

# BUSINESS INTERRUPTION POLICY



Please read this Policy carefully and if any error is found or if the cover is not in accordance with your needs, please return it to us immediately for correction.

PEOPLE'S INSURANCE PLC  
(Company No. PB 3754 PQ)  
No. 07, Havelock Road, Colombo 05.  
Tel: (011) 2126126 Fax: (011) 2126042

## **Business Interruption Insurance Policy**

As the Insured named in the Schedule hereto by proposal and declaration which shall be the basis of this contract and is deemed to be incorporated herein has applied to People's Insurance PLC (hereinafter called the Company) for the Insurance hereinafter contained.

In consideration of the Insured paying to the Company the premium mentioned in the Schedule, the Company agrees, subject to the Conditions contained herein or endorsed or otherwise expressed hereon, which Conditions shall so far as the nature of them respectively will permit be deemed to be Conditions precedent to the right of the Insured to recover hereunder, that if after payment of the premium, if any building or other property or any part thereof used by the Insured at the Premises for the purpose of the Business be destroyed or damaged by:-

- 1) Fire,
  - 2) Lightning,
  - 3) Explosion, in a building in which gas is not generated and which does not form part of any gasworks, of gas used therein for illuminating or domestic purposes
- Destruction or damage so caused being hereinafter termed Damage.

at any time of the during of the Period of Insurance named in the Schedule, or of any subsequent period in respect of which the Insured shall have paid and the Company shall have accepted the premium required for the renewal of this Policy and the Business carried on by the Insured at the premises be in consequence thereof interrupted or interfered with the Company will pay to the Insured in respect of each item in the Schedule hereto the amount of loss resulting from such interruption or interference in accordance with the provisions therein contained.

Provided that at the time of the happening of the Damage there shall be in force an insurance covering the interest of the insured in the property at the premises against such Damage and that payment shall have been made or liability admitted therefore under such insurance and that the liability of the Company shall in no case exceed in respect of each item the sum insured expressed in the Schedule to be Insured thereon and in the whole the Total Sum Insured hereby, or such other sum or sums as may be substituted therefore by endorsement hereon or attached hereto, signed by or on behalf of the Company.

This Policy should be read carefully and if it is incorrect or does not provide the cover required it should be returned immediately for correction.

This Policy and Schedule(s) annexed (which form an integral part of this Policy) shall be read together as one contract and words and expressions to which specific meanings have been attached in any part of this Policy or of the Schedule(s) shall bear the same meaning wherever they may appear.

### **Conditions**

#### **Misdescription**

1. If there be any material misdescription of any of the property hereby Insured, or of any building or place in which such property is contained, or any misrepresentation as to any material fact to be known for estimating the risk or any omission to state such fact the Company shall not be liable upon this Policy so far as it relates to property affected by any such misdescription, misrepresentation or omission.

#### **Receipts**

2. No payment in respect of any premium shall be deemed to be payment to the Company unless a printed form of Receipt for the same signed by an official of the Company shall have been given to the Insured.

#### **Other Insurances**

3. The Insured shall give notice to the Company of any Insurance or Insurances already effected, or which may subsequently be effected, covering any of the property hereby Insured, and unless such notice be given and the particulars of such Insurance or Insurances be stated in or endorsed on this Policy by or on behalf of the Company before the occurrence of any loss or damage, all benefits under this Policy shall be forfeited.

## **Displacement**

### **4. Immediately upon any fall or displacement**

- (a) of any building Damage to which might give rise to a claim under this Policy;
- (b) of any part of such building
- (c ) of the whole or any part of any range of buildings or of any structure of which such building forms part

The insurance under this Policy shall cease in respect of loss resulting from Damage to such building or property therein

Provided that,

- (i) such fall or displacement is of the whole or a substantial or important part of such building or impairs the usefulness of such building or any part thereof, or leaves such building or any part thereof or any property contained therein subject to increased risk of Damage or is otherwise material;
- (ii) such fall or displacement is not caused by Damage, loss resulting from which is covered by this Policy or would be covered if such building, range of buildings or structure were included in the Premises to which this policy refers.

