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**CONSEQUENTIAL LOSS FOLLOWING  
FIRE AND ALLIED PERILS**

**Welcome to your CONSEQUENTIAL LOSS FOLLOWING FIRE AND ALLIED PERILS  
Policy**

*Dear Esteemed customer,*

*On behalf of MAYFAIR INSURANCE COMPANY RWANDA Ltd I would like to thank you for choosing us as your insurer.*

*Our commitment is to the policyholder quality service and suitable insurance products, such as the one you have purchased.*

*This policy is a document. It is the evidence of the contract that we have made with each other. Please read it carefully and if you have any questions, contact your intermediary (if any) or us.*

*Yours faithfully,*

**General Manager / Underwriting Manager.**

**Mayfair Insurance Company Rwanda Ltd**

## CONSEQUENTIAL LOSS FOLLOWING FIRE AND ALLIED PERILS

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**IMPORTANT: THE INSURED SHOULD READ THIS POLICY AND IF ANY ERROR IS FOUND, RETURN THE DOCUMENT IMMEDIATELY TO THE COMPANY FOR CORRECTION.**

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The Company agrees (subject to the terms, definitions, exclusions and conditions of this Policy) that if after payment of the First Premium any building or other property used by the Insured at the Premises for the purpose of the Business, be destroyed or damaged by any of **THE PERILS** specified in the Schedule during the Period of Insurance (or any subsequent period for which the Company accepts the renewal premium) and in consequence the business carried on by the insured at the premises be interrupted or interfered with then the Company will pay to the Insured in respect of each item in the Schedule the amount of loss resulting from such interruption or interference.

PROVIDED THAT:

1. At the time of the happening of the loss, destruction or damage, there shall be in force an insurance covering the interest of the Insured in the property at the Premises against such loss, destruction or damage and that:
  - a. Payment shall have been made or liability admitted therefor or
  - b. Payment would have been made or liability admitted therefor but for the operation of a provision in such insurance excluding liability for losses below a specified amount.
  
2. the liability of the Company under this Policy shall not exceed
  - a. In the whole the total sum insured or in respect of any item its sum insured at the time of the loss, destruction or damage.
  - b. The sum insured remaining after payment for any other interruption or interference consequent upon loss, destruction or damage occurring during the same period of insurance, unless the Company shall have agreed to reinstate any such sum insured.

## Perils Covered Under Section 2

As per list of Perils Covered under Section 1 above

## GENERAL EXCLUSIONS TO THE PERILS

### TRANSMISSION AND DISTRIBUTION LINE EXCLUSION

All transmission and distribution lines, including wires, cables, poles, pylons, standards, towers and any equipment of any type which may be attendant to such installations, including substations of any description. This exclusion includes but is not limited to transmission or distribution of electrical power, telephone or telegraph signals, and all communication signals whether audio or visual.

This exclusion applies to above ground equipment which are more than 150 metres (or 500 feet) from an insured structure.

This exclusion applies both to physical loss or damage to the equipment and all business interruption consequential loss, and/or other contingent losses related to transmission and distribution lines.

It is understood and agreed that public utilities extension and/or suppliers extension and/or contingent business interruption coverages are not subject to this exclusion, provided that these are not part of a transmitters' or distributors' policy.

### General Conditions applicable to Section 2

#### 1. Alteration

This Policy shall cease if after the commencement of this insurance

- a. The Business is wound up or carried on by a liquidator or receiver or permanently discontinued or
- b. The interest of the Insured ceases other than by death or
- c. Any alteration is made either in the Business or in the Premises or property therein whereby the risk of DAMAGE is increased unless admitted by the Company in writing.

## CLAIMS CONDITIONS

### Specifications applicable to Section 2

#### SPECIFICATION 1: GROSS PROFIT

Item No.

#### 1. On Gross Profit

The insurance under item No.1 is limited to loss of Gross Profit due to (a) REDUCTION IN TURNOVER AND (b) INCREASE IN COST OF WORKING and the amount payable as indemnity thereunder shall be:

- (a) IN RESPECT OF REDUCTION IN TURNOVER: the sum produced by applying the Rate of Gross Profit to the amount by which the Turnover during the Indemnity Period shall, in consequence of DAMAGE, fall short of the Standard Turnover
- (b) IN RESPECT OF INCREASE IN COST OF WORKING: the additional expenditure (subject to the provisions of the Uninsured Standing Charges Clause) necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the reduction in Turnover which but for that expenditure would have taken place during the Indemnity Period in consequence of the DAMAGE, but not exceeding the sum produced by applying the Rate of Gross Profit to the amount of the reduction thereby avoided

Less any sum saved during the Indemnity Period in respect of such of the charges and expenses of the Business payable out of Gross Profit as may cease or be reduced in consequence of the DAMAGE.

