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## The Policy

makes good the loss of gross profit and/or pays the additional costs of working resulting from destruction of or damage caused by

- Fire, other than property heating spontaneously or undergoing any heating process
- Lightening
- Explosion of gas used for illuminating or domestic purposes.

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## Additional Perils

provided the material damage risk is insured the profits insurance can normally be extended to include any of the following perils:

Explosion(excluding Boilers)

Aircraft or other aerial devises

Earthquake

Riot and Strike

Sprinkler leakage

Malicious damage

Impact by load vehicle other than your own, your employees or under your control

Hurricane, cyclone, windstorm, tornado or typhoon

Flood

Bursting or overflowing of water installations (except where the building is empty or disused)

Further extension of cover normally available against collapse, explosion or overheating (due to general deficiency of water) of boilers and other pressure vessels

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## Indemnity Period

Compensation is payable for the period of the interruption up to the limit of the indemnity period you select.

This should, therefore, represent the maximum period during which your business could be affected as a result of serious damage. You should allow for the time taken in preparing plans, obtaining estimates and building permission, rebuilding, fitting the premises (including delivery of machinery), training personnel and finally, in bringing turnover and cost levels to normal

Nothing less than 12 months is recommended; beyond this, the longer the indemnity period, the lower, relatively, is the premium.

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## Sum Insured

The proposal form overleaf shows the recommended methods of computing the sums insured on gross profit and wages, but only the final figures need be shown in each case; in any event the following will be regarded as confidential. Allowance should be made for anticipated increases in gross profits and wages during the next two years – or longer if the indemnity period is more that twelve months – and a further amount added as a safety margin. If the sums insured prove too high a pro rate return of the premium (maximum 50 per cent.) will be made, but if they are too low you will bear a proportionate part of any claim.

In the event of a claim you may wish your auditors to produce the necessary figures. Their charges for this service can also be insured.

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## Insurance of Wages

If your business is interrupted it is imperative to retain at least essential employees so that they do not seek work elsewhere possibly with competitors, and are available when you are able to recommence working. For a short stoppage you may wish to keep on all employees, but, in any event, should some workers be dismissed you may have a legal liability to pay wages under an agreement.

Three alternative methods of insuring wages are available

- 1) Wages of all employees for the whole of the indemnity period
- 2) All wages for a selected initial period (minimum 4 weeks) and a selected percentage (minimum 10 per cent) for the remainder of the indemnity period. This method is flexible as the cover can be consolidated. The minimum indemnity period for this method is 12 months
- 3) Wages for either all employees or specified employees for an indemnity period shorter than that selected for the Gross Profit item.

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## Extensions<sup>1</sup>

Many businesses can also be interrupted by damage elsewhere than at their own premises. Cover can be included on the same basis as for your own premises, and we will be pleased to discuss with you any of the extensions listed below:

- a) Premises from which components, goods or materials are obtained or where they are manufactured, processed or other work is done on your behalf.
- b) Property stored on premises other than your own
- c) Prevention of access, even though your own premises are not damaged
- d) The electricity station or gas or waterworks of the public supply undertaking
- e) Premises where you may be carrying out a contract
- f) Important customers

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The rate of premium is based on the rate discounts for your material damage fire and extra perils insurance, the length of the indemnity period and the methods of insuring wages (the rate for Methods 2 and 3 being less than 1) Where a discount is allowed on your material damage insurance for an agreement to renew the insurance for an agreed period, similar arrangement can be made for loss of Profits

# Proposal for Loss of Profits Insurance

Indemnity period	months
Gross Profit computed as follows:	
Annual turnover (less discounts allowed and bad debts)	_____
Closing Stock	_____
Less	
Opening Stock	_____
Stock purchased (less discounts received)	_____
Wages (as defined below)	_____
List any other items which vary directly with turnover	
_____	_____
_____	_____

Annual Gross Profit	_____
Margin for Expansion	_____
Proportionate increase if Indemnity period exceeds 12 months	_____
Sum Insured	_____

Wages, i.e. the remuneration (including related insurance contributions, bonuses, overtime, holiday pay and all other payments pertaining to wages) of all employees other than those whose remuneration is treated in the books as Salaries – (Salaries are included in Gross Profit) – computed as follows:

