



**JAMAICA INTERNATIONAL INSURANCE COMPANY LIMITED**  
*Your insurance place from GraceKennedy*

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**LOSS OF PROFITS BY FIRE and ALLIED PERILS PROPOSAL FORM**

Name of Proposer (in full) .....  
 Address .....  
 Situation of Premises to which the insurance is to apply .....  
 .....  
 Nature of Business carried on therein .....  
 Telephone No(s) ..... Providers .....  
 TRN ..... e-mail address .....

**AMOUNTS TO BE INSURED**

ITEM 1. ON GROSS PROFIT (See Note 1)  The Working Expenses to be <b>excluded</b> are:- i) Purchases (less discounts received) ii) Wages (if insured under Item 2) iii) Carriage, Packing and Freight iv) v) vi)	\$
ITEM 2. ON ALL WAGES (See Note 2) – Dual Basis Wages  For the first      weeks ( <b>Initial Period</b> ) and      % of the total wages roll for the <b>Remainder</b> of the Indemnity Period.	\$
ITEM 3. ON AUDITORS' FEES (See Note 3)	\$
<b>TOTAL SUM INSURED</b>	\$

**PERIOD FOR WHICH INDEMNITY IS REQUIRED**                      **CONSECUTIVE MONTHS**  
 FOLLOWING THE DATE OF THE DAMAGE.

**EXTENSIONS (See Note 4)**

Please indicate any Extensions required:

- 1) a) Are Full Perils covered by your Fire Policy?  
 b) If so, do they include:
  - i) Earthquake and related risks .....
  - ii) Hurricane, flood and related risks .....
- 2) Premises not occupied by Proposer (full particulars required):
  - a) Customers' Premises Extension
  - b) Goods in Storage Extension
  - c) Suppliers Premises

Period of Insurance required: From:    to

(see Notes on next page)

**QUESTIONS TO BE ANSWERED BY PROPOSER**

1. How long have you carried on business:- a) in these premises?  b) elsewhere?	a)  b)
2. Give full particulars of all losses sustained by you in the past 5 years, at this or any address in respect of any perils to which this proposal applies,	
3. Has any Insurer: a) declined to insure you? b) required special terms to insure you? c) cancelled or refused to renew your Insurance? If so, give full particulars	a) b) c) -
4. Do you keep Stock Books and Sales Books and will these be posted promptly?	
5. Are your books audited at least once per year? Give the Name and address of the Auditor	
6. Do you carry on business at any other premises? If so, give details	
7. Have you at present any insurance covering Loss of Profits? If so, give details	
8. State Total amount of the annual Fire (and Extended Perils) insurance on the Contents of the Premises to which the Insurance is to apply If relevant, state name of the Insurer having the largest share of such insurance	\$

**The Policy is voidable if the proposer makes any false statement or withholds any material information**

Date \_\_\_\_\_ Proposer's Signature \_\_\_\_\_

Broker or Agent:

**NOTES**

1. **This insurance will not be in force until the Proposal has been accepted.**
2. **A Condition of 'Underinsurance' applies.**
3. **A 'Pro Forma' for calculation of the Sum Insured and notes relating to the proposal is attached or will be supplied on request.**

**FIRE AND PERILS INSURANCE AGAINST PHYSICAL DAMAGE IS NOT ENOUGH**

Where any premises are used for any business purposes you should insure against Loss of Profits and Increase in Cost of Working which follow the destruction caused by an insured peril.

## LOSS OF PROFITS POLICY

An Ordinary Fire Policy covers damage to a Building and its Contents. It does not compensate for Loss of Trade.

A Loss of Profits Policy covers:-

- (a) Loss of Net Profit due to the partial or total stoppage of the business in consequence of FIRE and/or the ALLIED PERILS covered by the Material Damage policy.
- (b) Payment of Overheads such as Rent, Rates and Taxes; Interest on Debentures, Mortgages and Loans,; Insurance Premiums; Advertising; Salaries and Wages to Employees; Traveling Expenses and like charges which will continue to be payable during interruption of business.
- (c) Increase in Working Expenses necessarily incurred to overcome or to minimize the effects of the fire or other insured peril, such as Rent of temporary premises, Hire of Machinery, or extra Labour Costs.

The rate of premium varies with the Indemnity Period, that is, with the period after any fire or other insured loss during which compensation is desired, e.g. twelve, eighteen or twenty-four months.

The trading profit, used to determine the sum insured, can be calculated by either of two ways, as follows:

### DIFFERENCE BASIS

This is obtained by deducting a) the annual variable expenses from the total annual earnings, this should automatically produce the annual sum of b) wages, c) standing charges and d) net profit or loss.

