



ZURICH

Because life changes.

AllGuard Business Insurance

Business Interruption Section

Introduction

This Cover Section forms part of Your Policy and must be read together with the General Conditions and Limitations of Cover, the Schedule, the Proposal and any Endorsements.

This Cover Section only forms part of Your Policy when BUSINESS INTERRUPTION SECTION is shown in the Schedule and is limited to the Period of Insurance indicated.

Definitions

The following definitions shall apply to words used in this Cover Section and Endorsements that apply to this Cover Section.

ADDITIONAL UNINSURED WORKING EXPENSES

Additional Uninsured Working Expenses means those expenses that are shown as Additional Uninsured Working Expenses in the Schedule for this Business Interruption Cover Section.

DAMAGE and DAMAGED

Damage means damage, destruction or loss.
Damaged has a corresponding meaning to Damage.

FLOOD

Flood means the covering of normally dry land with:

1. water released or that has escaped from the normal confines of:
 - (a) any watercourse whether natural or altered;
 - (b) any lake whether natural or altered; or
 - (c) any reservoir, canal or dam; or
2. water that cannot enter any watercourse, lake, reservoir, canal or dam because of
 - (a) water already contained within these normal confines; or
 - (b) water that has already been released or has escaped from any of these normal confines.

INCOME

Income means:

1. income received from the renting or leasing of any part of the Premises; and
2. income from Your Business at the Premises for goods sold, work done, services rendered; less:
 - (a) working expenses, freight, packing, bad debts, purchases of goods, materials, components, or Stock;
 - (b) any other Additional Uninsured Working Expenses shown in the Schedule; and
 - (c) Payroll if this is shown in the Schedule.

INDEMNITY PERIOD

Indemnity Period means the period that starts on the date of the Damage and ends not later than the number of weeks or months stated in the Schedule after the date of the Damage during which the productivity of the Business is affected as a consequence of the Damage.

INSURED DAMAGE

1. In relation to Your property, Insured Damage means Damage to Your property when both the property that is Damaged and the cause of the Damage are covered by:
 - (a) Your Policy under one or more of the following Cover Sections:
 - (i) Fire;
 - (ii) Burglary;
 - (iii) Money;
 - (iv) Glass;
 - (v) Business Special Risks;
 - (vi) Electronic Equipment - Part A (Material Loss or Damage); or
 - (b) another insurance policy that insures Your property and names You as the insured, provided that:
 - (i) We receive written confirmation of the extent of cover from the insurer who issued this other policy; and

- (ii) cover for both the property that is Damaged and the cause of the Damage would have been covered under one of the Cover Sections shown in 1.(a) above had that Cover Section formed part of Your Policy; or

2. (a) In relation to property referred to in this Cover Section under the heading Extensions of Cover, Insured Damage means Damage to such property located in Australia; and
- (b) In relation to property referred to in this Cover Section under the Optional Extensions of Cover, Insured Damage means Damage to property located in Australia at the premises of specified customers and specified suppliers who are shown in the Schedule of this cover Section;

Provided that this Damage would have been covered under one of the Cover Sections shown in 1.(a) above had such property been insured under that Cover Section as part of Your Policy when the Damage happened.

INTERRUPTION

Interruption means interruption or interference.

LOSS OF INCOME

Loss of Income means loss or reduction of Your Income that occurs during the Indemnity Period.

PAYROLL

Payroll means all gross remunerations including, but not limited to salaries, wages, directors fees, payroll tax, fringe benefits tax, bonuses, holiday pay, sick pay, workers compensation insurance premiums, accident compensation levies, superannuation and pension fund contributions of Your directors, partners, employees and officers.

Cover

We will pay in accordance with the Basis of Settlement, for Loss of Income that results from an Interruption of Your Business that is caused by any Insured Damage that happens at the Premises.

Provided that this Insured Damage happens during the Period of Insurance shown for this Business Interruption Cover Section.

Basis of Settlement

1. Loss of Income

Loss of Income will be calculated by subtracting the Income earned during the Indemnity Period from the Income You would have earned during the Indemnity Period had the Damage not occurred.

