



INSURANCE COMPANY (JAMAICA) LIMITED

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CONSEQUENTIAL LOSS PROPOSAL FORM

Note to Proposer

Notice to Insured on the Nature and Effect of the Pro Rata Condition of Average (Average Clause)

Please note that any property that is insured or to be insured under the policy mentioned above is subject to the **pro rata condition of average (Average Clause)**. This means that, under certain circumstances, if the property covered under this policy is, at the time of any loss or damage from an insured peril, of greater value than the sum for which the property is insured, you will only be entitled to recover under this policy such proportion of the loss as the sum insured under this policy bears in relation to the total value of the property. You are said to be under-insured because the sum insured at the time of the loss is less than the actual value of the insured property and so a part of the insured loss will not be covered under his Policy. In this case, you are considered as being your own insurer for the part of your loss which is not covered under this policy.

For example, should you have a property, which has a value of \$10,000,000 and you decide to insure it for \$7,000,000 and you suffer a loss from an insured peril, there are three possible scenarios depending on the size of the loss. The formula that is applied in each case is the same as set out below:

$$\frac{\text{Sum Insured}}{\text{Value}} \times \frac{\text{Amount of the loss}}{1} = \frac{\text{Amount Recoverable}}{1}$$

Example 1 Where loss is less than value and less than Sum Insured

Assume the loss is \$5,000,000

$$\frac{\$7,000,000}{\$10,000,000} \times \frac{\$5,000,000}{1} = \frac{\$3,500,000}{1}$$

You will be paid \$3,500,000 or 70% of your loss less any deductible stated in the policy

Example 2 Where loss is less than value but greater than Sum Insured

Assume the loss is \$8,000,000

$$\frac{\$7,000,000}{\$10,000,000} \times \frac{\$8,000,000}{1} = \frac{\$5,600,000}{1}$$

You will be paid \$5,600,000 or 70% of your loss less any deductible stated in the policy

Example 3 Where loss is equal to replacement value

Should you have a total loss that is, \$10, 000,000 then you will only receive the amount you insured the property for that is, \$7,000,000 less any deductible stated in the policy.

Under certain circumstances where you under-insure, you may be entitled to the full amount of the insured loss if the sum insured is equal to or more than 85% of the value. This will depend on the terms of your policy.

Please review the terms of your policy carefully, including checking on the adequacy of the sum for which the property is insured or to be insured. This will enable you to identify whether you are or will be under-insured in a manner which will cause the **pro rata condition of average** detailed in your policy to be applied. You may check with your insurer, agent or broker for further clarification on the terms of your policy and the nature and effect of the pro rata condition of average contained therein.

This notice is given to you in fulfillment of the legal requirement to provide you with information on the nature and effect of the **pro rata condition of average** stated in your policy to be inserted in the policy of insurance mentioned above.

Please note that the extent to which the condition applies is governed by the terms of your policy.

.....
Proposer's Signature

.....
Date

Summary of cover provided by General Accident

In this proposal, it is possible to give only a brief description of the insurance. The policy is a legal document and as such describes the cover in precise terms. A specimen policy may be inspected on request.

The standard policy covers loss due to:

- A reduction in net profit
- Expenses such as rates, interest and other charges which continue despite a reduction in income
- Additional expenses incurred in order to continue trading

The insurance applies where loss follows damage caused by standard perils. These are:

- Fire
- Lightning
- Explosion of gas used for lighting, heating or domestic purposes (excluding gasworks)
- Explosion of boilers or economizers on the premises or domestic boilers elsewhere

Optional Additional Cover

It is advisable to extend the policy to cover the consequences of the risks normally referred to as special perils. These are:

- Storm
- Flood
- Bursting or overflowing of water apparatus
- Impact with the building by any road vehicle
- Aircraft
- Explosion, additional to the standard cover
- earthquake
- Riot & civil commotion
- Malicious damage

Other perils will be considered on request

Notes to help you complete the proposal

Note 1 Maximum Indemnity Period

The Indemnity period commences at the date of the damage and ends when the business is back to normal, provided that the Maximum Indemnity Period selected is long enough. A maximum period of at least 12 months is recommended but longer periods are often necessary to achieve full normal earnings from the business.

Note 2 Gross Profit

A simple calculation of the annual amount of Gross Profit to be insured can be made by completion of the following:

- (a) Annual income from sales and services rendered (turnover)
- (b) The amount of Closing Stock at the end of the last financial period
- (c) Total of (a) and (b)
- (d) The amount of Opening Stock at the beginning of the last financial period
- (e) Annual cost of purchases
- (f) Any other charges which will vary in direct proportion to turnover (e.g. carriage outwards excluding own vehicles). These will be specified in the policy and must therefore be named in this proposal
- (g) Total of (d), (e) and (f)
- (h) Difference between (c) and (g)
- (i) The amount set against (h) should be increased as required to allow for upward trend of earnings during the Maximum Indemnity Period. (See 'pro rata return' on page 3). If this period is to be longer than 12 months, the amount insured must be increased proportionately

Note 3 Payroll

The calculation of Gross Profit (Note 2) includes payroll in full and gives the best protection, bearing in mind your legal obligations to your staff. Nevertheless, should you require only a partial payroll (proportionately increased for Indemnity Periods of over 12 months) must be deducted from the amount to be insured on Gross Profit. With the various statutory requirements in mind, we anticipate that the total payroll of many businesses will need to be covered in full for at least 26 weeks. The percentage of the payroll to be covered for the remainder of the Indemnity Period will vary from business to business. In considering the cover it must be remembered that the services not only of managerial and administrative staff but also of foremen, draftsmen and other key personnel will probably be retained and we recommend a minimum of 25% of the payroll be insured for the remainder of the Indemnity Period.