This is the preferred method.

### ADDITIONS BASIS

This is obtained by adding to the net profit the individual standing charges extracted from the accounts, or if there is a net loss, deducting this from the sum of such standing charges.

## NOTES RELATING TO THE PROPOSAL

If the Indemnity Period is to be –

Twelve months, then the sum insured under Item 1 must represent the estimated annual Gross Profit and the sum insured under Item 2 (if required) must represent 100% of the estimated annual Wages (see NOTE 2 – WAGES, below).

Greater than twelve months, then the sum insured must be **increased** proportionately.

**Less than twelve months, then the sum insured under Item 1 must nevertheless represent the estimated Gross Profit for a whole year.**

NOTE 1. GROSS PROFIT – as indicated in the Pro Forma overleaf the Sum Insured on Gross Profit should be calculated from the latest available annual accounts of the business as follows:

Annual Turnover (net of discounts allowed) plus Closing Stock.

*less*

Opening Stock, Purchases and other Working Expenses which vary with Turnover (as specified for Item 1 of the Proposal)

Due allowance being made for any anticipated increase in business.

NOTE 2. WAGES – If it is not desired to insure Wages in full throughout the Indemnity Period selected, the amount of the Wages can be deducted in arriving at the Sum Insured for Gross Profit and the Wages can then be separately insured by Item 2 under which 100% wages cover is provided for a short initial period (of not less than four weeks) following a loss and a smaller percentage for the remainder of the Indemnity Period selected for Item 1 on Gross Profit. This form of Wages cover – Dual Basis Wages - is **not** conceded in conjunction with insurances for Gross Profit for indemnity periods of **less** than twelve months, **in which case it is recommended that Wages be included in the Gross Profit Item.**

NOTE 3. AUDITORS' FEES - The insurance of Auditors' Fees is to provide for fees payable to your Auditors for extracting and certifying information required in connection with a claim.

NOTE 4. EXTENSIONS OF COVER –

- (1) It is generally desirable to arrange for the scope of the perils under the Loss of Profits Policy to coincide with those covered under the Material Damage Policy.
- (2) The Loss of Profits Policy would normally apply to all premises used by the Insured and specified in the Proposal but extensions can be considered to provide for interruption of the Proposer's business through damage by fire (and such other perils for which the basic Loss of Profits Policy is extended) at other premises such as –
  - (a) Public Power Stations from which the Proposer obtains supplies
  - (b) Premises of suppliers of raw materials, components and other goods if the continuity of the Proposer's business is dependent upon such supplies which could not be readily obtained from alternate sources.

**LOSS OF PROFITS INSURANCE  
PRO FORMA FOR CALCULATION OF THE SUM INSURED**

This Pro Forma is for the use of the Proposer and is intended to assist him in formulating the sum to be insured. It need not be returned to the Company.

**ITEM 1. GROSS PROFIT**

Turnover for the last financial year (net of discounts allowed)	.....
Add Closing Stock at end of year	.....
Deduct Opening Stock at beginning of year	.....
Deduct Specified Working Expenses which vary directly with turnover	
( i) Purchases (less discounts received)	.....
( ii) Wages* (if insured under Item 2)	.....
(iii) Carriage, Packing and Freight	.....
( iv)	.....
( v)	.....
( vi)	.....
 *Delete if Wages are to be insured in full for entire Indemnity Period)	 .....
 GROSS PROFIT for last financial year	 .....
 Add allowance for future increase	 .....
 Basic annual figure for Item 1	 .....
 Proportionate increase if Indemnity Period exceeds 12 months	 .....
 SUM TO BE INSURED under Item 1	 .....

**ITEM 2. WAGES(Not required if Wages are to be insured in full throughout the Indemnity Period selected):**

Total annual wages roll for last financial year	.....
Add allowance for future increase	.....
Basic annual figure for Item 2	.....
Proportionate increase if Indemnity Period exceeds 12 months	.....
SUM TO BE INSURED under Item 2	.....

**RETURN OF PREMIUM**

The intention of the policy is to pay for loss of Gross Profit which would have been earned or Wages which would have been paid during the period of interruption following the damage. The Sum Insured should therefore be fixed at a figure high enough to allow for any possible upward trend of the business. An Auditors' Certificate showing the actual Gross Profit earned and Wages paid should be submitted annually to the Company and should this disclose that there has been over-insurance a return of premium will be made to the Insured under each Item of the insurance up to a maximum return of one-half of the actual premium paid during the relative period of insurance.