



## **LOSS OF INCOME** **With Coinsurance Percentage**

Refer to the Declarations if information is not shown on this form.  
The coverage under this endorsement is subject to the *terms* contained in *your* policy.

### **SCHEDULE**

Location Number	Building Number	Applicable Causes of Loss Form	Coinsurance Percentage	Amount of Insurance
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### **DEFINITIONS**

The following definitions apply to this policy form:

1. **Loss of income** means the income *your business* could reasonably be expected to have earned during the *period of restoration* if no covered property loss had occurred less any income *your business* actually earned. **Loss of income** does not include charges and expenses which do not necessarily continue during the time of interruption. Coverage also applies to expenses *you* incur to reduce **loss of income**, however, only to the extent that they actually reduce *your loss of income*.
2. **Period of restoration**:
  - a. Means the time period that commences 72 hours from the time when accidental direct physical loss or damage to covered property results from a covered cause of loss at the *insured premises*.
  - b. Ends at the earliest of:
    - 1) The date when the loss or damage at the *insured premises* should be repaired, rebuilt or replaced with reasonable speed with like kind and quality materials; or
    - 2) The date when *business* is resumed at a new permanent location.
  - c. Does not include the increased time necessary due to any ordinance or law being enforced.

### **WHAT WE PAY FOR**

*We* pay up to the Amount of Insurance shown in the Schedule for **loss of income** during the *period of restoration* *you* incur when *your business* is interrupted by a necessary diminution or suspension of operations at the *insured premises* due to accidental direct physical loss or damage resulting from a covered cause of loss. *You* will make every reasonable effort to resume complete or partial operations as soon as possible and, where practicable, use substitute facilities and property.

Payments under this coverage may extend beyond the end of the policy period.

1. **Loss of income** will be determined using:
  - a. Net income meaning net profit or loss that would have been earned or incurred before income taxes. For manufacturing risks, net income includes the net sales value of production;
  - b. Payroll expenses meaning the amount incurred by *you* necessary to resume operations with the same quality of service that existed just before the accidental direct physical loss or damage occurred;

- c. All other necessary operating expenses incurred during the *period of restoration* in order to continue *your business*; and
- d. Any relevant and reliable sources of information applicable to *your business*.

The Coinsurance provision in the General Policy Provisions and the applicable deductible stated in the Declarations do not apply to the coverage provided by this endorsement.

## ADDITIONAL COVERAGES

These Additional Coverages do not increase the Amount of Insurance available for *Loss Of Income* coverage.

1. **New Construction and Alterations**-We pay for *loss of income* when *you* incur accidental direct physical loss or damage resulting from a covered cause of loss to:
  - a. *Your* new buildings or structures when being constructed at the *insured premises*;
  - b. Alterations or additions to existing buildings or structures at the *insured premises*; and
  - c. Machinery, equipment, supplies or building materials located on or within 100 feet of the *insured premises* used in the construction, alterations or additions or that are incidental to the occupancy of new buildings or structures.

If such covered cause of loss delays the start of *your* operations at the newly constructed or altered building or structure, the *period of restoration* will begin on the date *your* operations would have begun had there been no accidental direct physical loss or damage.

2. **Civil Authority**-We pay for *loss of income* when access to *your* place of *business* is prohibited by civil authority as a result of accidental direct physical loss or damage from a covered cause of loss to property at other than the *insured premises*, provided that:
  - a. Access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of the damage, and the *insured premises* are within that area but are not more than one mile from the damaged property; and
  - b. The action by civil authority is taken in response to dangerous physical conditions that resulted from a covered cause of loss or to enable civil authority to have access to the damaged property.

*Loss of Income* coverage for Civil Authority commences 72 hours after the first notice that a decision by civil authority to prohibit access to the *insured premises* has taken place.

*Loss of Income* coverage for Civil Authority ends at the earlier of six consecutive weeks from when coverage commences, or when the action prohibiting access to the *insured premises* ends.

3. **Electronic Data**-We pay up to \$2,500 for *loss of income* due to accidental direct physical loss or damage to *electronic data* resulting from a covered cause of loss.

## WHAT WE DO NOT PAY FOR

We do not pay for:

1. *Loss of income* caused by the suspension, lapse or cancellation of any lease, contract or order;
2. *Loss of income* caused directly or indirectly by enforcement of any local or state ordinance or law regulating the construction, repair, or demolition of buildings or structures;
3. Any claim for *loss of income* due to interference by strikers or other people with rebuilding, repairing or replacing property, or with the resumption or continuation of operations; or
4. Claims for any other type of consequential loss.

## COINSURANCE PERCENTAGE

We require that *you* maintain a minimum amount of insurance when a Coinsurance Percentage is shown in the Schedule.

The minimum amount of insurance required is determined by multiplying *your* income earned if no loss had occurred during the 12 months immediately preceding the date of loss or damage to covered property, by the Coinsurance Percentage shown in the Schedule.

If the Amount of Insurance at the time of loss is less than the minimum amount of insurance required, **we** will pay only a part of the loss. **Our** part of the loss will be determined by dividing the Amount of Insurance by the minimum amount of insurance required.

**EXAMPLE**-If **you** do not maintain the required amount of insurance:

a. Income earned 12 months preceding loss	\$100,000
b. Coinsurance Percentage shown in the Schedule	80%
c. Minimum amount of insurance required (\$100,000 x 80%)	\$ 80,000
d. Amount of Insurance shown in the Schedule	\$ 60,000
e. Amount of loss	\$ 20,000

In this example, **we** would pay **you** \$15,000. **We** arrive at this payment figure as follows:

- 1) **Our** part of the loss is 75%. (d. Amount of Insurance \$60,000 divided by c. amount of insurance required \$80,000).
- 2) \$20,000 loss is then multiplied by the 75% figure computed in 1) above, to arrive at the part of the loss **we** will pay.

All other **terms** and conditions remain unchanged.