

**Form #BM801 (Rev. Aug 29, 2012)**  
**Boiler & Machinery Form**

**THIS FORM ONLY APPLIES IF INDICATED "COVERED" AND LIMITS SHOWN ON THE DECLARATIONS PAGE(S).**

**THIS FORM IS ATTACHED TO AND MUST BE READ TOGETHER WITH THE COMMERCIAL BUILDING, EQUIPMENT & STOCK BROAD FORM POLICY**

## **SECTION A**

### **1 PROPERTY DAMAGE**

#### **1.1. COVERAGE AGREEMENT**

The Company agrees, respecting loss from an Accident, which occurs during the Policy Period, to an Object which is in use or connected ready for use at a named location described on the declaration as follows:

- a) to pay for loss to the Object, and
- b) to pay for loss to other insured Property directly damaged by the Accident

#### **1.2. BASIS OF SETTLEMENT**

The Company's liability for loss to Insured Property which is damaged is as follows:

- a) on Media and Data for electronic and electro mechanical data processing and production equipment, the cost of blank material plus the cost of transcription for duplicates or from originals;
- b) on exposed film, records, manuscripts, drawings and other valuable papers and records, the cost of blank material plus the cost of transcription from duplicates for from originals;
- c) on all other Insured Property, the lesser of the cost at the time of the Accident,
  - i) to repair the damaged property; or
  - ii) to replace the damaged property with similar property of like kind, capacity, size, quality and function.

The Company shall not be liable for:

- a) more than the amount actually expended by the Insured;
- b) the cost of repairing or replacing any part or parts of a piece of equipment which is greater than the cost of repairing or replacing the entire piece of equipment;
- c) more than the cost that would have been incurred to replace the damaged property with other property of like kind, capacity, size, quality and function in the event that replacement is by property of a better kind or quality or of a larger capacity or size;
- d) more than the cost that would be incurred to replace the damaged property at the same or an adjacent site; nor
- e) loss or damage to property which is useless or obsolete to the Insured.

If the damaged property is not repaired or replaced within twelve (12) months after the date of the Accident then the Company will only pay for the Actual Cash Value of the damaged property. Actual Cash Value is the cost of replacing the damaged property with property of similar kind, capacity, size, quality and function less depreciation however caused. The Company will consider such items as the age, condition and normal life expectancy of the damaged property in determining depreciation.

#### **1.3. DEDUCTIBLE**

It is agreed with respect to any One Accident, that from the total amount of loss and expense for which the Company is liable under this Coverage there shall first be deducted the amount specified in the Declarations as Deductible for this Coverage and the insurance shall not apply to such amount deducted.

If more than one Deductible is specified and is applicable to loss under this Coverage from any One Accident, only one Deductible shall be applied to this Coverage and that shall be the largest of the applicable Deductibles.

#### **1.4. LIMIT OF LIABILITY**

If more than one Limit of Liability is specified for this Coverage and is applicable to any One Accident the Company shall not be liable as a result of such One Accident for an amount exceeding the highest Limit of Liability applicable.

## **SECTION B**

### **2 BUSINESS INTERRUPTION (LOSS OF PROFITS) – BOILER & MACHINERY**

#### **2.1. COVERAGE AGREEMENT**

The Company agrees, with respect to the business at a Location specified in the declaration, that if the business carried on by the Insured at the Location be interrupted or interfered with solely as a result of an Accident, which occurs while this Coverage is in effect, to an Object which is in use or connected ready for use at an insured Location, the Company will pay the Insured the amount from such interruption, subject to the Limit of Liability specified in the Declaration for this Coverage.

#### **2.2. BASIS OF INSURANCE**

The insurance under this Coverage is limited to loss of Gross Profits due to:

- a) Reduction in Turnover and
- b) Increase in Cost of Working, and the amount payable as indemnity hereunder shall be:
  - a) in respect of Reduction in Turnover, the sum produced by applying the rate of Gross Profit to the amount which the turnover during the Indemnity Period shall in consequence of the Accident fall short of the Standard Turnover;
  - c) in respect of Increase in Cost of Working: the additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the reduction in Turnover which but for that expenditure would have taken place during the Indemnity Period solely as a result of the Accident but not exceeding the sum produced by applying the rate of Gross Profit to the amount of the reduction thereby avoided: less any sum saved during the Indemnity Period in respect of such of the Insured Standing Charges as may cease or be reduced as a result of the Accident, provided that if the Limit of Liability be less than the sum produced by applying the rate of Gross profit to the Annual Turnover, (if the

Indemnity Period is greater than twelve (12) months, then the Annual Turnover shall be multiplied by the factor which proportionately reflects the increased Indemnity Period) the amount payable shall be proportionately reduced.

## 2.3. ORDINARY PAYROLL

If a number of days is specified in the Declarations for Ordinary Payroll, this Coverage is extended to include the Insured's Ordinary payroll necessary to resume the operations of the insured with the same quality of service which existed immediately preceding the Accident but limited to the specified number of consecutive days following the Commencement of Liability. The Company shall not be liable for more than the Limit of Liability specified in the Declarations for Ordinary Payroll. "Ordinary Payroll" as referred to herein is defined as wages and salaries, except wages and salaries for all officers, department managers, employees under contract and other important employees whose services could not be dispensed with should the business be interrupted or interfered with solely as a result of an Accident.

## 2.4. ADDITIONAL EXCLUSIONS

The Company shall not be liable for payment for any interruption or interference with business:

- a) for any time during which business would not or could not have been carried on if the Accident had not occurred;
- b) resulting from the failure of the Insured to use due diligence and dispatch and all reasonable means in order to resume business; or
- c) due to fines or damages for breach of contract, for late or non-completion of orders, or for any penalties of whatever nature.

