



Healthcare Form Business Interruption Endorsement Gross Profit/Rents/Extra Expense

1. COVERAGE PROVIDED:

In consideration of additional premium, this policy is extended to cover the actual loss sustained by the Insured due to the necessary interruption of business operations during the period of indemnity of the following:

A. Gross Profit, Rents and Expense to Reduce Loss; and

B. Extra Expense;

Directly resulting from direct physical loss or damage insured by this policy to property not excluded, utilized by the Insured, and at a **location**, but only to the extent the Insured is unable to make up **sales** and reduce the amount of loss payable, partially or entirely, by using any suitable property or service owned, controlled or obtained from other sources all whether or not at a **location(s)**.

In respect to item A. above, the amount payable shall be limited to such loss resulting from a **reduction in sales and expense to reduce loss**.

2. CONDITIONS:

In determining the loss payable under this endorsement:

A. This company will consider:

1) Any amount recovered elsewhere under this policy for loss or damage to:

a) **Finished goods**; or

b) Merchandise;

As if sold to the Insured's regular customers.

2) The experience of the business before and after and the probable experience of the business during the period of indemnity.

3) Any goods sold or services rendered at any **location** whether insured or not for the benefit of the business, either by the Insured or others on the Insured's behalf shall be included in arriving at the amount of **sales** during the period of indemnity.

B. The Insured agrees to use overtime, extra time and any suitable property or service owned or controlled by the Insured or obtainable from other sources in order to continue **sales** and to reduce loss payable.

C. The Insured must act with due diligence and dispatch in repairing or replacing the physically damaged property to the same or equivalent physical and operating conditions that existed prior to the damage in order to continue **sales** and reduce the loss payable under this endorsement.

D. If there are any fixed charges that are not insured under this endorsement, then in computing the amount recoverable under the **expense to reduce loss**, only that proportion of the additional expense will be recoverable as the sum of the **net profit** and the **insured fixed charges** bears to the sum of the **net profit** and all the **insured fixed charges**.

3. PERIOD OF INDEMNITY:

For purposes of determining the loss payable under this endorsement, due to an interruption of business operations at a **location** directly resulting from direct physical loss or damage, this company will apply the following:

A. For Business Operations: The period of indemnity is:

- 1) The period from the time of such loss or damage insured by this policy; and
- 2) Ending no later than twelve (12) months (or as amended in the declaration section) thereafter during which period business operations are directly affected by such loss or damage; except

B. For Properties in the Course of Construction/Renovation: The period of indemnity for alterations or additions to existing property and property in the course of construction will be determined as follows:

- 1) The period from the time of such loss or damage insured by this policy when operations would have begun if the such loss or damage had not occurred; and
- 2) Ending no later than twelve (12) months thereafter during which period business operations are directly affected by such loss or damage.

The Period of Indemnity in items A. and B. above:

- 1) Will not include any additional time required for making change(s) to the buildings or structures for any reason except as set forth in Section D. Extensions of Coverage, Item 14. Demolition and Increased Cost of Construction, nor any additional time for re-staffing or retraining employees nor for any additional time due to the Insured's inability to resume operations regardless of the reason.
- 2) Will not be limited by the expiration of this policy.
- 3) Will not exceed 12 months from the inception of direct physical loss or damage caused by or resulting from **terrorism**.

4. LIMIT OF LIABILITY:

This company's maximum limit of liability per **occurrence** for all loss under this endorsement will not exceed the sub-limit of liability shown (if any) in the declarations section.

A. Extra Expense Sub-Limit

This company's maximum limit of liability per **occurrence** for all **extra expense** loss under this endorsement will not exceed the sub-limit of liability shown in the declarations section.

B. Extensions of Coverage

This company's maximum sub-limit of liability per **occurrence** for all the Section 5., Extensions of Coverage are shown in the declarations section.

5. EXTENSIONS OF COVERAGE:

The following coverages apply, subject to the terms and conditions of the policy, and to the extent shown in the declarations section. Extensions of Coverage C., D., E., F., G., H., I., J., K., and L. do not provide coverage for loss caused by or resulting from **terrorism**.

A. Ordinary Payroll:

This policy is extended to cover the actual loss sustained of **ordinary payroll** during the period of indemnity as a direct result of direct physical loss or damage insured by this policy, to property not excluded, utilized by the Insured and at a location, causing an interruption of business operations which results in a loss of **gross profit**. This coverage is provided for no more than the number of consecutive days as shown in the declarations section, and only to the extent that such payroll would have been earned had no interruption occurred.