If any claim be made upon this Policy in consequence of Damage whether occurring before, during or after such fall or displacement the Insured shall produce such proof as may reasonably be required that the loss was not, either in origin or in extent, directly or indirectly, proximately or remotely; occasioned by or contributed to by any such fall or displacement and did not either in origin or extent, directly or indirectly, proximately or remotely, arise out at or in connection with any such fall or displacement.

## **Excluded Interruption Loss**

### **5. The Company shall not be liable in so far as the interruption loss is increased :-**

- (a) By extraordinary events taking place during the interruption,
- (b) By restrictions imposed by the authorities on the reconstruction or operation of the business,
- (c) Due to the insured's lack of sufficient capital for timely restoration or replacement of property destroyed, damaged or lost.

## **Risks not covered**

### **6. This Insurance does not cover:**

Loss occasioned by or through or in consequence of:

- a. the burning of property by order of any public authority,
- b. subterranean Fire,
- c. Explosion except as stated on the Policy.
- d. The burning, whether accidental or otherwise, of forests, bush lallang prairie, pampas or jungle and the clearing of lands by fire,
- e. Damage to property occasioned by its own fermentation, natural heating or spontaneous combustion or by its undergoing any heating or drying process.

loss, damage, cost or expense of whatsoever nature directly or indirectly caused by resulting from or in connection with any of the following regardless of any other cause or event contributing currently or in any other sequence to the loss:

- a. ionizing radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear installation, reactor or other nuclear assembly or nuclear fuel
- b. the radioactive, toxic explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof
- c. any weapon of war employing atomic or nuclear fission and / or fusion or other like reaction or radioactive force or matter.

### **Occurrences not covered**

7. This Insurance does not cover any loss resulting from Damage occasioned by or through or in consequence, directly or indirectly, of any of the following occurrences, namely :-

- 7.1 earthquake, volcanic eruption or other convulsion of nature,
- 7.2 typhoon, hurricane, tornado, cyclone, storm, tempest or other atmospheric disturbance,
- 7.3 war, invasion, acts of foreign enemies, hostilities or warlike operations (whether war be declared or not), civil war.
- 7.4 mutiny, civil commotion, tribal rising, military rising, insurrection, strike, riot, rebellion, revolution, military or usurped power, martial law or state of siege or any of the events or causes which determine the proclamation or maintenance of martial law or state of siege, permanent or temporary dispossession resulting from confiscation or detention, requisition or willful destruction by any lawfully constituted authority.
- 7.5 any act of terrorism

An act of terrorism means an act, including but not limited to the use of force or violence and / or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organization(s) or government(s), committed for political, religious, ideological, or ethnic purposes or reasons including the intention to influence any government and / or to put the public, or any section of the public, in fear.

This Insurance also excludes loss, damage, cost or expense of whatsoever nature, directly or indirectly caused by resulting from or in connection with any action taken in controlling, prevailing, suppressing or in any way relating to (7.3,74) and / or (7.5) above.

Any loss, damage or destruction happening during the existence of abnormal Conditions (whether physical or otherwise) which are occasioned by or through or in consequence, directly or indirectly, of any of the said occurrences shall be deemed to be loss, damage or destruction which is not covered by this Insurance, except to the extent that the Insured shall prove that such loss, damage or destruction happened independently of the existence of such abnormal Conditions.

In any action, suit or other proceedings where the Company alleges that by reason of the provisions of this Condition any loss or damage is not covered by this Insurance, the burden of proving that such loss or damage is covered shall be upon the Insured.

### **Liability not covered**

8. This Insurance does not cover any liability for:  
Damage caused by pollution or contamination except (unless otherwise excluded) destruction or damage to the property Insured caused by;
- (I) pollution or contamination which itself results from a contingency hereby Insured against.
  - (II) any contingency hereby Insured against which itself results from pollution or contamination.

### **Change in Risk**

9. The insurance by this Policy shall cease if :-
- (a) The Business be wound up or carried on by a Liquidator or Receiver or permanently discontinued or
  - (b) The insured's interest cease otherwise than by death or
  - (c) Any alteration be either in the Business or in the Premises or property therein whereby the risk of Damage is increased, at any time after the commencement of this insurance, unless its continuance be admitted by memorandum signed by or on behalf of the Company.