Provided that the Income You would have earned during the Indemnity Period had the Damage not occurred:

- (a) will be calculated by reference to the Income for:
 - (i) a period of the same duration as the Indemnity Period that starts a Year prior to the date of the Damage; or
 - (ii) a period of Your normal business operations that corresponds most closely to the Indemnity Period if Your Business has operated for less than a Year at the start of the Indemnity Period; and
- (b) will be adjusted to take into account any:
 - (i) trends of the business and other influences that would vary the Income;
 - (ii) changes to how Stock, materials, finished goods or partially finished goods are used, purchased or sold; and
 - (iii) savings made during the Indemnity Period that reduce the normal cost of running Your Business.

2. Additional Expenditure

We will also pay for additional expenditure necessarily incurred for the sole purpose of reducing Loss of Income that is covered by this Cover Section.

Provided that this expenditure is limited to the amount of Income that would otherwise have been lost had the additional expenditure not been incurred.

3. Payroll

When Payroll is specifically covered and a Sum Insured shown, We will pay the Percentage shown in the Schedule of Your normal Payroll costs during the Indemnity Period.

Provided that Our payment is limited to Your actual Payroll costs during the Indemnity Period or the Sum Insured shown in the Schedule which ever is the lesser.

4. **Auditors and Accountants**
We will accept as proof of the Loss of Income a certified statement from Your accountants or auditors that shows the financial details requested by Us.
5. **Departmental Clause**
If Your Business is conducted in departments, and the independent trading results can be determined, the provisions of the Basis of Settlement will apply separately to each department affected by the Damage.

Limitations of Cover

1. **Sum Insured**
During the Period of Insurance for this Cover Section We will not pay more than the Sum Insured shown in the Schedule.

Any limits stated under the Extensions of Cover are within the Sum Insured for Income, they are not additional to the Sum Insured for Income.

The Total Sum Insured will be reduced by any payment under or due to be made by Us following Insured Damage.
2. **Closure of your Business**
If during the Indemnity Period You permanently close Your Business for any reason (including involuntary closure), then the Indemnity Period will end on the day You permanently close Your Business unless We agree in writing to continue this Period.
3. **Under-Insurance**
 - (a) **Income**
If the Annual Sum Insured for Income is less than eighty percent (80%) of the Income for the Year immediately prior to the date of the Damage, then We will pay a proportion of the Loss of Income.

The proportion that We will pay will be the same as the proportion that the Annual Sum Insured for Income bears to eighty percent (80%) of the Income for the Year immediately prior to the date of the Damage.
 - (b) **Payroll**
If the Annual Sum Insured for Payroll is less than eighty percent (80%) of the Payroll paid during the Year immediately prior to the date of the Damage, then We will only pay a proportion of the Payroll costs incurred during the Indemnity Period.

The proportion that We will pay will be the same as the proportion that the Annual Sum Insured for Payroll bears to eighty percent (80%) of the Payroll paid during the Year immediately prior to the date of the Damage.

The Annual Sum Insured for Income and Payroll will in each case be calculated by multiplying their respective Sum Insured by 12 and dividing this amount by the number of months shown in the Schedule as the Indemnity Period.

4. **Excess**
You are liable for the Excess for each and every event that results in a Loss of Income.
5. **Time Excess (Computers)**
We will not pay for any Loss of Income that results within 24 hours of Insured Damage to computers, computer installations, computerised equipment or software.

Extensions of Cover

Provided that the Total Sum Insured shown in the Schedule for this Cover Section is not exceeded:

1. **Public Utilities**
We will pay for Loss of Income that results from an Interruption of Your Business that is caused by Insured Damage to property located in Australia that belongs to or is under the control of any company or authority from whom You directly obtain electricity, gas, water, sewerage, or communications services.
2. **Other Premises**
We will pay up to twenty percent (20%) of the Sum Insured for Income, for each Loss of Income that results from an Interruption of Your Business that is caused by Insured Damage that occurs in Australia to the following property:
 - (a) **Unspecified Suppliers**
Property at the premises of any of Your suppliers, manufacturers, repairers, or processors of materials, components, or goods;
 - (b) **Unspecified Customers**
Property at the premises of any of Your customers and clients including any premises where You have property for repair;
 - (c) **Documents**
documents and electronic data files belonging to or held in trust by You while in transit or while at premises not occupied by You;