## 2.5. LIMITATION – MEDIA AND DATA

With respect to loss resulting from damage to or destruction of Media for, or programming records pertaining to, electronic data processing or electronically controlled equipment, including Data thereon, resulting from the Accident, the length of time for which the Company shall be liable hereunder shall not exceed:

- a) thirty (30) consecutive calendar days; or
- b) the length of time that would be required to rebuild, repair or replace such other Insured Property as has been damaged or destroyed by the Accident whichever is the greater length of time.

## 2.6. DEFINITIONS

- a) "Gross Profit" shall mean the sum produced by adding the Net Profit the amount of all Standing Charges or if there be no Net Profit the amount of all standing charges less any net trading loss.
- b) "Net Profit" shall mean the net trading profit (exclusive of all capital receipts and accretions and all outlay property chargeable to capital) resulting from the business of the Insured at the Location after due provision has been made for all standing and other charges including depreciation but before deduction of any taxation chargeable on profits.  
The following shall in no event be deemed to be standing charges:
  - i) deprecation of stock,
  - ii) bad debts, or
  - iii) the entire payroll for all employees of the Insured, except wages and salaries for all officers, department managers, employees under contract and other important employees.
- c) "Turnover" shall mean the money paid or payable to the Insured for goods sold and delivered and for services rendered in the course of the business at the Location.
- d) "Indemnity Period" shall mean the period beginning with the Commencement of Liability and ending not later thereafter than the number of months specified in the Declaration during which the results of the business shall be affected solely as a result of the Accident.
- e) "Rate of Gross Profit" shall mean the percentage of Gross Profit earned on the Turnover during the financial year immediately before the date of the Accident.
- f) "Annual Turnover" shall mean the Turnover during the twelve months immediately before the date of the Accident
- g) "Standard Turnover" shall mean the Turnover during that period in the twelve months immediately before the date of the Accident which corresponds with the Indemnity Period.

With respect to the Rate of Gross Profit, Annual Turnover and Standard Turnover, adjustments shall be made as may be necessary to provide for the trend of the business and for variations in or special circumstances affecting the business either before or after the Accident or which would have affected the business had the Accident not occurred so that the figures thus adjusted shall represent as nearly as may be reasonably practicable the results which but for the Accident would have been obtained during the period after the Accident. If during the Indemnity Period goods shall be sole or services shall be rendered elsewhere than at the Location for the benefit of the business either by the Insured or by others on his behalf, the money paid or payable in respect of such sales or services shall be brought into account in arriving at the Turnover during the Indemnity Period.

## 2.7. RESUMPTION OF BUSINESS

As soon as possible after the Accident, the Insured shall continue or resume business, in whole or in part, and make up lost business within a reasonable period of time (not to be limited to the period during which the business is interrupted) through the use of every available means, including surplus machinery, duplicate parts, equipment, supplies and surplus or reserve stock, which may be owned or controlled by the Insured or obtainable by the Insured from other sources and through working extra time or overtime at the Location or at such other premises acquired for the purpose of making up lost business, all to the extent that the amount for which the Company would otherwise be liable under this Coverage is reduced. The Company may take such means as will in the opinion of the Company reduce or avert interruption of business at the Location or supply the functions of the Location in some other way.

## 2.8. COMMENCEMENT OF LIABILITY

The Commencement of the Company's liability under this Coverage shall be (1) the time of the Accident or (2) twenty-four (24) hours before notice of the Accident is received by the Company, whichever is later. If the time in effect at the address to which the notice is sent is different from that in effect at the Location where the Accident occurred, the time of the receipt of such notice, for the determination of the Commencement of Liability shall be considered on the basis of the time in effect where the Accident occurred.

## 2.9. WAITING PERIOD

If a number of hours is specified in the Declarations for this Coverage, but not otherwise, the Company shall not be liable for any loss and expense during any period prior to the specified hour after the Commencement of Liability as provided in Condition 10.2.8.

## 2.10. DEDUCTIBLE

If an amount is specified in the Declarations for this Coverage, but not otherwise, such amount shall be deducted from the total amount of any loss and expense for which the Company is liable under this Coverage for any One Accident, and no liability shall exist for such amount deducted.

## 2.11. ADJUSTMENT OF PREMIUM

If, within twelve (12) months of each of the annual anniversary dates of this policy, the Insured shall file with the Company a Standard Premium Adjustment Application Form showing as respects the immediately previous annual period of this policy that the Gross Profit earned during the Insured's financial year most nearly concurrent with such immediately previous annual period of this Coverage as certified by the Insured's auditors, or a multiple thereof to coincide with the Indemnity Period if this exceeds twelve (12) months, was less than the Limit of Liability specified for this Coverage in the Declarations, then the Company will allow, in respect of the difference, a return premium to the Insured not exceeding 50% of the premium paid by the Insured under this Coverage for the immediately previous annual period.

In the event of loss originating under this Coverage during the term of the policy the premium for the full term of the policy on the full amount paid or payable for such loss shall be regarded as earned and no return premium shall be made in respect thereof.

The Company reserves the right to inspect the Insured's books and records for verification of any statement filed for the purpose of adjusting the premium for this Coverage.

**EXCEPT AS OTHERWISE PROVIDED IN THIS FORM ALL TERMS, PROVISIONS AND CONDITIONS OF THE POLICY SHALL HAVE FULL FORCE AND EFFECT.**

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