Provided that if the sum insured by this item be less than the sum produced by applying the Rate of Gross Profit to the Annual Turnover (or to a proportionately increased multiple thereof where the Maximum Indemnity Period exceeds twelve months) the amount payable shall be proportionately reduced,

### DEFINITIONS

NOTE 1: "To the extent that the Insured is registered for VAT and is able to recover VAT paid on its purchase in full, all terms in this Policy shall be exclusive of such tax. If the Insured is able to recover VAT paid on its purchases only in part, then an appropriate adjustment will be made for VAT recoverable by the Insured in determining the value of the claim".

NOTE 2 "For the purpose of these definitions, any adjustments implemented in current cost accounting shall be disregarded."

INDEMNITY PERIOD: The period beginning with the occurrence of the damage and ending not later than the Maximum Indemnity Period thereafter during which the results of the business shall be affected in consequence of the DAMAGE.

MAXIMUM INDEMNITY PERIOD: According to the Schedule

TURNOVER: The money paid or payable to the insured for goods sold and delivered and for services rendered in course of the Business at the Premises.

GROSS PROFIT: The amount by which -

- (i) The sum of the amount of the Turnover and the amounts of the closing stock and work in progress

shall exceed

- (ii) The sum of the amounts of the opening stocks and work in progress and the amount of the Uninsured Working Expenses.

NOTE: The amounts of the opening and closing stocks and work in progress shall be arrived at in accordance with the Insureds normal accountancy methods, due provision made for depreciation.

### UNINSURED WORKING EXPENSES

NOTE: The words and expressions used in this definition shall have the meaning usually attached to them in the books and accounts of the Insured.

RATE OF GROSS PROFIT- The rate of gross profit earned on the Turnover during the financial year immediately before the date of the DAMAGE } to which such adjustments shall be made as may be } for verifications in or other circumstances affecting } the Business either before or after the DAMAGE } or which would have affected the Business had } the DAMAGE not occurred, so that the figures thus

ANNUAL TURNOVER:- The Turnover during the twelve months immediately before the date of DAMAGE } adjusted shall represent as nearly as may be } reasonably practicable the results which but } for the DAMAGE would have been obtained } during the relative period after the DAMAGE.

STANDARD TURNOVER:- The Turnover during that period in the twelve months immediately before the date of the DAMAGE which corresponds with the Indemnity Period }

**UNINSURED STANDING CHARGES CLAUSE:** If any standing charges of the Business be not insured by this Policy (having been deducted in arriving at the Gross Profit as defined herein) then in computing the amount recoverable hereunder as Increase in Cost of working that proportion only of the additional expenditure shall be brought into account which the Gross Profit bears to the sum of the Gross Profit and the Uninsured Standing Charges.

**ALTERNATIVE TRADING CLAUSE:** If during the Indemnity Period goods shall be sold or services shall be rendered elsewhere than at the premises for the benefit of the Business either by the Insured or by others on his behalf the money paid or payable in respect of such sales or services shall be brought into account in arriving at the Turnover during the Indemnity Period.

**PREMIUM ADJUSTMENT CLAUSE:** The Premium paid hereon may be adjusted on receipt by the Company of a declaration of Gross Profit earned during the financial year most nearly concurrent with the period of insurance, as reported by the insured's auditors.

If any DAMAGE shall have occurred giving rise to claim for loss of Gross Profit the above mentioned declaration shall be increased by the Company for the purpose of premium adjustment by the amount by which the Gross Profit was reduced during the financial year solely in consequence of the DAMAGE.

If the declaration (adjusted as provided for above and proportionately increased where the Maximum Indemnity Period exceeds 12 months) is less than the sum insured on Gross Profit for the relative period of insurance the Company will allow a pro-rata return of premium not exceeding 50% of the premium paid.

## **SPECIFICATION II GROSS PROFIT & WAGES (“DUAL BASIS”)**

Item No.