You therefore need to consider:

Total Annual Payroll \$

Period during which Total payroll is to be covered _____ weeks.

Percentage of payroll to be covered for the remainder of the Indemnity Period _____ %

Note 4 Other Income

You may receive income through, for instance, subletting part of your premises. This could be directly affected by, say, a fire. If you require cover for income of any such source, please give details.

Confidential

Proposers and policyholders are assured that all information about their business supplied in connection with this insurance is treated in the strictest confidence.

To ensure accuracy in documentation please use BLOCK CAPITALS

Full Name of Proposer					
Address					
Postcode				Telephone Number	
Address of all premises to be insured if different from above					
Nature of Business					

Period of Insurance	From			To:	
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Details of Cover	Note - The cover is Subject to Average. This means that if, in the event of loss, the amounts insured do not at least equal the gross profit, payroll or other income which, but for the loss, would have resulted during the Maximum Indemnity Period, the policyholder shall bear a proportionate share of the loss.	Pro Rata Return- To help the policyholder achieve full protection, the policy provides for a full pro rata return of premium on any overinsurance, based certified declarations, subject to the overinsurance by the item not exceeding one hundred percent, e.g. amount insured for the period \$100,000; declaration \$50,000; Return of Premium allowed will equal 50% of the original premium paid on \$100,000.

See note 1	Maximum Indemnity Period			months	
See notes 2 & 3	Gross Profit-	Annual amount			Amount insured

See notes 2(f)	Charges excluded from Gross Profit Cover - Purchases,		
	(N.B. Insert those detailed in Note 2 (f) and the Payroll where this is to be insured by a separate item.)		

See note 3	Payroll-	annual amount			Amount insured	
	(N.B. This item need not be completed if the Payroll is to be included in the Gross Profit Cover.)					

Auditor's/Professional Accountants' Charges for producing and certifying	
necessary details if a claim occurs	Amount insured

See note 4	Other Income -details please				
		Annual amount			Amount insured
				Total amount to be insured	

General Particulars			
1) Are you at present insured against:			If 'Yes' to (a) or (b) please state insurers
(a) loss following damage to building or contents by fire or special perils proposed?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
(b) business interruption either at the premises as described on this proposal, or elsewhere?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	

2) Have you ever:			If 'Yes' to (a), (b) or (c) please give insurers
(a) had a proposal for insurance or a renewal of a policy declined?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
(b) sustained a loss following fire or special perils?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
(c) made a claim under a Fire, Burglary or Business Interruption/Loss of Profits policy?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	

3) Name and address of Auditors:			
4) Date on which the financial year of the business ends:			
5) Month by which accounts are normally available			

Optional Insurances

Do you require cover for special perils?

Storm	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Flood	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Bursting or overflowing of water apparatus	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Impact with the premises by any road vehicle	<input type="checkbox"/> Yes	<input type="checkbox"/> No

Aircraft	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Explosion	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Riot and civil commotion, excluding Ireland	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Malicious damage, excluding Ireland	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Earthquake	<input type="checkbox"/> Yes	<input type="checkbox"/> No

Other Premises

The standard policy restricts the cover to loss following damage to your own premises. It can however, be extended to cover losses you sustain as a result of damage to premises you don't occupy. For example, the premises of suppliers, contractors, processors, customers of gas, electricity or water suppliers, sites at which you are carrying out a contract, storage premises, etc.

If you require this extension of cover please select 'Yes' as necessary below and provide details and limit of cover required.

Extension			(A) Name of Firm	(B) Name of Business	(C) Description of Premises	Limit % of Sum Insured
Supplier's Premises	<input type="checkbox"/> Yes	<input type="checkbox"/> No				
Sub-contractors' Premises	<input type="checkbox"/> Yes	<input type="checkbox"/> No				
Customers' Premises	<input type="checkbox"/> Yes	<input type="checkbox"/> No				

			Limit % of Sum Insured
Policyholder's Property while stored in Great Britain or Ireland	<input type="checkbox"/> Yes	<input type="checkbox"/> No	%
Policyholder's Property while in transit in U.K. by road, rail, or inland waterway	<input type="checkbox"/> Yes	<input type="checkbox"/> No	%
Contract Sites where the policyholder is carrying out a contract	<input type="checkbox"/> Yes	<input type="checkbox"/> No	%
Electricity Supplier's generating stations and substations	<input type="checkbox"/> Yes	<input type="checkbox"/> No	100 %
Gas Supplier's gasworks or natural gas substation on land	<input type="checkbox"/> Yes	<input type="checkbox"/> No	100 %
Water Supplier's waterworks or pumping stations	<input type="checkbox"/> Yes	<input type="checkbox"/> No	100 %
Prevention of Access damage by an insured peril in the vicinity of the policy holder's premises causing prevention or hindrance of use thereof	<input type="checkbox"/> Yes	<input type="checkbox"/> No	100 %

DECLARATION

I/We the undersigned desire to effect an insurance in the terms of the policy to be issued by the General Accident Ins. Co. Ja. Ltd.
I/We hereby declare that all the statements and particulars given by me/us in this proposal are correct and that no material fact has been omitted, misrepresented or mis-stated and I/We are not aware of any other circumstances likely to affect the risk. I/We agree that the statements in the proposal shall form the basis of the contract between the Company and myself/ourselves and if risk is accepted I/We undertake to pay the premium when called upon to do so.

Date: _____ Signature: _____

Liability does not commence until this Proposal has been accepted by the Company and the premium paid, except as provided, in writing, by the Company