

CONSEQUENTIAL LOSS INSURANCE  
PROPOSAL FORM

NOTES

1. SUMS INSURED

Profits insurance is designed to indemnify against loss of profits and wages during the chosen indemnity period following damage, and this damage can occur on the last day of a period of insurance for which the sums insured are fixed, as readily as on the first.

The policy contains provisions which will reduce the amount of indemnity if the sums insured prove to be inadequate. On the other hand, allowance is made for the difficulty in accurately forecasting upward trends, by providing for a proportionate rebate of up to 50% of the premium paid on Gross Profit and Wages, if the actual results prove to be less than the sums insured.

Whilst therefore the estimated budgeted figures will provide a basic guide to the sums insured, it is important to adjust these figures to take into account not only known expansion and increased figures but also future trends of the business, planned developments and all other factors tending to increase the cover eventually required, projecting these right through any indemnity period commencing at any time during the period of insurance.

2. SPECIFIED WORKING EXPENSES

In electing which expenses not to ensure, all expenses should be reviewed to establish:-

- (a) Whether they would vary in all circumstances in direct proportion to the turnover, in which case they can be specified to be deducted in arriving at the sum to be insured, e.g. Raw Materials, Components, Packaging, Freight may come into this category.
- (b) Whether they would not vary in all circumstances in direct proportion to Turnover, in which case they should not be deducted in arriving at the sum to be insured, e.g. Rent, Rates, Advertising, Salaries, may fall under this heading.

3. WAGES

DUAL WAGES BASIS

This method provides cover for a selected period, and a proportion of cover for the remainder of the indemnity period.

NOTE

As Gross Profit is insured on the "Difference" Method, 100% of the Annual Wage Roll will be defined as a specified working expense.

PART I

Name of Proposer

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Address

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Description of Trade/Business

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Address/es of Premises to be Insured

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Policy to Commence \_\_\_\_\_ Expire \_\_\_\_\_

Indemnity Period \_\_\_\_\_ Months \_\_\_\_\_

Sums Insured \_\_\_\_\_ (as arrived at in Parts II & III hereof)

1. Gross Profit

2. On Wages. (100% for \_\_\_\_\_ weeks and \_\_\_\_\_ % for remainder of indemnity period).

3. On Auditors Charges for producing and certifying any details required in connection with a claim.

**PERILS**

Fire, Lightning or Explosion as covered under the Material Damage and Fire policies and Boiler or Economiser explosion occurring within the premises. Riots Strikes and Malicious Damage, Earthquake Fire and Earthquake Shock, Hurricane, Windstorm, Tempest, Tornado, Gale, Flood, Seawave, Tidal Wave, Burst Pipes, Impact by road vehicles not belonging to or under the control of the insured, Aircraft and other aerial devices dropped therefrom and Bush Fire.

Extension to insure the effect of the Insured's business of damage as covered hereon to premises which are not owned or occupied by the insured.

(a) Suppliers, or storage at other premises.

Name	Goods/Services Concerned	Address of Premises	Limits required % of Sums Insured
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(b) Customers

Name	Goods/Services Concerned	Address of Premises	Limits required % of Sums Insured
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(c) Other Extensions

Such as failure of electricity supply due to the perils insured. This section can usually be extended to cover accidental damage which can arise prior to intake point.

(Please state requirements.)

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PART II - GROSS PROFIT

GROSS PROFIT BEING :-

ESTIMATED BUDGETED FIGURES

(1) Turnover (less discounts allowed)

add (2) Closing Stock & Closing Work  
in Progress

deduct (1) Opening Stock & Opening Work  
in progress

(2) Purchases of Stock, Raw Materials  
& Components (less any discounts  
received)

(3) Specified Working Expenses

SPECIFIED WORKING EXPENSES having reduced the sum insured are expenses which the insured elects not to insure (see note).

Basic amount of insurable Gross Profit.

Add allowance for possible increase  
next 12 months

(increase proportionately where indemnity

PART III - WAGES

DUAL BASIS

Total Annual Wage Roll

Add allowance for possible increase for next year

(increase proportionately where indemnity period is more than 12 months).

Coverage required: 100% weeks remainder of indemnity period.

NOTE: The premium will vary according to the coverage selected.

PART IV - GENERAL QUESTIONS

1. Are you insured against Fire and other perils to be insured?

Please give name of Insurers, amount and expiry date.

2. Are you at present insured against Loss of Profits? Please give particulars as above.

3. Please give details of any past losses.

Date Cause Material Damage Amount Profits Amount

4. Have you ever been declined insurance for the Perils proposed? If so, please give details.

5. Please state date at which your financial year ends

6. Age of present business

7. Name and address of Auditors

Signing this Form does not bind the proposer to complete the insurance but it is agreed that this form shall be the basis of the contract should a policy be issued.

I/We hereby declare that the above statements and particulars are true and that I/We have not suppressed or mis-stated any material facts.

Signature of Proposer Date

4.