### **Increase in Risk**

10. Notice shall be given to the Company and, if required, an additional premium paid, if the rate of premium payable in respect of the insurance covering the interest of the insured in the property at the Premises against Damage shall be increased.

### **Cancellation of the Insurance**

11. This Insurance may be terminated at any time at the request of the Insured, in which case the Company will retain the customary short period rate for the time the Policy has been in force. This Insurance may also at any time be terminated at the option of the Company on notice to that effect being given to the Insured, in which case the Company shall liable to repay on demand a ratable proportion of the premium for the unexpired term from the date of the cancellation.

### **Claim Procedure**

12. On the happening of any Damage in consequence of which a claim is or may be made under this Policy, the Insured shall forthwith give notice thereof to the Company and shall with due diligence do and concur in doing and permit to be done all things which may be reasonably practicable to minimize or check any interruption of or interference with the Business or to avoid or diminish the loss and in the event of a claim being made under this Policy shall, not later than thirty days after expiry of the Indemnity Period or within such further time as the Company may in writing allow, at his own expense deliver to the Company in writing a statement setting forth particulars of his claim, together with details of all other insurances (if any) covering the Damage or any part of it or consequential loss of any kind resulting therefrom. The Insured shall at his own expense produce, procure and give to the Company such books of account and other business books, vouchers, invoices, balance sheets and other documents, proofs, information, explanation and other evidence as may reasonably be required by or on behalf of the Company for the purpose of investigating or verifying the claim together with a declaration on oath or in other legal form of the truth of the claim and of any matters connected therewith. No claim under this policy shall be payable unless the terms of this condition have been complied with and in the event of non-compliance therewith in any respect, any payment on account of the claim already made shall be repaid to the Company forthwith.

### **Forfeiture**

13. If the claim be in any respect fraudulent, or if any false declaration be made or used in support thereof, or if any fraudulent means or devices are used by the Insured or anyone acting on his behalf to obtain any benefit under this Policy, or if the loss or damage be occasioned by the willful act or with the connivance of the Insured, or if the claim be made and rejected and an action or suit be not commenced within three months after such rejection or in case of arbitration taking place in pursuance of 19 mentioned below of this Policy within three months after the arbitrator or arbitrators or umpires shall have made their award, all benefits under this Policy shall be forfeited.

## **Subrogation of rights**

14. The Insured shall, at the expense of the Company, do and concur in doing and permit to be done, all such acts and things as may be necessary or reasonably required by the Company for the purpose of enforcing any rights and remedies, or of obtaining relief or indemnity from other parties to which the Company shall be or would become entitled or subrogated upon their paying for or making good any loss or damage under this Policy, whether such acts and things shall be or become necessary or required before or after his indemnification by the Company.

## **Contribution**

15. If at the time of any loss under this policy there be any other subsisting Insurance or Insurances, whether effected by the Insured or by any other person or persons, covering the same property, the Company shall not be liable to pay or contribute more than its ratable proportion of such loss

## **Reinstatement of the Sum Insured**

16. In the event of a loss, the Insurance hereunder shall be maintained in force for the full Sum Insured and the Insured shall be liable to pay and additional premium at the rate stated on the Policy, calculated on the amount of loss on a pro rate basis from the date of such loss to the expiry of the current period of Insurance.

## **Arbitration**

17. If any difference shall arise as to the amount to be paid under this policy (liability being otherwise admitted) such difference shall be referred to the decision of an Arbitrator to be appointed in writing by the parties in difference or if they cannot agree upon a single Arbitrator to the decision of two Arbitrators one to be appointed in writing by each of the parties within one calendar month after having been required in writing so to do by either of the parties or in case the Arbitrators do not agree of an Umpire appointed in writing by the Arbitrators before entering upon the reference. The Umpire shall sit with the Arbitrators and preside at their meeting and the making of an Award shall be a condition precedent to any right of action against the Company. If the Company shall disclaim liability to the Insured of any claim hereunder and such claim shall not within twelve calendar months from the date of such disclaimer be subject to legal action or have been referred to arbitration under the provisions herein contained then the claim shall for all purposes be deemed to have been abandoned and shall not thereafter be recoverable hereunder

## **Time limit for Company's Liability**

18. In no case whatever shall the Company be liable for any loss or damage after the expiration of
- (a) one year from the end of the Indemnity Period, or if later,
  - (b) three months from the date on which payment shall have been made or liability admitted by the insurers covering the Damage giving rise to the said claim, unless the claim is the subject of pending action or arbitration.

