

GROSS PROFIT

The insurance under this item 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:

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 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.