

BUSINESS INTERRUPTION GROSS EARNINGS COVERAGE FORM

PERILS COVERED

The actual loss sustained, resulting from the parallelization or slowing down of the operations of his business, as a consequence of the fulfilment of Fire and/or Lightning or Additional Perils contracted in sections I and/or II covering direct damage, excepting earthquake, volcanic eruption and Hydro Meteorological Perils, up to the sum insured indicated on the Policy face.

However, the indemnity shall not exceed the reduction in his "Gross profits" as hereinafter established, less expenses and charges which may not necessarily continue during the paralysation or slowing down of the business. Expenses necessarily incurred to reduce the loss, but without exceeding the amount so reduced shall also be covered.

The Company shall only be liable during the required time, as from the date of the damage or destruction, not limited to the expiry date of this policy with due diligence and promptness on the Insured's part to reconstruct, repair or replace that part of the damaged or destroyed property, until normal operation of the business be resumed with the same quality of service prevailed immediately before the loss, not limited by the policy expiration date.

To determine the indemnity, due consideration shall be given to the experience of the business before the date of the loss, and the probable experience thereafter which might have been obtained but for the occurrence of the loss.

Subject to the Individual Conditions mentioned below and to the General Conditions printed to this Policy to which this coverage is attached, the Company agrees that in case the property described in the policy is destroyed or damaged by Fire and/or Lightning and/or by any of the Additional Perils contracted in sections I and/or II, excepting earthquake, volcanic eruption and Hydro Meteorological perils, occurring during the term of this coverage causing a necessary interruption or slowing down of his business operation, the Company shall be liable up to the maximum limit specified in the Policy face, which has been established by the Insured and represents the percentage contracted of gross profits of his business for the twelve months following the attachment of this coverage. In case of lawful indemnity, the Company shall reimburse the Insured 100% of the loss recoverable under this coverage, limited to the sum insured contracted.

The Company shall be liable only for a proportion no greater than that which the insured limit bears to the same percentage of gross profits which might have been obtained but for the occurrence of the loss, during the twelve months immediately after the attachment of this coverage.

The Insured guarantees that besides this insurance contract, there are other insurances in force covering direct property damage by fire and/or lightning sustained by the property described, which total sum insured represents no less than the 80% of the replacement value of the property insured necessary for the normal business operation. The Insured also guarantees that during the term of this coverage, he will keep in force such insurances, without cancelling them nor reducing them and shall make the corresponding increases required to keep them within the minimum stipulated, otherwise, the Company may terminate this coverage.

DEFINITIONS

The terms below shall mean the following:

1. **Gross Profits** .- is the amount resulting from the deduction of said expenditure from said income, as follows:

Incomes:

- a) Total production value at net selling price.
- b) Total merchandise value, at net selling price.
- c) Value of services rendered by the Insured to third parties.
- d) Other income derived from the Insured's operations.

Expenditures:

- a) Cost of materials and supplies used in the manufacture of products referred to in item a) income.
- b) Cost of "Merchandise" including the corresponding packing material.
- c) Cost of materials and supplies used in the services rendered by the Insured to third parties.
- d) Value of services rendered by the Insured to third parties which continue under contract.
- e) Value of services rendered by the Insured to third parties which are not continue under contract.

No other cost shall be deducted when determining the Gross Profits.

2. **Raw Material**. The materials used in the Insured's business; in the condition they are acquired.

3. **Products In Process Of Manufacture.** - Raw material which has sustained some voluntary transformation within the insured business in order to obtain a finished product, but without actually reaching such condition.
4. **Finished Products.**- The product, subject of the insured business, in the condition it should attain in order to be packed, shipped or sold.
5. **Merchandise.**- Stock not manufactured by the Insured which he keeps to be sold.

INDIVIDUAL CONDITIONS FOR THIS COVERAGE

1. Interruption by Civil Authority. This coverage is extended to cover the actual loss covered under this document during its term, not exceeding two consecutive weeks when, as direct result of the perils insured herein, access to the premises has been prohibited by order of the civil authorities.
2. Resumption of Operations and Use of Other Property. As soon as possible after the loss, the Insured shall resume totally or partially the operations of his business and shall make use, if necessary and possible, of any other property if by doing so the loss under this policy may be reduced. Said reduction shall be taken into account to determine the loss to be paid hereunder.
3. **Exclusions. This Company shall not be liable for loss as a result of any damage or destruction of finished products nor for the necessary time to reproduce any finished product which might have been damaged or destroyed nor for loss which may be caused by any ordinance or law controlling the construction or repair of buildings, nor for the suspension, expiration or cancellation of any lease, concession, contract or order, nor for any other consequential loss.**
4. Reduction of Expenses Insured. The Insured binds himself to reduce, as much as possible, the expenses insured during the period of indemnity in order to reduce the loss.
5. Accounting books. For the purposes of indemnity of this coverage, the Insured authorizes the Company to revise accounting books.
6. 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 or alteration in the line of business , 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.

7. Causes of Rescission of the Coverage
- a) If after a loss, the Insured voluntarily suspends business operations with no intention of resuming it, this coverage shall be rescinded and the Company shall refund the premium unearned at pro rata, as of the date of loss.
 - b) Should the closing of the business take place within a period of twenty consecutive days or more.
 - c) Should the business be handed over to a liquidator or syndicate, by judicial order, whether by creditors' agreement or voluntarily by the Insured.
 - d) Discovery of remarkable discrepancies, not justified by the normal course of the Insured's business in the figures declared to the Company and those obtained from his bookkeeping review.

INSURED'S OBLIGATIONS

It is agreed that the Insured shall be liable for the following stipulations:

1. The Insured, during the following thirty days of the date of this insurance shall make a complete general and detailed inventory of his business at least once a year, and within twelve months following the date of the inventory immediately preceding, unless the Insured has at the date of the policy an inventory of this kind, taken within the twelve months immediately preceding this date, and also a set of ledgers showing a complete description of the operations effected since the date the inventory was taken.
2. The Insured shall maintain, in the normal course of his business, beginning on the date of the policy, a set of books which shall show clearly and in a simple form a complete register of the operations effected including all purchases, sales and shipments both in cash and credit transactions;

The term "complete register of operations effected" in the form in which it is used in the preceding paragraph has the intention to include in the above set of books a complete description of all the goods received in the premises which increase the stocks, and of all the goods taken from such stocks either by the Insured or by others although such operations do not constitute purchases nor sales.

He shall also indicate the raw material received and the products manufactured thereby, including the cost of manufacture, and shall indicate the loss or waste

resulting from the process of manufacture, and also all the raw material and finished products removed from the buildings described.

3. The Insured shall keep and take care of all inventories taken during the current year, as also those of the previous year which exist at the time of contracting this policy, and shall keep and take care of all the books in his possession at that moment showing the register of his business during the current year and the previous one.

All books and inventories shall be kept by the Insured under lock and key in a fireproof safe during all night and at all times during which the building or buildings mentioned in this policy are not actually open for business, or lacking this, the Insured shall keep such books or inventories and each of them in some safe place not exposed to fire which might destroy the buildings mentioned, and in case of loss or damage of the kind insured occurring to the property mentioned in this policy, such books and inventories and each of them shall be delivered by the Insured to the Company for examination.

It is also agreed that the fact that the Company requests or receives such books or inventories or any of them, or carry out the examination thereof, shall not constitute the admission of any liability, or waiver of any stipulation or condition of this policy.

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.