## **Written Notice**

19. Every notice and other communications to the Company required by these Conditions must be written or printed.

## **Due Observance**

20. The due observance and fulfillment of the terms provisions and Conditions of this Policy insofar as they relate to anything to be done by the truth of the statements and answers in the proposal shall be Conditions precedent to any liability of the Company to make any payment under this Policy.

## **21. Premium Payment Warranty**

- 21.1 Notwithstanding anything herein contained but subject to clause 21.2 and 21.3 hereof, it is hereby agreed and declared that the full premium due and payable in respect of this Insurance is required to be settled to the Company on or before the premium due date specified in the Schedule of this Policy, Renewal Certificate, Endorsement or Cover Note (Which shall be a date not exceeding Sixty (60) days from the date of Inception of the Policy) and in the absence of any such premium due date, the full settlement of the premium is required to be made or effected on or before the expiry of the Sixtieth (60) day from the date of inception of this Policy, Renewal Certificate, Endorsement or Cover Note (hereinafter referred to as the “due date”)

For the purpose of this warranty the “due date” shall be recognized from the date of inception or commencement of the coverage.

- 21.2 It is also declared and agreed that the settlement of the full premium on or before the due date shall operate as a Condition precedent to the Company’s liability or an obligation to settle claim under this Policy, Renewal Certificate, Endorsement, or Cover Note.

In the event of any claim arising between date of commencement of this Insurance and the “due date” for the settlement of premium, the Company may defer any decision on liability or postpone the settlement of any such claim until full settlement of the premium is effected on or before the “due date”.

- 21.3 It is also declared and agreed that where the full premium payable hereunder remains outstanding as at the closure of business of the Insurer on the “due date” then the cover under this Insurance and any obligations assumed or imputed under this Insurance shall stand to be cancelled, ceased and revoked immediately. However, such cancellation will not prejudice the rights of the Company to invoke any legal defence or to recover the full or any part of the defaulted premium attributable to the expired period of the Insurance.

## SPECIFICATIONS

### Item.1.1 - GROSS PROFIT (DIFFERENCE BASIS) WORDINGS

THE INSURANCE UNDER THIS ITEM is limited to loss of Gross Profit due to

- (a) REDUCTION IN TURNOVER and
- (b) INCREASE IN COST OF WORKING and the amount payable as Indemnity thereunder shall be:-

(a) IN RESPECT OF REDUCTION IN TURNOVER: The sum produced by applying the Rate of Gross profit to the amount by which the Turnover during the Indemnity Period shall in consequence of the damage fall short of the Standard Turnover.

(b) IN RESPECT OF INCREASE IN COST OF WORKING: The additional expenditure (subject to the provisions of the Uninsured Standing Charges Clause) 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 in consequence of the damage 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 charges and expenses of the business payable out of Gross Profit as may cease or be reduced in consequence of the damage.

Provided that if the Sum Insured by this Item be less than the sum produced by applying the rate of Gross Profit to the Annual Turnover (where the maximum indemnity period is 12 months or less or the / proportionate multiple of the annual turnover where the Maximum Indemnity Period exceeds twelve months.

## DEFINITIONS

### INDEMNITY PERIOD

The period beginning with the occurrence of the damage and ending not later than the Maximum Indemnity Period thereafter during which the results of the business shall be affected in consequence of the Damage.

### TURNOVER

The money (less discount allowed) paid or payable to the Insured for goods sold and delivered and for services rendered in course of the business at the premises.

### GROSS PROFIT (DIFFERENCE BASIS)

The amount by which  
(1) the sum of the Turnover, and the amount of the Closing Stock Shall exceed.  
(2) the sum of Opening Stock, Work-in-progress and the Specified Working Expenses.

#### N. B. 1

The amount of the Opening and Closing Stocks shall be arrived at in accordance with the Insured's normal accountancy methods, due provision being made for depreciation.

#### N.B.2

The words and expressions used in this Definition shall have the meaning usually attached to them in the books and accounts of the Insured unless otherwise defined in this Specification.

### SPECIFIED WORKING EXPENSES

As per Memo attached.

