 12 months will be proportionately reduced if the sum insured for Loss in gross profit is less than the sum calculated by applying your gross profit rate to the annual turnover.

Where the maximum indemnity period exceeds 12 months, the appropriate multiple of the annual turnover will apply.

Standing charges

Compensation will not exceed the sum insured of the standing charges listed in the schedule.

Departments or branches

If a department or branch of the insured business has suffered business interruption, its financial statements will be considered independently when we calculate compensation for Standing charges.

The principle of average will apply if the sum insured for Standing charges of the total business is less than the sum of the insured standing charges for each department or branch during the financial year preceding the date of the loss or damage that resulted in the business interruption. The compensation will be reduced proportionally according to the rate that the business is underinsured for Standing charges.

Working expenses

Compensation is calculated on a difference basis as follows:

Turnover MINUS ([value of opening stock minus value of closing stock] + specified uninsured working expenses + net profit)

The value of the opening and closing stock will be calculated in accordance with generally accepted accounting practice.

Departments or branches

If a department or branch of the insured business has suffered business interruption, its financial statements will be considered independently when we calculate compensation for Working expenses.

The principle of average will apply if the sum insured for Working expenses of the total business is less than the sum of the working expenses for each department or branch. The working expenses for each branch will be calculated according to the formulate given above. The compensation will be reduced proportionally according to the rate that the business is underinsured for Working expenses.

Loss in net profit

Compensation will not exceed the sum insured as stated on the schedule.

Loss in gross profit

Compensation will not exceed the sum insured as stated on the schedule.

Additions basis

If you have taken out Standing Charges, compensation will be calculated on an additions basis as the sum of the net profit and the insured standing charges set out in the schedule.

If there is no net profit, the pay-out will be reduced by the ratio between insured standing charges and all the standing charges of the business. If you have not covered all standing charges for business interruption, the pay-out will be reduced with the ratio between the sum of the net profit and insured standing charges and the sum of the net profit and all the standing charges (insured and not insured).

Difference basis

If you have taken out Working Expenses, compensation will be calculated on a difference basis as follows:

(Turnover plus value of the closing stock) MINUS (Value of the opening stock plus the specified uninsured working expenses)

The policyholder's audited financial statements will be used to determine the value of the opening and closing stock. Depreciation will be considered.

Increase in cost of working

Compensation will not exceed the sum insured as stated in the schedule.

We will pay you the expenses necessarily and reasonably incurred to avoid or diminish reduction in turnover during the indemnity period. The compensation will not exceed the expenses to diminish reduction in turnover/revenue times the gross profit rate. Any discount or saving will be deducted from the compensation.

Project Delay

Compensation will not exceed the sum insured as stated in the schedule.

Clauses

The clauses below relate to compensation.

Trends

In calculating compensation, the profit trend of the business will be considered by applying the policyholder's gross profit rate to the amount that the turnover or revenue during the indemnity period is less than the standard turnover or standard revenue. For the gross profit rate, the turnover or revenue during the financial year immediately before the insured event will be used.

Salvage sale

If the insured business holds a salvage sale during the indemnity period, the turnover of the salvage sale will be deducted from the turnover during the indemnity period.

Accumulated stock

When we calculate the compensation, we will consider any accumulated stock that was sold to temporarily minimise any reduction in turnover after the business interruption.