- (d) **Storage Sites**
Your Property stored at any premises not occupied by You;
- (e) **Transit**
Your Property while in transit outside of the Premises occupied by You;
- (f) **Roads, Bridges and Railway Lines**
roads, bridges and railway lines over which Stock, components and materials are conveyed to and from the Premises;

provided that Damage by Flood is excluded; and

- (g) **Computer Data**
computer installations including ancillary equipment and data processing media utilised by You.

3. **Retail Complex**

When Your Business is located within a multi-tenanted retail complex We will pay for Your Loss of Income that results from Insured Damage to any property within such retail complex.

Provided that cover is limited to twenty percent (20%) of the Sum Insured shown for Income.

4. **Prevention of Access**

We will pay for Loss of Income that results from an Interruption of Your Business that is caused by any legal authority preventing or restricting access to Your Premises as a result of damage to or threat of damage to property within a 20 kilometres radius of Your Premises.

5. **Murder, Suicide and Infectious Disease**

We will pay for Loss of Income that results from an Interruption of Your Business that is caused by:

- (a) any legal authority closing or evacuating all or part of the Premises as a result of:
 - (i) the outbreak of a human infectious or contagious disease at the Premises or within a 20 kilometres radius of the Premises;
 - (ii) vermin or other animal pests at the Premises; or
 - (iii) hygiene problems associated with drains or other sanitary arrangements at the Premises;
- (b) poisoning directly caused by the consumption of food or drink provided on the Premises; and
- (c) murder or suicide occurring at the Premises.

6. **Explosion of Boilers and Pressure Vessels**

We will pay for Loss of Income that results from an Interruption of Your Business that is caused by an explosion of a boiler or a pressure vessel;

provided that when the explosion occurred the boiler or pressure vessel complied with all legal requirements and in particular those requirements concerning the testing, inspection and operation of boilers and pressure vessels.

Optional Extensions of Cover

1. **Other Premises**

If Extension to Other Premises is shown in the Schedule then We will pay for Loss of Income that results from an Interruption of Your Business that is caused by Insured Damage to:

(a) **Specified Customers**

property at the premises of Your customers that are shown in the Schedule up to an amount calculated by applying the percentage shown in the Schedule to the Sum Insured for Income; and

(b) **Specified Suppliers**

property at the premises of Your suppliers shown in the Schedule up to an amount calculated by applying the percentage shown in the Schedule to the Sum Insured for Income.

2. **Additional increase in cost of Working**

We will pay up to the Sum Insured shown for Additional Increase in Cost of Working for all costs not otherwise recoverable that are necessarily incurred by You in an attempt to reduce a Loss of Income that is covered by this Cover Section.

This amount is additional to the Additional Expenditure costs payable under Basis of Settlement.

3. **Accounts Receivable (Book Debts)**

If Accounts Receivable is shown in the Schedule then following Insured Damage to Your accounts receivable records We will pay for:

- (a) all amounts due to You that cannot be collected as a direct result of Damage to Your accounts receivable records; and
- (b) debt collection costs that would not have been incurred had Your accounts receivable records not been Damaged,

provided that these debt collection costs are necessarily incurred to collect amounts that otherwise would not have been collected.

Provided that We will not pay for:

- (a) losses due to book-keeping or accounting errors or omissions;
- (b) loss due to Your dishonesty or dishonesty of Your directors, partners, employees and officers or any other person who has an interest in the accounts receivable records;
- (c) bad debts that would normally not be collected by You; and
- (d) collection costs that would normally have been incurred.

4. Additional Claims Preparation Costs

We will pay for costs incurred with Our written approval for processing and certifying details of a claim under this Cover Section up to an amount equal to the Sum Insured for Additional Claims Preparation Costs.

This amount is in addition to the benefit available for claims preparation costs in the General Conditions and Limitations of Cover that form part of Your Policy.