If the Insured reduces the daily loss otherwise payable under this extension, either by:

- 1) Providing gainful employment for; or
- 2) Paying less than the normal payroll rate to;

All or part of its employees, then the number of consecutive days provided above may be extended in proportion to such reduction of loss otherwise payable. In no event will this provision increase the total liability of this company beyond the amount for which it would have been liable for this coverage without this additional provision.

B. Civil Authority:

This policy is extended to cover **business interruption** when, as a direct result of direct physical loss or damage of the type insured by this policy to property not excluded by this policy, at the **location** or within five statute miles of it, access to the **location** is prohibited by order of civil authority. This coverage is provided for no more than the number of consecutive days as shown in the declarations section starting from the time of such order of civil authority.

C. Off-Premises Service Interruption:

This policy is extended to cover **business interruption** caused by or resulting from the interruption of the following incoming and outgoing services. The interruption of such services must be by reason of any accidental event at the facilities of the service provider(s).

Covered services are incoming electric, gas, fuel, steam, water, refrigeration, and outgoing sewerage.

This coverage does not apply to: service interruption due to deliberate act(s) by the supplying entity to shed load, to maintain system integrity, **flood, earth movement**, contingent business interruption coverage, or at unnamed locations whether or not such coverage is provided elsewhere in this policy. Resultant and concurrent interruptions are considered as one event.

D. Contingent Business Interruption Coverage:

This policy is extended to cover **business interruption** as a direct result of direct physical loss or damage of the type insured by this policy to property not excluded by this policy at the premises of direct suppliers, direct customers, direct contract service suppliers, or of any company under any royalty, licensing fee or commission agreement.

Such parties above do not include entities supplying to or receiving from a **location** electricity, fuel, water, steam, refrigeration, sewage or communications services of every type and description.

Loss sustained by the insured resulting from **flood** and/or **earth movement** whether or not such coverage is provided elsewhere in this policy is not covered.

E. Research and Development Expense:

This policy is extended to cover **ordinary payroll** and loss of **insured fixed charges** as a direct result of direct physical loss or damage of the type insured by this policy to insured property not excluded at a **location** and utilized in research and development activities. The **ordinary payroll** and **insured fixed charges** must be directly attributable to such research and development activities, which in themselves would not have produced **gross profit** during the period of indemnity.

F. Ingress/Egress:

This policy is extended to cover **business interruption** as a direct result of physical loss or damage of the type insured by this policy when ingress to or egress from a **location(s)** is physically prevented by such loss or damage, to property whether or not at the **location** of the insured.

G. Tax Treatment:

This policy is extended to cover increased tax liability as a direct result of direct physical loss or damage of the type insured by this policy to property not excluded by this policy. If the tax liability is greater than the tax liability that would have been incurred had no such loss occurred, then this policy will cover only the increased tax liability for the profit portion of the physically damaged **finished goods**, and the profit portion of the **gross profit** and **rents** loss.

H. Contractual Penalties:

This policy is extended to cover contractual penalties as a direct result of direct physical loss or damage of the type insured by this policy to property not excluded by this policy. Contractual penalties are penalties incurred by the insured due to late or non-completion of orders. Contractual penalties must be written in the provisions of a contract prior to the time of such direct physical loss or damage. Contractual penalties will be limited to the contractual sales value of such late or non-completed orders.

I. Fund Raising Expense:

This policy is extended to cover the actual loss sustained of fixed charges and expenses related to fund raising activities or events, when such fund raising activities or events are interrupted or cancelled as a direct result of direct physical loss or damage of the type insured by this policy to property not excluded by this policy.

J. Professional Employee Replacement Expense:

This policy is extended to cover the reasonable and necessary expense to replace professional employees, including but not limited to;

- 1) Administrators,
- 2) Doctors,
- 3) Nurses, and
- 4) Research personnel

Who resigned as a direct result of direct physical loss or damage insured by this policy to property not excluded by this policy at a **location** and when the period of interruption resulting from such loss or damage exceeds 30 consecutive days.

This expense does not extend to third party contract employees or the rehiring of former employees who were employed by the Insured at the time of loss. Expenses incurred by the Insured for recruiting and advertising for professional employees before and after the loss or damage will be taken into consideration by this company.

K. Patient and Tenant Relocation Expense:

This policy is extended to cover the reasonable and necessary relocation expenses incurred by the Insured to relocate:

- 1) Patients; residents; tenants; or
- 2) Lawful occupants;

To other quarters in the shortest possible time when patient rooms, rented space or living quarter(s) at a **described location** are made uninhabitable as a direct result of direct physical loss or damage insured by this policy.