### MAXIMUM: INDEMNITY PERIOD:

As specified in the policy Schedule



**RATE OF GROSS PROFIT** - The rate of Gross Profit earned on the turnover during the financial year immediately before the date of damage.

) to which such adjustment shall be made  
 ) as may be necessary to provide for the  
 ) the trend of the business and for variations in or  
 ) special circumstances affecting the business  
 ) either before or after the damage or which  
 ) would have affected the business had  
 ) the damage not occurred so that the figures  
 ) as may be reasonably practicable the  
 ) results which but for the damage would  
 ) have been obtained during the relative  
 ) period after the damage  
 )  
 )  
 )  
 )

**ANNUAL TURNOVER** - The Turnover during the twelve months ) thus adjusted shall represent as nearly immediately before the date of the damage

**STANDARD TURNOVER** - The Turnover during that period in the twelve months immediately before the date of the damage which corresponds with Indemnity Period

## ITEM 1.2 - GROSS PROFIT (ADDITON BASIS)

THE INSURANCE UNDER THIS ITEM is limited to loss of Gross Profit due to

(a) REDUCTION IN TURNOVER and

(b) INCREASE IN COST OF WORKING and the amount payable as Indemnity thereunder shall be:

- (a) IN RESPECT OF REDUCTION IN TURNOVER: The sum produced by applying the Rate of Gross Profit to the amount by which the Turnover during the Indemnity Period shall in consequence of the damage fall short of the Standard Turnover:
- (b) IN RESPECT OF INCREASE IN COST OR WORKING: The additional expenditure (subject to the provisions of the Uninsured Standing Charges Clause) 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 in consequence of the damage 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 in consequence of the Damage:

provided that the amount payable shall be proportionately reduced if the own insured in respect of gross profit is less than the Sum produced by applying the Rate of Gross Profit to the Annual Turnover multiple of the annual turnover where the Maximum Indemnity Period exceeds twelve months.

## DEFINITIONS

|                                |   |
|--------------------------------|---|
| GROSS PROFIT                   | The sum produced by adding to the Net Profit the amount of the Insured Standing Charges or if there be no Net Profit the amount of the Insured Standing Charges less such a proportion of any net trading loss as the amount of the Insured Standing Charges bears to all the Standing Charges of the business.                                 |
| NET PROFIT                     | The net trading profit (exclusive of all capital receipts and accretions and all outla I properly chargeable to capital) resulting from the business of the Insured at the premises after due provision has been made for all standing and other charges including depreciation but before the deduction of any taxation chargeable on profits. |
| INSURED<br>STANDING<br>CHARGES | As per Memo attached  |
| TURNOVER                       | The money paid or payable to the Insured for goods sold and delivered and for services rendered in course of the business at the premises.  |
| INDEMNITY<br>PERIOD            | The period beginning with the occurrence of the damage and ending not later than the Maximum Indemnity Period thereafter during which the results of the business Shall be affected in consequence of the damage.   |

MAXIMUM  
INDEMNITY PERIOD: As specified in the policy schedule

RATE OF GROSS PROFIT - The rate  
of Gross Profit earned on the  
turnover during the financial  
year immediately before the  
date of damage.

) to which such adjustment shall be made  
) as may be necessary to provide for the  
) the trend of the business and for variations in or  
) special circumstances affecting the business  
) either before or after the damage or which  
) would have affected the business had  
) the damage not occurred so that the figures  
) as may be reasonably practicable the  
) results which but for the damage would  
) have been obtained during the relative  
) period after the damage  
)  
)  
)  
)

ANNUAL TURNOVER - The Turnover  
during the twelve months ) thus adjusted shall represent as nearly  
immediately before the date of the damage

STANDARD TURNOVER - The Turnover  
during that period in the twelve months  
immediately before the date of the  
damage which corresponds with  
Indemnity Period

#### SW.11 - ADDITIONAL INCREASE COSTS OF WORKING

The insurance under Item No..... is limited to such further additional expenditure beyond that recoverable under clause (b) of Item No. .... on gross profit and item No..... on wages! payroll as the as the insured shall necessarily and reasonably incur during the indemnity period in consequence of the damage for the purpose of avoiding or diminishing the reduction in turnover