Annual wage roll	_____
Margin for expansion	_____
Proportionate increase if Indemnity period exceeds 12 months	_____
Sum Insured	_____

If cover is to be arranged under method 3 (see opposite) state:		
Initial period of full cover	Weeks	
and percentage thereafter	per cent. required	
if the cover is to be arranged under method 3 (see opposite) state:		
Indemnity period required	Months	
If cover is only required for specified classes of employees:		
a) Indicate the annual wage roll for the specified classes	_____	
b) Indicate classes of employees to be insured under this item		
_____		
_____		
Auditor's fees incurred in connection with a claim		
	Sum Insured	

Use Block Letters, please

1. Full name of Proposer(s): \_\_\_\_\_ PIN No: \_\_\_\_\_

Postal Address: \_\_\_\_\_ Postal Code: \_\_\_\_\_

Telephone No: \_\_\_\_\_ Mobile Phone No: \_\_\_\_\_

Email Address: \_\_\_\_\_ Website: \_\_\_\_\_

2. Full Physical Address(Situation of premises): (care should be taken to see that all premises are specified)

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

3. Nature of Business:

4. Please refer to Additional perils and mark any of the following perils required

- |  |   |
|--|---|
| <input type="checkbox"/> Explosion (excluding Boilers) | <input type="checkbox"/> Malicious damage |
| <input type="checkbox"/> Aircraft                      | <input type="checkbox"/> Hurricane etc    |
| <input type="checkbox"/> Earthquake                    | <input type="checkbox"/> Burst pipes      |
| <input type="checkbox"/> Sprinkler leakage             | <input type="checkbox"/> Impact           |
| <input type="checkbox"/> Riot and Strike               | <input type="checkbox"/> Flood            |

5. Do you wish the cover to include collapse explosion or overheating of boilers other pressure vessels? If so, please list items of plant to be included in the cover

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

6. The insurance does not include losses sustained through failure to collect outstanding debts due to inability to trace them following destruction of your business records. A Book Debts is available to cover this contingency.

Do you require a Prospectus for this cover  YES  No

7. <sup>1</sup>Which extensions would you like to discuss?

Please tick those which interest you  a  b  c  d  e  f  g

8. Please State

a) Name and Address of your Auditors

\_\_\_\_\_  
\_\_\_\_\_

b) The date of the last report on your accounts

\_\_\_\_\_

c) Whether your books and accounts are regularly balanced and audited

9. (a) Have you suffered loss by Fire, or any other peril against which is proposed to insure? If so, when and on what Office(s) did the loss fall?

\_\_\_\_\_  
\_\_\_\_\_

(b) Have you made a claim under a Loss of Profits Policy? If so, when and on what office(s)?

\_\_\_\_\_

10. (a) Has any proposal made by or on behalf of yourself for fire Insurance, or Loss of Profits Insurance been declined? \_\_\_\_\_

(b) Has any office or Underwriter cancelled or refused to renew any existing Insurance?

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11. Please state:

a) Name of Office (or office having largest amount) carrying the material damage Fire and additional perils Insurance.

b) The total Sum Insured and Annual Premium of the material damage Fire and additional perils Insurance

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12. Are you boilers, economisers and pressure vessels insured against collapse, explosion and/or overheating?  Yes  No  
If so, with which Office?

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13. Have you any existing insurance covering loss of Profits?  Yes  No  
If so, please give details of total amount and name of Office(s) or Underwriter(s)

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14. Do you carry on any other Business or occupy any other premises not included in this proposal?  Yes  No  
If yes, give details please.

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#### **DECLARATION**

I/We warrant that the above statements and particulars are true and I/we hereby agree that this Declaration shall be held to be promissory and shall form the basis of the Contract between me/us and the Insurance Company, and I am/we are willing to accept a Policy subject to the terms, exceptions and conditions prescribed by the Company therein, and to pay the Premiums thereon.

Signature of Proposer: \_\_\_\_\_ Date: \_\_\_\_\_

*Liability of the Insurers does not commence until acceptance of the Proposal has been intimated by them or the official Cover Note issued. You are remained that the policy shall be voidable in the event of Misdescription or non-disclosure in-any material particular.*