



MACHINERY BREAKDOWN POLICY SECTION III BUSINESS INTERRUPTION EXTRA EXPENSE

780033
(11/99)

INDEMNITY AGREEMENT

Subject to the Exclusions, Conditions and Limitations in Section I - Physical Damage, this Section provides coverage for loss resulting from the necessary interruption of the Insured's business at the location described on the Declarations Page following an insured loss under Section I of this policy and shall not be limited by the expiration of the policy.

MEASURE OF RECOVERY

The Insurer agrees to indemnify the Insured for the necessary extra expense incurred by the Insured in order to continue as nearly as practicable the normal conduct of the Insured's business following an insured loss under Section I of this policy, as shall be required with the exercise of due diligence and dispatch to restore the normal operation of the Insured's business on the premises.

AMOUNT OF INSURANCE

The liability of the Insurer shall not exceed the Limit Per Accident specified on the Declarations Page.

DEFINITION

Extra Expense means the necessary additional cost to conduct the Insured's business over and above the cost that normally would have been incurred to conduct the business during the same period had no insured loss occurred; such additional cost to include the expense of obtaining emergency expenses. In no event, however, shall the Insurer be liable for loss of income, nor for Extra Expense in excess of that necessary to continue as nearly as practicable the normal conduct of the Insured's business, nor the cost of repairing or replacing any property that has been damaged or destroyed by an insured loss, except such cost incurred for the purpose of reducing the total amount of Extra Expense; the Insurer's liability for such cost, however, shall not exceed the amount by which the total Extra Expense otherwise payable under this Coverage is reduced. Any salvage value of substitute or temporary equipment or property remaining after resumption of normal operations shall be taken into consideration in the adjustment of any loss hereunder.

RESUMPTION OF OPERATIONS

As soon as practicable after any loss, the Insured shall resume complete or partial business operations and, in so far as practicable, reduce or dispense with such extra expenses as are being incurred.

EXCLUSIONS

The Insurer shall not be liable under this Section for any business interruption or extra expense loss:

1. for any time during which business would not or could not have been carried on if the Accident had not occurred;
2. resulting from the failure of the Insured to use due diligence and dispatch and all reasonable means in order to resume business;
3. due to fines or damages for breach of contract, for late or non-completion of orders, or for any penalties of whatever nature;
4. If, following an Accident, any lease, license or order is suspend, lapsed, or cancelled, the Insurer shall not be liable for payment for any Extra Expense occurring after the time when the normal operation of the Insured's business could have been resumed if said lease, license or order had not lapsed or had not been suspended or cancelled.

EXTENSIONS OF COVERAGE

1. Interruption by Civil Authority. This Section is extended to include all the actual loss as insured hereunder during the period of time, not exceeding two weeks, while access to the described premises is prohibited by order of civil authority, but only when such order is given as a direct result of damage to neighboring premises by the occurrence of an Accident.
2. Service Interruption. This Section is extended to cover loss resulting from the necessary interruption of Insured's business following an Accident to equipment not owned or operated by the Insured which is used to supply steam, gas, air, water, refrigeration, electricity or telephone services to the premises of the Insured provided that:
 - (a) the equipment is of a type, which satisfies the Definition of Object;
 - (b) the equipment is located within three hundred (300) meters of the premises of the Insured;
 - (c) the equipment is owned by the building Owner at the premises of the Insured or by a Public Utility Company.

GENERAL CONDITIONS AND LIMITATIONS

1. Commencement of Liability. The commencement of the Insurer's liability under this Section shall be (i) the time of the Accident or (ii) twenty-four hour before the notice of Accident is received, whichever is later. If the Standard or Daylight Time in effect at the address to which a notice is sent is different from that in effect at the location where the Accident occurred, the time of the receipt of such notice, for the determination of the Commencement of Liability shall be considered on the basis of the time in effect where the Accident occurred.
2. Media Limitation. With respect to loss resulting from damage to or destruction of media for, or programming records pertaining to, electronic data processing or electronically controlled equipment, including data thereon, by the occurrence of an Accident, the length of time for which the Insurer shall be liable hereunder shall not exceed:
 - (a) 30 consecutive calendar days, or
 - (b) the length of time that would be required to rebuild, repair or replace such other property herein described as has been damaged or destroyed, whichever is the greater length of time.

DEDUCTIBLE CLAUSE

Waiting Period. No liability shall exist under this Section for any loss resulting from interruption of or interference with business unless the determined period of interruption, measured from the Commencement of Liability, exceeds 24 hours and then liability shall exist only for such part of said loss that is incurred for the determined period of interruption in excess of the Waiting Period.

Deductible. Each claim for loss under this Section resulting from an Accident shall be adjusted separately and from the amount of each such adjusted claim shall be deducted the amount specified on the Declarations Page.