Coverage is provided for the reasonable and necessary expense of:

- 1) Packing, sorting, and transportation cost for patients; residents; tenants; or lawful occupants, including their personal property;
- 2) Re-establishing new utility services, less refunds from discontinued services, at the damaged location;
- 3) Searching for new quarters;
- 4) Disconnecting and reconnecting fixtures and equipment; and
- 5) Storage costs while awaiting possession of other quarters or restoration of existing quarters.

No coverage is provided for:

- 1) Loss caused by the termination of a lease or other agreement;
- 2) Security deposits or other payments made to the landlord or lessors of the new quarters; or
- 3) Down payments, legal fees and closing costs for the purchase of new quarters.

L. Emergency Vacating Expense:

This policy is extended to cover the reasonable and necessary vacating expenses incurred by the Insured when a civil authority orders the emergency evacuation of:

- 1) Patients; residents; tenants; or
- 2) Lawful occupants;

From a **described location** as a direct result of immediately impending physical loss or damage of the type insured by this policy.

No coverage is provided if the evacuation results from:

- 1) A planned evacuation drill;
- 2) Evacuation of any resident because of a medical condition(s); or
- 3) A false alarm.

6. EXCLUSIONS:

This endorsement does not cover any of the following:

- A. Any loss during any period in which goods would not have been produced or in which business operations, including rental activities, would not have been maintained for any reason other than direct physical loss or damage of the type insured by the policy.
- B. Any additional loss due to:
 - 1) Fines or damages for breach of contract or for late or non-completion of orders;
 - 2) Penalties of any nature whatsoever; or
 - 3) Any other consequential or remote loss as respects **extra expense** only.
- C. Any loss resulting from physical loss or damage to property in transit.
- D. Any remaining or residual value of property obtained in reducing loss payable, in making up production, or in continuing the business operations.
- E. Any loss resulting from the actual cash value portion of direct physical loss or damage by fire caused by or resulting from **terrorism**.

7. DEFINITIONS:

Business interruption means **gross profit, rents, expense to reduce loss, extra expense, and ordinary payroll.**

Expense to reduce loss means:

The additional and reasonable expense that must be incurred for the sole purpose of avoiding or diminishing the **reduction in sales** that would have taken place during the period of indemnity absent this expense, but not exceeding the **reduction in sales** avoided.

Extra Expense means:

The reasonable and necessary expenses in excess of normal incurred by the Insured during the period of indemnity to:

- 1) Temporarily continue as close to normal the conduct of the Insured's business;
- 2) Temporarily use the property of the Insured or others;

All less any value remaining at the end of the period of indemnity for property obtained in connection with the above.

Extra Expense does not mean:

- 1) Any loss of income.
- 2) Expenses that normally would have been incurred in the conduct of the Insured's business.
- 3) Cost of permanent repair or replacement of property that has been damaged or destroyed.

Gross Profit means:

The sum produced by adding the **net profit** to the **insured fixed charges**. If there is no **net profit** the amount of all **insured fixed charges** less that proportion of any loss from business operations as the amount of the **insured fixed charges** bears to all fixed charges.

Insured Fixed Charges means:

All fixed charges excluding **ordinary payroll** and other charges specifically listed in the declarations section.

Net Profit means:

The net operating profit exclusive of all:

- 1) Capital receipts and accruals; and
- 2) Outlay properly chargeable to capital;

Resulting from the business of the Insured at the **location** after due provision has been made for all fixed charges and any other expenses, including depreciation, but before deduction of any taxes on profits.

Ordinary Payroll means:

- 1) Wages of all employees except officers, executives, department managers, and employees under contract or similar key employees; and
- 2) Includes taxes and charges dependent on the payment of those wages.

Rate of Gross Profit means:

The rate of **gross profit** earned on sales during the twelve full months immediately before the date of the loss or damage to the insured property.

Reduction in Sales means:

The amount produced by applying the **rate of gross profit** to the amount by which the **sales** during the period of indemnity fall short of the **standard sales**.

Rents means:

When insured property cannot be occupied:

- 1) The fair rental value of any portion of the property occupied by the Insured;
- 2) Income reasonably expected from the rentals of unoccupied or un-rented portions of such property; and
- 3) The rental income from the rented portions of such property, according to bona fide leases, contracts, or agreements, in force at the time of loss;

Less the cost of all charges and expenses that do not continue during the period of indemnity.

Sales means:

The money paid or payable to the Insured for:

- 1) Goods sold and delivered; and
- 2) Services rendered;

In the conduct of the Insured's business at a **location**.

Standard Sales means:

The **sales** during the period in the twelve (12) months immediately before the date of the loss or damage to the insured property which corresponds with the period of indemnity.

All other terms and conditions of this policy remain unchanged.