#### SW.12 - AUDITORS' FEES CLAUSE

The insurance under Item No..... of this Policy is limited to reasonable fees payable by the Insured to their Auditors for producing and certifying any particulars or details contained in the Insured's books of account or other business books or documents or such other proofs, information or evidence as may be required by the Company under the terms of condition 11 of this policy

## **SECTION 1**

### **CLAUSES AND ENDORSEMENTS**

(Not included in the Policy unless specified in the Schedule)

#### **CL.01 - ACCOUNTANTS' CLAUSE**

Any particulars or details contained in the Insured's books or documents which may be required by the Insurers under Condition 11 of this Policy for the purpose of investigating or verifying any claim hereunder may be produced by professional accountants if at the time they are regularly acting as such for the Insured and their report shall be prima facie evidence of the particulars and details to which such report relates.

#### **CL.02 - ALTERNATIVE BASIS CLAUSE**

It is agreed and declared that in the event of a claim, adjustment may be based on 'Turnover or Output' whichever affords the most equitable result, and except in the definition of turnover the word "Turnover" wherever used in this Policy shall read as 'Turnover or Output'. 'Output' shall mean sale value of goods manufactured by, or sold by, the Insured in the course of the Business at the Premises, provided that: (a) only one such meaning shall be operative in connection with any one occurrence involving damage as within defined. (b) if the meaning set out in this Clause be used, the Alternative Trading Clause shall be held to be altered to read as follows:-

##### **Alternative Trading Clause**

If during the Indemnity Period goods shall be manufactured elsewhere than at the Premises affected by the damage for the benefit of The Business either by the Insured or by others on the Insured's behalf the sale value of the goods so manufactured shall be brought into account in arriving at the output during the Indemnity Period.

#### **CL.03 - ACCUMULATION OF STOCK CLAUSE**

In adjusting any loss account shall be taken and an equitable allowance made if any shortage of turnover due to the damage is postponed by reason of the turnover being temporarily maintained from accumulated stocks of finished goods in warehouses and/or depots.

#### **CL.04 - DEPARTMENTAL CLAUSE**

If the business be conducted in departments the independent trading results of which are ascertainable the provisions of Clauses (a) and (b) of Item 1 of the specifications attached shall apply separately to each Department affected by the damage except that if the Sum Insured by the said item be less than the aggregate of the Sums produced by applying the rate of Gross Profit for each department of the business (whether affected by the damage or not) to the relative annual output thereof, the amount payable shall be proportionately reduced.

#### **CL.05 - INTERDEPENDENCY CLAUSE**

It is hereby expressly declared and agreed that if damage to any of the joint Insured's premises/property should result in another of the Insured suffering a reduction in turnover or increase in cost of working then such loss is deemed to be covered by this Policy notwithstanding that no material damage was sustained by the latter premises/property.

Note: The Interdependency Clause may only be used for joint insureds who stand in the relationship as parent and subsidiary companies.

#### **CL.06 - MATERIAL DAMAGE PROVISIO WAIVER CLAUSE**

It shall not be a condition precedent to liability in respect of interruptions or interference in consequence of destruction or damage that the payment shall have been made or liability admitted under the Insurance covering the interest of the Insured in the property at the premises against such destruction or damage if no such payment shall have been made nor liability admitted solely owing to the operation of a proviso in such insurance excluding liability for losses below a specified amount.

#### **CL.07 - PAYMENT ON ACCOUNT CLAUSE**

Payment on account will be made to the Insured if desired provided that it is established that the loss is indemnifiable under this Policy.

## EXTENSIONS AND CLAUSES

**Uninsured Standing Charges Clause.** If any standing charges of the business be not insured by this policy (having been deducted in arriving at the Gross Profit defined herein) then in computing the amount recoverable hereunder as Increase in Cost of Working that proportion only of the additional expenditure shall be brought into account which the Gross Profit bears to the sum of the Gross Profit and all the Uninsured Standing Charges.

**Premium Adjustment Clause.** In the event of the Gross Profit (or a proportionately increased multiple thereof where the Maximum Indemnity Period exceeds twelve months) earned during the accounting period of twelve months most nearly concurrent with any period of insurance as certified by the Insured's Auditors, being less than the sum insured thereon a pro-rata return of premium not exceeding fifty per cent (50%) of the premium paid on such sum insured for such period of insurance will be made in respect of the difference. If any damage shall have occurred giving rise to a claim under this section, such return shall be made in respect only of so much of the said difference as is not due to such damage.

