

## EXTRA EXPENSE COVERAGE

### PERILS COVERED

The necessary Extra Expense incurred by the Insured is covered in order to continue, in case of loss, the normal operations of the insured firm, in case that the buildings and/or contents covered by the direct property damage Policy result damaged or destroyed for the happening of the perils of Fire or Lightning and additional perils contracted.

However, the indemnity shall not exceed the expenses actually incurred, duly proved, with the maximum liability limit indicated in the Policy face and for a maximum period of restoration of 6 months, irrespective of the Sum Insured contracted to cover personal property and real estate of sections I and/or II; therefore, for the effects of this insurance, Clause 4. "Proportion Subject to Indemnity" of the Policy General Conditions, applicable to all sections is cancelled hereunder.

It is understood that any salvage value of the property for its temporary use and which is used after the resumption of normal operations shall be taken into account for the adjustment of any loss under this coverage.

Subject to the General Conditions printed in the Policy to which this coverage is attached, the Company agrees that if the property insured is damaged or destroyed due to Fire or Lightning or by the additional perils contracted in the Policy under sections I and/or II; the Company shall reimburse the extraordinary expenses duly proved up to the maximum liability limit and the above-mentioned restoration period, without being limited by the Policy expiration date, and necessary to continue the Insured's operations and until he reaches the same quality of service that existed before the loss.

The Insured should have insurances covering the direct property damage which, as a result of fire or lightning the property herein described may sustain, which total sum insured represents no less than 80% of the replacement value of the property insured. The Insured binds himself to maintain said insurance in force during the term of this Policy without any cancellation nor reduction thereof, and shall effect, in all cases, the necessary increases to keep them within the indicated minimum sum, otherwise, the Company may cancel this coverage.

### DEFINITIONS

The terms below shall mean the following:

1. **Extra Expense.**- Shall mean the difference between the total cost incurred by the Insured to maintain the business operations, less the total cost otherwise incurred during the normal operation thereof if no loss had occurred.

These extra expenses shall include, in each case, those expenses due to the acquisition or use of goods or premises of other companies or any other emergency expenses.

2. **Restoration Period.**- Shall mean the period of time, commencing on the date of damage or destruction and ending when the conditions existing before the loss are resumed. This period of time shall not be limited by the expiration date of the Policy.

#### **INDIVIDUAL CONDITIONS FOR THIS COVERAGE**

1. **Interruption By Order Of Authorities.** This insurance is extended to cover, in accordance with its limits and conditions, the Extra Expenses necessarily incurred by the Insured, without exceeding two consecutive weeks, when as a direct result of a loss caused by the perils insured, access to the premises described is prohibited by order of the authorities.
2. **Resumption Of Operations.** It is a condition of this coverage that the Insured shall resume the total or partial operations of the business as soon as possible and shall avoid or minimize any extra expense.
3. **Changes In The Line Of Business Of The Peril Insured.** Inasmuch as the rate of this insurance is based on that applicable to the insurance against physical damage, the Insured binds himself to notify to the Company any change in the line of business of the building which rents are covered, in order that the Company may adjust the difference in premium, if any.

If such change gives rise to an essential increase of hazard, and the Insured fails to notify it to the Company within a period of 24 hours, the Company shall be released from its obligations.

4. **Reduction Of Expenses Insured.** The Insured binds himself to reduce as much as possible the insured expenses in order to reduce the loss.

5. **Exclusions. In no event the Company shall be liable for any extraordinary expense derived from:**

- a) **The application of any municipal, state or federal Law controlling the use, construction, repair or demolition of buildings or structures.**
- b) **The suspension, expiration or cancellation of any permission, license, lease or concession.**
- c) **The cost of construction, repair, or replacement of the property insured in this Policy.**

- d) **The cost of investigation or any other expenditure necessary to replace or restore account books, plans, maps, and files (including tapes, films, disks or any other magnetic record for electronic processing which have been damaged or destroyed by any of the perils insured.**
  - e) **Interference in the described premises, by strikers or other persons interrupting or delaying the reconstruction, repair, or replacement of the goods of the insured firm.**
  - f) **Gross profits and/or loss of market.**
- 6. RESCISSION OF CONTRACT**
- a) Should the Insured by any cause stops his business operations definitively after the occurrence of a loss, this coverage shall be cancelled and the Company shall refund the unearned premium at pro rata at the date of the loss.
  - b) Should the Insured stops his business operations subject matter of these conditions after the occurrence of a loss, due to lack of capital for the reconstruction, replacement or repair of the property affected by any of the perils covered by this Policy, the Company shall refund the unearned premium at pro rata.
  - c) Should the business be closed down during a consecutive period of 20 or more days and no loss had occurred.
  - d) Should the insured business be handed over to a liquidator or trustee whether by creditor's agreement or by the Insured' will.

**IMPORTANT NOTE:**

**This is only a sample courtesy translation of a policy form in Mexico. This sample should only be used for informational purposes, as it does not represent or constitute the actual terms & conditions of a given policy. Insurance companies in Mexico may use a modified or amended version of this coverage depending on a particular risk or Insured. For legal interpretation of this coverage, as well as the territory jurisdiction, please refer to the original Spanish version of the policy in the country of Mexico.**