

## **BUSINESS INCOME COVERAGE FORM AMENDATORY ENDORSEMENT**

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine the rights, duties, and what is and is not covered.

Throughout this policy the words “you” and “your” refer to the Named Insured shown in the Declarations. The words “we”, “us” and “our” refer to the Association providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to SECTION F - DEFINITIONS.

### **A. COVERAGE**

We will pay for the actual loss of Business Income you sustain due to the necessary suspension of your “operations” during the “period of restoration.” The suspension must be caused by direct physical loss of or damage to property insured by this policy at the premises described in the Declarations, resulting from any Covered Causes of Loss.

#### **1. Business Income**

Business Income means the:

- a. Net income (Net Profit or Loss before income taxes) that would have been earned or incurred;
- b. Continuing normal operating expenses incurred, including payroll; and
- c. Actual “rental value,” if applicable.

#### **2. Covered Causes of Loss**

See applicable Covered Causes of Loss Section in Coverage Form WHC 1 (10-04).

#### **3. Expenses to Reduce Loss**

We will pay any necessary expenses you incur to reduce the amount of loss under this Coverage Form. We will pay for such expenses to the extent that they do not exceed the amount of loss that otherwise would have been payable under this Coverage Form.

### **B. LIMITS OF INSURANCE**

The most we will pay for loss in any one occurrence is the applicable Limit of Insurance shown in the Declarations.

Payments under expenses to reduce loss will not increase the applicable Limit of Insurance.

The most we will pay for loss of Business Income in each period of 30 consecutive days after the direct physical loss or damage is:

1. The Limit of Insurance, multiplied by
2. The fraction shown in the Declarations for this Optional Coverage.

***The first 30 day period begins after the deductible period*** as described in Section E - DEDUCTIBLE CLAUSES.

Co-insurance does not apply to this coverage.

**Example:**

When:	The Limit of Insurance is	\$120,000
	The fraction shown in the Declarations for this Optional Coverage is	¼
	The most we will pay for loss in each period of 30 consecutive days is:	\$120,000 x ¼= \$30,000

If, in the example, the actual amount of loss following the deductible period, is:

Days 1-30	\$40,000
Days 31-60	20,000
Days 61-90	<u>30,000</u>
Total Loss	\$90,000

We will pay:

Days 1-30	\$30,000
Days 31-60	20,000
Days 61-90	<u>30,000</u>
Total Payment	\$80,000

The remaining \$10,000 is not covered.

**C. EXCLUSIONS**

We will not pay for:

1. Any loss caused by or resulting from:
  - a. Damage or destruction of “finished stock;” or
  - b. The time required to reproduce “finished stock.”
2. Any loss caused by or resulting from direct physical loss or damage to radio or television antennas, including their lead-in wiring, masts, or towers.
3. Any increase of loss caused by or resulting from:
  - a. Delay in rebuilding, repairing, or replacing the property or resuming “operations,” due to interference at the location of the rebuilding, repair, or replacement by strikers or other persons; or
  - b. Suspension, lapse, or cancellation of any license, lease, or contract. But if the suspension, lapse, or cancellation is directly caused by the suspension of “operations,” we will cover such loss that affect Business Income during the “period of restoration.”
4. Any Extra Expense caused by or resulting from suspension, lapse, or cancellation of any license, lease, or contract beyond the “period of restoration.”

5. Any other consequential loss.

#### **D. LOSS CONDITIONS**

The following conditions apply in addition to the Common Policy Conditions and Loss Conditions in the WHC1(10/04).

##### **1. Appraisal**

If you and we fail to agree on the actual cash value of the loss, either may demand an appraisal of the loss. In this event, each party will choose a competent and impartial appraiser within 20 days after receiving a written request from the other. The two appraisers will first choose a competent and impartial umpire. If they cannot agree upon an umpire within 15 days, you or we may request that a judge of a court of record in the State of South Carolina select an umpire from a list supplied by the parties. The appraisers will then appraise the loss, stating separately the actual cash value of the loss. If the appraisers submit a written report of an agreement to us, the amount agreed upon will be the actual cash value of the loss. If the appraisers fail to agree, they will submit their differences only, to the umpire. A decision agreed to by any two of these three will set the actual cash value of the loss. Each party will:

- a. pay its own appraiser; and
- b. bear the other expenses of the appraisal and umpire equally.

Appraisal rights under this policy are not available, if coverage is in dispute, or if you have failed to comply with all policy conditions.

##### **2. Duties in the Event of Loss**

- a. In case of a loss to covered property, we have no duty to provide coverage under this policy if the failure to comply with the following duties is prejudicial to us. These duties must be performed by you, or your representative.
  - (1) Give us prompt notice, through your broker, of the direct physical loss or damage. Include a description of the property involved.
  - (2) As soon as possible, give us a description of how, when, and where the direct physical loss or damage occurred.
  - (3) Take all reasonable steps to protect the Covered Property from further damage by a Covered Cause of Loss. If feasible, set the damaged property aside and in the best possible order for examination. Also, keep a record of your expenses for emergency and temporary repairs, for consideration in the settlement of the claim. This will not increase the Limit of Insurance.
  - (4) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records. Also, permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.
  - (5) Send us a signed sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.