1. On Gross Profit
2. On Wages

Item No. 1

The Insurance under item 1 is limited to loss of Gross Profit due to (a) REDUCTION IN TURNOVER AND (b) INCREASE IN COST OF WORKING and the amount payable as indemnity thereunder shall be:-

- (a) IN RESPECT OF REDUCTION IN TURNOVER: the sum produced by applying the Rate of Gross Profit to the amount by which the Turnover during the Indemnity Period shall, in consequence of the DAMAGE, fall short of the Standard Turnover
- (b) IN RESPECT OF INCREASE IN COST OF WORKING: the additional expenditure (subject to the provisions of the Uninsured Standing Charges Clause) necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the reduction in Turnover which but for that expenditure would have taken place during the indemnity Period in consequence of the DAMAGE, but not exceeding the sum produced by applying the Rate of Gross Profit to the amount of the reduction thereby avoided.

less any sum saved during the Indemnity period in respect of such of the Charges and expenses of the Business payable out of Gross Profit as may cease or be reduced in consequence of the DAMAGE.

Provided that if the sum insured by this item be less than the sum produced by applying the Rate of Gross Profit to 150% of the Annual Turnover the amount payable shall be proportionately reduced.

Item No. 2

The insurance under item 2 is limited to loss in respect of Wages and the amount payable as indemnity thereunder shall be: -

(a) IN RESPECT OF REDUCTION IN TURNOVER

(i) During that part of indemnity period mentioned as initial period in the schedule the sum produced by applying the Rate of Wages to the Shortage in Turnover during such period less any saving during such period through reduction in consequence of the DAMAGE in the amount of wages paid

(ii) During the remaining portion of the indemnity Period the sum produced by applying the

Rate of Wages to the shortage in Turnover during such period less any saving during such period through reduction in consequence of the DAMAGE in the amount of Wages paid

but not exceeding

The sum produced by applying the Remainder Percentage of the Rate of Wages to the shortage in Turnover during the said remaining portion of the indemnity Period.

Increased by such amount as is deducted for saving under the terms of clause (i);

NOTE: At the option of the Insured the number of weeks referred to in clause (a) (i) above may be increased to 46 weeks provided that the amount arrived at under the provisions of clause (a) (i) shall not exceed such amount as is deducted under clause (a) (i) for savings effected during the Alternative Period.

(b) IN RESPECT OF INCREASE IN COST OF WORKING

So much of the additional expenditure described in clause (b) of the relative Gross Profit item as exceeds the amount payable thereunder but not more than the additional amount which would have payable in respect of Reduction in Turnover under the provisions of clause (a) (i) and (ii) of this item had such expenditure not been incurred;

Provided that if the sum insured by this item be less than the sum produced by applying the Rate of Wages to 150% of the Annual Turnover the amount payable under this item shall be proportionately reduced.

**DEFINITIONS**

NOTE 1: " To the extent that the Insured is registered for VAT and is able to recover VAT paid on its purchase in full, all terms in this Policy shall be exclusive of such tax. If the Insured is able to recover VAT paid on its purchases only in part, Then an appropriate adjustment will be made for VAT recoverable by the Insured in determining the value of the claim."

NOTE 2: For the purpose of these definitions, any adjustment implemented in current cost accounting shall be disregarded,

GROSS PROFIT: The amount by which -

(i) The sum of the amount of the Turnover and the amounts of the closing stock and work in progress.

shall exceed

(ii) The sum of the amounts of the opening stock and work-in-progress and the amount of the specified Working Expenses.

NOTE: The amounts of the opening and closing stock and work in progress shall be arrived at in accordance with the insureds normal accountancy methods, due provision made for depreciation.

**UNINSURED WORKING EXPENSES:**

**NOTE:** The words and expressions used in this definition shall have the meaning usually attached to them in the books and accounts of the Insured.

**TURNOVER:** The money paid or payable to the Insured for goods sold and delivered and for services rendered in course of the Business at the Premises.

**INDEMNITY PERIOD:** The period beginning with the occurrence of the damage and ending not later than the Maximum Indemnity Period thereafter during which the results of the business shall be affected in consequence of the DAMAGE.

**MAXIMUM INDEMNITY PERIOD:** As mentioned in the schedule

**RATE OF GROSS PROFIT-** The rate of gross profit earned on the Turnover during the financial year immediately before the date of the DAMAGE } to which such adjustments shall be made as may be } for verifications in or other circumstances affecting } the Business either before or after the DAMAGE } or which would have affected the Business had } the DAMAGE not occurred, so that the figures thus } adjusted shall represent as nearly as may be } reasonably practicable the results which but } for the DAMAGE would have been obtained } during the relative period after the DAMAGE.

