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ANNEXURE 12

**SPECIFICATION REFERRED TO
IN THE ATTACHED
CONSEQUENTIAL LOSS POLICY**

(Working Expenses)

WORKING EXPENSES - Sum Insured - (as stated in the Schedule)

The Insurance hereby is limited to loss of working Expenses 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 WORKING EXPENSES 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 WORKING EXPENSES 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 to WORKING EXPENSES as may cease to be reduced inconsequence of the Damage;

provided that if the SUM INSURED by this item be less than the sum produced by applying the RATE OF WORKING EXPENSES to the ANNUAL TURNOVER (or to a proportionately increased multiple thereof where the Maximum Indemnity Period exceeds twelve months) the amount payable shall be proportionately reduced.

DEFINITIONS

"Indemnity Period" - The period beginning with the occurrence of the Damage and ending not later than the Maximum Indemnity Period as specified in the Schedule during which the results of the business shall be affected in consequence of the Damage.

"Turnover" - The money paid or payable to the Insured for goods sold and delivered and for services rendered in the course of business at the premises.

"Working Expenses: - The amount by which

(i) the sum of the amount of the TURNOVER and the amounts of the closing stock and work in progress shall exceed

(ii) the sum of the amounts of the opening stock and work in progress and the net profit and the amount of the SPECIFIED UNINSURED WORKING EXPENSES

The amounts of the opening and closing stocks and work in progress shall be arrived at in accordance with generally accepted accounting practice.

"Net Profit" - The net profit (exclusive of **all** capital receipts and accretions, and all outlay 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.

"Specified Uninsured Working expenses" - As detailed on page 2 of the Schedule.

The words and expressions used in this definition (other than wages) shall have the meaning usually attached to them in the books and accounts of the Insured.

"Rate of Working Expenses" – The RATE OF WORKING EXPENSES earned on the TURNOVER during the financial year immediately before the date of the Damage

"Annual Turnover" – The TURNOVER during the twelve months immediately before the date of Damage.

"Standard Turnover" – The TURNOVER during the period in the twelve months immediately before the date of the Damage which corresponds with the INDEMNITY PERIOD

To which such adjustments shall be made as may be necessary to provide for the trend of the business and for variations in or other 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.

ALTERNATIVE TRADING CLAUSE

If during the INDEMNITY PERIOD goods shall be sold or services shall be rendered elsewhere than at the premises 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.

UNINSURED STANDING CHARGES CLAUSE

If any STANDING CHARGES of the business be not insured by the Policy (having been deducted in arriving at the working expenses as 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 WORKING EXPENSES bear to the sum of the WORKING EXPENSES NET PROFIT and the UNINSURED STANDING CHARGES.

REBATE CLAUSE (Applicable only if the Sum Insured Exceeds R1 000 000)

The premium paid hereon may be adjusted on receipt by the Nominated Insurer of a declaration of Working Expenses earned during the financial year most nearly concurrent with the Period of Insurance, as certified by the Insured's auditors.

If any damage shall have occurred giving rise to a claim for loss of Working Expenses, the abovementioned declaration shall be increased by the Nominated Insurer for the purpose of premium adjustment by the amount by which the Working Expenses were reduced during the financial year solely in consequence of the Damage.

If the declaration (adjusted as provided for above and proportionately increased where the Maximum Indemnity Period exceeds 12 months) is less than the Sum Insured on Working Expenses for the relative Period of Insurance Sasria will allow a return of premium not exceeding 50% of the premium paid, by recalculating the premium in accordance with such declaration.

This Clause will have no effect unless a certified declaration is received by the Nominated Insurer within six months of the expiry of the Period of Insurance.

CLAIMS COST CLAUSE

This insurance includes costs and expenses incurred in producing and certifying any particulars or details required by he Company during the formulation of a claim under the Policy, limited to:

(a) additional fees paid to the Insured's usual auditors;

(b) additional wages or salaries paid to the Insured's own employees;

(c) cost of materials used.

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 the item(s) on Working Expenses shall apply separately to each department affected by the Damage except that if the Sum Insured by the said item(s) be less than the aggregate of the sums produced by applying the Rate of Working Expenses for each department of the business (whether affected by the Damage or not) to its relative Annual Turnover (or to a proportionately increased multiple thereof where the Maximum Indemnity Period exceeds twelve months) the amount payable shall be proportionately reduced.

SALVAGE SALE 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 the Item on Working Expenses shall, for the purposes of such claim, read as follows:

IN RESPECT OF REDUCTION IN TURNOVER - The sum produced by applying the rate of working expenses 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 the Working Expenses actually earned during the period of the salvage sale.