**This Premium Adjustment Clause is only valid for twelve (12) months from the date of expiry of the Policy.**

### CL.O8 - SALVAGE SALES CLAUSE

If, following damage giving rise to a claim under this Policy, the Insured shall hold a salvage sale during the Indemnity Period, Clause (a) of Item No.1 of the specifications attached shall for the purpose of such claim read as follows:-

- (a) IN RESPECT OF REDUCTION IN TURNOVER: the sum produced by applying Rate of Gross Profit to the amount by which the Turnover during the Indemnity Period (less the Turnover for the period of the salvage sale) shall in consequence of the damage, fall short of the Standard Turnover from which sum shall be deducted from the Gross Profit actually earned during the period of the salvage sale.

### CL.O9 - UPWARD ADJUSTMENT CLAUSE

In the event of the "Gross Profit/Gross Rental/Gross Revenue earned during any annual period of insurance (or during the accounting period of 12 months more nearly concurrent with any period of insurance) as certified by the Insured's Auditors being greater than the Sum Insured thereon, the Insured will be held covered to the extent of % of the Sum Insured thereof and pro-rata additional premium not exceeding % of the premium paid on such Sum Insured for such period of insurance will be charged in respect of the difference.

N.B. The maximum percentage of upward adjustment shall be limited to 25% only. An additional premium calculated at 75% of the upward adjustment percentage shall be imposed. This additional premium shall be treated as provisional, and shall be adjusted in accordance to the actual "Gross Profit/Gross Rental/Gross Revenue earned as certified by the Insured's auditors.

- To delete appropriately.

### CL.10 - NEW BUSINESS CLAUSE

For the purpose of any claim arising from damage occurring before the completion of the first year's trading of the business at the premises, the terms, 'Rate of Gross Profit' 'Annual Turnover' and 'Standard Turnover' shall bear the following meanings and not as within stated:-

#### Rate of Gross Profit

The rate of gross profit earned on the turnover during the Period between the commencement of the business and the date of the damage

) to which such adjustment  
) shall be made as may be  
) necessary to provide  
) for the trend of the  
) business and the  
) variations in or special  
) circumstances affecting  
) the business either  
) before or after the  
) damage or which would  
) have affected the  
) business had the damage  
) not occurred, so that the  
) figures thus adjusted  
) shall represent as nearly  
) as may be reasonably  
) practicable the results  
) which but for the damage  
) would have been obtained  
) during the relative  
) period after the damage  
)  
)

#### Annual Turnover

The proportional equivalent for The period of twelve months Turnover realised during The period between the Commencement of the business And the date of the damage

#### Standard Turnover

The proportional equivalent for a period equal to the Indemnity period, of the Turnover realised during the period

between the commencement  
of the business and the  
date of the damage

After twelve months of trading have been completed the normal specification wording operates.

## SECTION 2

### EXTENSIONS

(Not included in the Policy unless specified in the Schedule)

#### EP.1 - PUBLIC UTILITIES CLAUSE

In consideration of the payment of additional premium it is hereby declared that subject to the conditions of the Policy, loss as insured by this Policy resulting from interruptions of or interference with the business consequent upon failure of public supplies of electricity/water/gas resulting from a damage as defined in the Policy at any:-

- generating station or substation of the public electricity supply undertaking,
- land based premises of the public gas supply undertaking or of any natural gas producer linked directly therewith,
- water works or pumping station or the public water supply undertaking,

from which the Insured obtains electricity/water/ gas \* shall be deemed to be loss resulting from damage to property used by the Insured at the premises. Any transmission lines or pipes feeding to the Insured's premises are not included.

A deliberate act of the supply undertaking not performed for the purpose of safeguarding life or protecting the system and rationing not necessitated solely by accidental damage to the supply undertaking's equipment are excluded.

PROVIDED that the Insurers shall not be liable for any loss insured by this extension unless failure of the public supplies of electricity exceeds a period of seventy-two (72)\* hours and the liability of the insurer under this extension shall apply only to such period in excess of seventy-two (72)\* hours.