- (6) Cooperate with us in the investigation or settlement of the claim.
  - (7) If you intend to continue your business, you must resume all or part of your “operations” as quickly as possible.
- b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured’s books and records. In the event of an examination, an insured’s answers must be signed.

**3. Limitation - Electronic Media and Records**

We will not pay for any loss of Business Income caused by direct physical loss of or damage to Electronic Media and Records after the longer of:

- a. 60 consecutive days, including the deductible period, from the date of direct physical loss or damage; or
- b. The period, beginning with the date of direct physical loss or damage, necessary to repair, rebuild, or replace, with reasonable speed and similar quality, other property at the described premises due to loss or damage caused by the same occurrence.

Electronic Media and Records are:

- (1) Electronic data processing, recording, or storage media such as films, tapes, discs, drums, or cells;
- (2) Data stored on such media; or
- (3) Programming records used for electronic data processing or electronically controlled equipment.

**Example No. 1:**

A covered Cause of Loss damages a computer on June 1. It takes until September 1 to replace the computer, and until October 1 to restore the data that was lost when the damage occurred. We will only pay for the Business Income loss sustained during the period June 1 - September 1, less the amount during the deductible period. Loss during the period September 1 - October 1 is not covered.

**Example No. 2:**

A covered Cause of Loss results in the loss of data processing programming records on August 1. The records are replaced on October 15. We will only pay for the Business Income loss sustained during the period August 1 - September 29 (60 consecutive days), less the deductible period. Loss during the period September 30 - October 15 is not covered.

**4. Loss Determination**

- a. The amount of Business Income loss will be determined based on:
  - (1) The Net Income of the business before the direct physical loss or damage occurred;

- (2) The likely Net Income of the business if no physical loss or damage had occurred, but not including any Net Income that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of Covered Causes of Loss on customers or on other businesses:
- (3) The operating expenses, including payroll expenses, necessary to resume “operations” with the same quality of service that existed just before the direct physical loss or damage; and
- (4) Other relevant sources of information, including:
  - (a) Your financial records and accounting procedures;
  - (b) Bills, invoices, and other vouchers; and
  - (c) Deeds, liens, or contracts.

b. Resumption of Operations

We will reduce the amount of your Business Income loss to the extent you can resume your “operations,” in whole or in part, by using damaged or undamaged property (including merchandise or stock) at the described premises or elsewhere.

- c. If you do not resume “operations,” or do not resume “operations” as quickly as possible, we will pay based on the length of time it would have taken to resume “operations” as quickly as possible.

5. **Loss Payment**

We will pay for covered loss within 30 days after we receive the sworn proof of loss, if:

- a. You have complied with all the terms of this Coverage Part; and
- b. We have reached agreement with you on the amount of loss; or
- c. An appraisal award has been made.

E. **DEDUCTIBLE CLAUSES**

If loss or damage to Covered Property is caused by or results from Wind or Hail, the following Deductible Clauses apply. *A Deductible Clause* applies as described in paragraphs 1. through 6. below.

We will not pay for loss or damage in any one occurrence until the period of loss exceeds the deductible period, as shown on the Declarations Page. We will then pay the amount of loss or damage following the deductible period up to the applicable Limit of Insurance as described in Section B. - LIMITS OF INSURANCE.

- 1. **10 Day Deductible** - We will not pay for losses incurred in the 10 Day period starting the day after the loss.
- 2. **15 Day Deductible** - We will not pay for losses incurred in the 15 Day period starting the day after the loss.

3. **20 Day Deductible** - We will not pay for losses incurred in the 20 Day period starting the day after the loss.
4. **25 Day Deductible** - We will not pay for losses incurred in the 25 Day period starting the day after the loss.
5. **30 Day Deductible** - We will not pay for losses incurred in the 30 Day period starting the day after the loss.
6. **55 Day Deductible** - We will not pay for losses incurred in the 55 Day period starting the day after the loss.

## F. DEFINITIONS

1. **“Finished Stock”** means stock you have manufactured.

“Finished stock” also includes whiskey and alcoholic products being aged.

“Finished stock does not include stock you have manufactured that is held for sale on the premises of any retail outlet insured under this Coverage Part.

2. **“Operations”** means:

- a. Your business activities occurring at the described premises; and
- b. The tenantability of the described premises.

3. **“Period of Restoration”** means the period of time that:

- a. Begins with the date of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the described premises; and
- b. Ends on the date when the property at the described premises should be repaired, rebuilt, or replaced with reasonable speed and similar quality.

“Period of restoration” does not include any increased period required due to the enforcement of any ordinance or law that:

- a. Regulates the construction, use or repair, or requires the tearing down of any property; or
- b. Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize, or in any way respond to, or assess the effect of “pollutants”; or
- c. The requirements of which result in a loss in value to covered property; or
- d. Requiring any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize, or in any way respond to, or assess the effects of, “pollutants”.

4. **“Pollutants”** means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals, asbestos and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

5. **“Rental Value”** means the:
- a. Total anticipated rental income from tenant occupancy of the premises described in the Declarations or furnished and equipped by you, and
  - b. Amount of all charges which are the legal obligation of the tenant(s) and which would otherwise be your obligations, and
  - c. Fair rental value of any portion of the described premises which is occupied by you.