

BAHAMAS FIRST GENERAL INSURANCE COMPANY LIMITED

LOSS OF PROFITS INSURANCE PROPOSAL

AGENCY: _____

UNDERWRITER: _____

PLEASE GIVE A DEFINITE REPLY TO EACH QUESTION ON THE FORM

No Insurance is in force until the proposal has been accepted by Bahamas First General Insurance Company Ltd.

1. Name: _____

2. Postal Address: _____ E-mail Address: _____

3. Telephone Nos. Work _____ Home _____ Cell _____

4. Nature of Business: _____

5. Address of Premises occupied _____
By Proposer (see Note 6) _____

6. Period of Insurance: From: _____ To: _____

ITEMS TO BE INSURED	SUM INSURED	INDEMNITY PERIOD
1. (a) On GROSS PROFIT [See Notes 1 to 4 (a)]	\$	months
(b) Gross Revenue or	\$	
(c) Rent Receivable	\$	
(Answer a, b or c)		
2. On TOTAL WAGES for the first weeks followed by..... % for the remainder of the Indemnity Period [See Note 4 (b)]	\$	
3. On WEEKS' WAGES to the extent of % of the total wage roll [see Note 4 (c)]	\$	weeks
4. On ACCOUNTANTS' CHARGES (See Note 5).....	\$	
Total Sum Insured	\$	

7. Note 1 (a) SPECIFIED WORK EXPENSES – Please indicate Working Expenses to be excluded:
Wages (*if insured separately by Items 2 or 3*); Discounts allowed; Bad Debts; Packing; Carriage; _____

or ALTERNATIVELY

8. Note 1 (b) INSURED STANDING CHARGES – Please indicate Standing Charges to be insured, amending, deleting or adding as required: Directors' Fees and Remuneration; Salaries including National Insurance Contributions; Rents and Rates; Auditors and Legal Fees; Insurance Premiums; Depreciation of Buildings, Machinery, Plant and Motor Vehicles

9. EXTENSIONS – Please indicate any Extensions required (See Note 6)

10. Please specify type of coverage required (note type of coverage must be at least equal to coverage under fire policy)

- a. Fire including catastrophe perils
- b. Fire excluding catastrophe perils
- c. Fire only

11. (a) How Long has the business been established?..... _____

(b) When does your financial year end?..... _____

(c) Name and address of your Auditor..... _____

(d) Have you at present any Insurance covering Loss of Profits?
If so, give details _____

12. (a) Has any Insurer declined a Proposal, made by you for Insurance
against Fire or Loss of Profits? If so, state particulars..... _____

(b) Has any Insurer cancelled or refused to renew an
existing insurance..... _____

13. Have you ever made a claim under a Fire Policy or loss of
Profits Policy? If so, give details _____

14. Name of Company insuring the Contents of your premises _____

DECLARATION: I/We warrant that the above statements are true and complete and I/We agree that this proposal shall be the basis of the contract between me/us and the Company.

I/We agree to accept a policy in the Company's usual form for this class of insurance.

Date _____ 20 _____

Proposer's Signature _____

INSURANCE AGAINST LOSS OF PROFITS OF PROFITS
EXPLANATORY NOTES

1. GROSS PROFIT

- (a) The sum to be insured should represent the amount by which
- (i) the sum of the turnover and the amount of the closing stock shall exceed
 - (ii) the sum of the opening stock, the annual amount of stock purchased and the amount of the Specified Working Expenses.
- If the selected Indemnity Period is 12 months or less, the annual amount of Gross Profit should be insured; for Indemnity Periods exceeding 12 months the sum insured should represent the anticipated Gross Profit for the period selected.
- In the estimation of the Gross Profit the trend of the business should be taken into account, bearing in mind that it is the Gross Profit which would have been earned during the twelve months (or longer indemnity period selected) following the operation of an insured peril had the loss not occurred, which should be insured.
- (b) As an alternative, the sum insured may be based upon the total of the anticipated annual amount of the Insured Standing Charges added to the estimated annual Net Profit (before deduction of any Government taxation on profits). The lists printed opposite of Specified Working Expenses and of Insured Standing Charges are intended only as guides. The names of the Charges to be mentioned in the policy wording should correspond with the headings in the accounts of the business.

2. REBATE CLAUSE – If at the end of your financial year the sum insured on Gross Profit proves to have been in excess of the certified Gross Profit earned, a return of premium limited to 50% will be made in respect of the excess. For this reason you are recommended to include a substantial margin in the sum insured in order that you are not penalized by under-insurance when a loss occurs. To facilitate the adjustment it is suggested that renewal be arranged at a date 2/3 months after the end of your financial year.

3. INDEMNITY PERIOD – This is the maximum period immediately following a loss during which the policy will provide indemnity under the respective items.

For Items 1 and 2 you should select the period you estimate would be necessary for the business to recover entirely from the effects of any loss

For wages cover under Item 3 the period should be selected to meet your particular needs. [See Note4 (c)]

4. WAGES

(a) Item 1 – If your business is such that all employees would be retained for the full indemnity period, than all wages should be insured under the Gross Profit item either by not including wages as a specified working expenses under Item 1 or by including wages as a standing charge under that item.

(b) Item 2 – If the full cover under note (a) is unnecessary, you may decide to insure the Wages of all employees for an initial period but thereafter to insure only a percentage of the wage roll for the remainder of the Indemnity Period chosen for the Gross Profit item. Provided:

- (i) the indemnity period relating to the Gross Profit cover is 12 months or longer;
- (ii) the initial period where 100% wages cover operates is at least 4 weeks;
- (iii) a minimum of 10% of the total wage roll is to be insured after the initial period;

the most satisfactory cover of this kind is granted by Item 2 under which you have the option, at any time after damage has occurred, of converting the wages cover to 100% of the wage roll for an extended initial period, the cover thereafter being any savings effected during the initial period. Details of cover required under this arrangement should be entered under Item 2 opposite, the sum insured being the wages relating to the indemnity period selected for Item 1.

(c) Item 3 – In some few business it may be considered unnecessary to protect the wage roll fully and in such cases cover can be provided for a period of weeks. The sum insured should represent the wages of employees concerned for the period selected.

The rebate system also applies to items covering wages and it is recommended that wages sums insured also should include generous margins to allow for increasing trend or special circumstances. In all cases the sum insured should provide for all payments associated with wages such as National Insurance Contributions, Bonuses, Holiday Pay and the like.

5. ACCOUNTANTS' CHARGES – In the event of a claim under the policy it would be necessary for your Accountants to produce the figures which would be required in the preparation of the claim. Their charges for this work (which would be additional to their normal auditing of the Accounts) can be provided for by a special item, the sum insured representing your estimate of the charges likely to be incurred.

6. EXTENSIONS to cover Loss of Profits consequent upon loss elsewhere than on premises *occupied* by the Proposer may be incorporated in the insurance:

- (i) Suppliers' premises from which components, goods or materials are obtained or where they are manufactured or processed.
- (ii) Premises where property of the Proposer is stored.
- (iii) The property of the Proposer whilst in transit.
- (iv) Premises where a Contract is being carried out.

7. ADDITIONAL PERILS – If your Fire Policy is extended to include any additional perils, similar provision can be made under your Loss of Profits Policy. Quotations for the inclusion of Additional Perils will be supplied on request.