**ANNUAL TURNOVER:-** The Turnover during the twelve months immediately before the date of DAMAGE } adjusted shall represent as nearly as may be } reasonably practicable the results which but } for the DAMAGE would have been obtained } during the relative period after the DAMAGE.

**STANDARD TURNOVER:-** The Turnover during that period in the twelve months immediately before the date of the DAMAGE which corresponds with the Indemnity Period }

**WAGES:** The remuneration (including national insurance, bonuses, holiday pay or other payments pertaining to wages) of all employees (other than those whose remuneration is treated as salaries in the Insured's books of account)

**INITIAL PERIOD:** The portion of the indemnity period beginning with the occurrence of the DAMAGE and not ending later than the numbers of weeks shown in the Schedule.

**REMAINDER PERCENTAGE:** As mentioned in the schedule

**ALTERNATIVE PERIOD:**

**RATES OF WAGES:** The rate of wages to turnover during the financial year immediately before the date of the DAMAGE } to which such adjustments shall } be made as may be necessary to provide } for the trend of the Business and } for variations in or other circumstances affecting } the Business either before or after the } DAMAGE or which would have affected the } business had the DAMAGE not occurred, } so that the figures thus adjusted shall repre- } -sent as nearly as may be reasonably } practicable the results which but for the } DAMAGE would have been obtained during the } relative period after the DAMAGE.

**SHORTAGE IN TURNOVER:** The amount by which the Turnover during a period shall in consequence of the DAMAGE fall short of the part of the Standard Turnover which relates to that period.

**Note:**

- (a) When an index of activity other than turnover is used as the basis for the gross profit

item, it may be substituted for 'turnover' in this wording.

- (b) The words "(including national insurance, bonuses, holiday pay or other payments pertaining to wages)" may be suitable to specify other payments pertaining to wages.
- (c) Alternative definitions of "Wages". The definition of wages may be varied (although skilled employees' and similar in exact terms should not be used) provided that the remuneration of all employees is insured under the policy with the possible exception of
  - (i) Outworkers paid solely on an output basis
  - (ii) Agents or employees paid solely on a commission basis
  - (iii) Casual employees
  - (iv) Employees engaged in activities not covered by the policy.
- (d) "Wages" may be amended to "payroll" or any other suitable term.

**UNINSURED STANDING CHARGES CLAUSE:** If any standing charges of the Business be not insured by this Policy (having been deducted in arriving at the Gross Profit as defined herein) then in computing the amount recoverable hereunder, as increase in Cost of working that proportion only of the additional expenditure shall be brought into account which the Gross Profit bears to the sum of the Gross Profit and the Uninsured Standing Charges.

**ALTERNATIVE TRADING CLAUSE:** if during the Indemnity Period goods shall be sold or services shall be rendered elsewhere than at the premises for the benefit of the Business either by the Insured or by others on his behalf the money paid or payable in respect of such sales or services shall be brought into account in arriving at the Turnover during the Indemnity period.

**PREMIUM ADJUSTMENT CLAUSE:** The premium paid hereon may be adjusted on receipt by the company of declaration of Gross Profit earned and Wages paid during the financial year most nearly concurrent with the period of insurance, as reported by the insured's auditors.

If any DAMAGE shall have occurred giving rise to a claim for loss of Gross Profit the above mentioned declaration shall be increased by the Company for the purpose of premium adjustment by the amount by which the Gross Profit and Wages earned by the Business were reduced during the financial year solely in consequence of the DAMAGE.

If either declaration (adjusted as provided for above and proportionately increased where the Maximum Indemnity Period exceeds 12 months) is less than the respective sum insured for the relative period of insurance the Company will allow a pro-rata return of premium not exceeding 50% of the premium paid.

## **Additional Clauses and Extensions applicable to Section 2**

### **A. NEW BUSINESS CLAUSE**

For the purpose of any claim arising from DAMAGE occurring before the completion of the first years trading of the business at the premises, the terms 'annual turnover', "standard turnover and where applicable "rate of gross profit" and "rate of Wages" shall bear the following meanings and not within stated:-

Rate of Gross Profit - the rate of gross profit	}
earned on the turnover during the period	}
between the date of the commencement of	}
the business and the date of the DAMAGE	}
	}
Annual Turnover - the proportional equivalent,	}
for a period of twelve months, of the turnover	}
realised during the period between the	}
commencement of the business and the date	}
of the DAMAGE	}

to which such adjustments shall be made as may be necessary to provide for the trend of the business and for variations in or other circumstances affecting the business either before or after the DAMAGE or which would have affected the business had the DAMAGE not occurred, so that the figures thus