\*Delete as appropriate.

#### EP.2 - PREVENTION OF ACCESS

In consideration of the payment of an additional premium which is included in the premium hereon it is hereby agreed and declared that subject to the conditions of the Policy, loss as insured by Item(s) No(s) ..... of this Policy resulting from interruptions of or interference with the business in consequence of damage by insured peril (as within defined) to property in the vicinity of the Insured's premises which shall prevent or hinder the use thereof or access thereto, whether the premises or property of the insured therein shall be damaged or not, shall be deemed to be loss resulting from damage to property used by the insured at the premises

#### EP.3 - INFECTIOUS OR CONTAGIOUS DISEASES, MURDER, SUICIDE

It is hereby agreed and declared that the insurance of this Policy is extended to cover contingencies hereunder specified: -

- (i) Infectious or contagious disease manifested by any person whilst in the Premises
- (ii) Murder or suicide or pest occurring at the Premises
- (iii) .....

Which directly and solely results in the restriction of use of the Premises (whether total or partial) by the order of the competent public authority.

Any interruption of or interference with the Business of the Insured in accordance with the provisions herein contained in the Schedule shall be deemed to be DAMAGE as herein defined.

## SECTION 2

### EXTENSIONS

(Not included in the Policy unless specified in the Schedule)

#### SPECIAL CONDITIONS

1. For the purpose of this memorandum:

Indemnity Period shall mean the period during which the results of the Business shall be affected in consequence of the occurrence or discovery or accident. beginning:-

- a) in the case of (i) above, with the date of the occurrence or discovery
- b) in the case of (ii) and (iii) above, with the date from which the restrictions on the Premises are applied and ending not later than the Maximum Indemnity Period thereafter.

Maximum Indemnity Period shall mean one month.

Premises shall mean only those locations stated in the Premises definition; in the event that the policy includes an extension which deems loss destruction or damage at other locations to be an Incident such extension shall not apply to this memorandum.

2. The Insurer shall not be liable under this memorandum for any costs incurred in the cleaning, repair, replacement, recall or checking of property.

3. The Insurer shall only be liable for the loss arising at those Premises which are directly affected by the occurrence discovery or accident.

4. The Insurer's liability under this memorandum shall not exceed RM ..... in any one period of insurance, after the Application of all other terms and conditions of the policy.

#### Complaints Procedure

We are committed to serve you with passion and willing to receive your feedback. If you are not satisfied with our services, you can lodge a complaint by below methods;

- By telephone - Customer Care Officer - 011 2126136
- By email - [pilassist@peoplesinsurance.lk](mailto:pilassist@peoplesinsurance.lk)
- By WhatsApp - 0716230048
- By fax - 011 2126109
- By post - Customer Care Officer, People's Insurance PLC, No. 07, Havelock Road, Colombo 05
- Via online - Complaint Submission Form is available on our website [www.peoplesinsurance.lk](http://www.peoplesinsurance.lk) → Please click on the "Complaints" tab
- By visiting

Below information to be provided when lodging a complaint;

- Complaint in brief
- Your name and contact details
- References: Policy No. / Vehicle No. / Claim No.
- Any supporting documents

The Trilingual Complaints Handling Procedure can be downloaded from our website - [www.peoplesinsurance.lk](http://www.peoplesinsurance.lk) → Please click on the "Complaints" tab

## **Dispute Resolution**

If you are not satisfied with the resolution given by us for a complaint lodged, you have the option to use following Alternative Dispute Resolution (ADR) mechanisms.

I. Address your concerns to: Insurance Ombudsman of Sri Lanka  
No. 143A, Vajira Road, Colombo 05  
[info@insuranceombudsman.lk](mailto:info@insuranceombudsman.lk)  
011 2505542 / 011 250 5041

### **II. Arbitration**

As per the Arbitration Clause in the Policy Wording

III. Address your concerns to: Director Investigations  
Insurance Regulatory Commission of Sri Lanka  
Level 11, East Tower, World Trade Centre  
Colombo 01  
011 2396184-9 / 011 2335167  
[investigation@irsl.gov.lk](mailto:investigation@irsl.gov.lk) / [info@irsl.gov.lk](mailto:info@irsl.gov.lk)