Standard Turnover - the proportional equivalent, } adjusted shall represent as nearly as may be

for a period of equal to the indemnity period of } reasonably practicable the results which but  
the turnover realised during the period between } for the damage would have been obtained during  
the commencement of the business and the date} the relative period after the DAMAGE.

of the DAMAGE }  
}  
Rate of Wages - The rate of Wages to turnover }  
during the period between the date of the }  
commencement of the business and the }  
date of the DAMAGE. }

#### **B. PAYMENT ON ACCOUNT**

Payments on account may be made to the Insured during the Indemnity Period at the discretion of the Company but in no case shall any payment exceed the Company's liability under the terms of clause (a) of each item for the period in respect of which a payment is to be made.

#### **C. DEPARTMENTAL CLAUSE**

If the business be conducted in departments, the independent trading results of which are ascertainable, the provisions of clauses (a) and (b) of the items on gross profit and, where applicable, wages shall apply separately to each department affected by the DAMAGE except that

- (i) If the sum insured by the item on gross profit be less than the aggregate of the sums produced by applying the rate of gross profit for each department of the business (whether affected by the DAMAGE or not) to its relative annual turnover (or to a proportionately increased multiple thereof where the maximum indemnity period exceeds twelve months) the amount payable under the said item shall be proportionately reduced.
- (ii) If the sum insured by any item on wages be less than the aggregate of the sums produced by applying the rate of wages for each department of the business (whether affected by the DAMAGE or not) to its relative annual turnover (or to a proportionately increased multiple thereof where the maximum indemnity period exceeds twelve months) the amount payable under the said item shall be proportionately reduced.

#### **D. PROFESSIONAL ACCOUNTANTS CLAUSE**

Any particulars or details contained in the Insured's books of account or other business books or documents which may be required by the Company under Claims Condition 1 of this Policy for the purpose of investigation or verifying any claim hereunder may be produced by Professional Accountants / Auditors if at the time they are regularly acting as such for the Insured and their report shall be prima fade evidence of the particulars and detail to which such report relates.

The Company will pay to the Insured under this Policy the reasonable charges payable by the Insured to their Professional Accountants / Auditors for producing any particulars or details or any other proofs, information or evidence as may be required by the Company under the terms of this policy and reporting that such particulars or details are in accordance with the Insured's books of account or other business books or documents provided that the sum of the amount payable under this clause and that the amount otherwise payable under this Policy shall in no cause exceed the total sum insured by the Policy.

#### **E. PREVENTION OF ACCESS AND PUBLIC UTILITIES**

Subject to the conditions of the Policy loss as insured by this Policy resulting from interruption of or interference with the Business in consequence of DAMAGE to property as undernoted shall be deemed to be loss resulting from DAMAGE to property used by the Insured at the premises, provided that, after the application of all other terms, conditions and provisions of the Policy the liability under this extension in respect of any one occurrence shall not exceed the total of the sums insured by the Policy:-

- (a) property in the vicinity of the Premises, DAMAGE to which shall prevent or hinder the use of the Premises or access thereto, whether the Premises or property of the Insured therein shall be damaged or not;
- (b) property from which the Insured obtains supplies, at any;
  - (i) Generating station or sub-station of the public electricity supply undertaking
  - (ii) Land based premises of the public gas supply or of any natural gas producer linked directly therewith
  - (iii) Water works or pumping station of the public water supply undertaking

#### **H. SALVAGE SALE CLAUSE**

If, following DAMAGE giving rise to a claim under this Policy, the Insured shall hold a salvage sale during the indemnity period, clause (a) of the item on gross profit shall, for the purpose of such claim, read as follows:-

- (a) IN RESPECT OF REDUCTION IN TURNOVER: the sum produced by applying the rate of gross profit to the amount by which the turnover during the Indemnity, period (loss the turnover for the period of the salvage sale) shall, in consequence of the DAMAGE fall short of the standard turnover from which sum shall be deducted the gross profit actually earned during the period of the salvage sale.

#### **I. PAYROLL CLAUSE**

Where 100% payroll is insured within the gross profit item the Insured undertake to declare separately to the Company the total Gross Profit as within defined and the total payroll for the last financial year prior to the date shown in the Schedule and triennially thereafter.

The rate for the insurance shall be suitably revised if the figures furnished differ from those which last entered into its determination.