



# SACOS INSURANCE COMPANY LTD

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## PROFITS INSURANCE

### PROPOSAL FORM

**(Perils (It is necessary that there is in force a Fire Policy covering the material loss as defined and expressed therein.)**

#### NOTES

##### 1. SUMS INSURED:

Profits Insurance is designed to indemnify against loss of profits and wages during the chosen **Indemnity Period following damage**, and this damage can occur on the last day of a period of insurance for which the Sums Insured are fixed, as readily as on the first.

The Policy contains provisions which will reduce the amount of Indemnity if the Sums Insured prove to be inadequate. On the other hand, allowance is made for the difficulty in accurately forecasting upward trends, by providing for a proportionate rebate of up to 50% of the premium paid on Gross Profit and Wages, if the actual results prove to be less than the Sums Insured.

Whilst therefore the last available Trading and Profit and Loss Accounts will provide a basic guide to the Sums Insured, it is important to adjust these figures to take in to account not only known expansion and increased figures, but also future trends of the business, planned developments and all other factors tending to increase the cover eventually required, projecting these right through any Indemnity Period **commencing at any time during the period of insurance.**

##### 2. INSURED STANDING CHARGES:

In electing which charges **to insure**, all charges should be reviewed to establish:-

- (a) whether they would vary in all circumstances in direct proportion to Turnover, in which case insurance is unnecessary: Raw Materials, Packaging, Freight. May come in this category;
- (b) whether they would not vary in all circumstances in direct proportion to Turnover, in which case they should be included for insurance: Rent, Rates, Advertising, etc. may fall under this heading;

##### 3. SPECIFIED WORKING EXPENSES:

In electing which expenses **not to insure**, all expenses should be similarly reviewed to establish:-

- (a) whether they would vary in all circumstances in direct proportion to Turnover, in which case they can be specified to be deducted in arriving at the sum to be insured – examples as at 2 (a) above;
- (b) whether they would not vary in all circumstances in direct proportion to Turnover, in which case they should not be deducted in arriving at the sum to be insured – examples as at 2 (b) above;

**4. WAGES:**

**Method A. Dual Wages Basis.**

(See Part III A on Page 4 of Proposal Form)

This method provides cover for a selected period, and a proportion of cover for the remainder of the Indemnity Period.

**Method B. Limited Period Cover.**

(See Part III B on Page 4 of Proposal Form)

(Whether wages covered will discontinue after the selected time).

This method provides cover only for the period selected.

If Gross Profit is to be insured on the Net Profit and Standing Charges basis, any wages **not insured** under Method A. or B. must be specified and defined in the Insured Standing Charges.

If Gross Profit is to be insured on the Difference Basis, Wages **insured** under Method A. or B. should be specified and defined in the Specified Working Expenses.

**PART 1**

Name of Proposer :

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.....  
.....  
.....

Address:

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Description of Trade/Business:

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.....  
.....  
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Address/es of Premises to be insured:

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.....  
.....  
.....

Policy to commence: .....

Expire: .....

Indemnity Period: .....

Months : .....

Sums Insured (as arrived at in Parts II & III hereof)

1. On Gross Profit : Rs. ....
2. On Wages : Rs. .... (100% for .....weeks and .....% for remainder of indemnity period) or: .....weeks wages: Rs. ....
3. On Auditors Charges : Rs. .... for producing and certifying any details required in connection with a claim.
4. (a) **Suppliers, Sub-Contractors or storage at other premises.**

Name	Goods or services Concerned	Address of Premises	Limit Required % of Sums Insured
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....

**(b) Customers**

Name	Goods or services Concerned	Address of Premises	Percentage of Turnover
.....	.....	.....	%.....
.....	.....	.....	%.....
.....	.....	.....	%.....
.....	.....	.....	%.....

**PART II GROSS PROFIT**

Select Basis : either A. Net Profit plus Standing Charges  
 B. Difference between Turnover and Specified Working Expenses and complete either A or B below.

**A. Net Profit and Standing Charges Basis.**

(Standing Charges are charges which the Assured elects to insure as part of Gross Profit – see Notes at beginning of Proposal Form).

**STANDING CHARGES.**

Total of Net Profit and Standing Charges for last financial year	Rs.....
Add allowance for possible increase over last financial year (see Notes)	Rs.....
	Rs.....
Increase proportionately where Indemnity Period is more than 12 months	Rs.....
	Rs.....

Salaries are normally included as a Standing Charge; Wages unless to be insured in full should be dealt with in Part III.

**B. Difference Basis**

**Gross Profit** being:

**Last financial Year :**

	(1) Turnover (less any Discounts allowed)	Rs.....	
and	(2) Closing Stock and Closing Work in Progress,	Rs.....	
deduct	(1) Opening Stock and Opening Work in Progress,	Rs .....	Rs.....
	(2) Purchases of Stock, Raw Materials and Components (less any discounts received)	Rs.....	
	(3) Specified Working Expenses	Rs.....	

SPECIFIED WORKING EXPENSES having reduced the sum insured are expenses which the Assured elects not to insure (see Note)

**Gross Profit** Rs.....

Add allowance for possible increase over last Financial Year (See Notes). Rs.....

Increase proportionately where indemnity period is more than 12 months. Rs.....

Rs.....

Rs.....

WAGES, as opposed to Salaries (Unless to be insured in full) should be included as a Specified Working Expense. For further information see Part III.

**PART III**

**Wages**

Select **either** A. Dual Wages Basis  
or B. Limited period Basis  
and complete either A or B below.

**A. Dual Basis**

This basis enables all employees to be retained for a limited period and a proportion to be retained for the remainder of the Indemnity Period. Flexibility is provided to retain all or a greater proportion for a lesser period and to re-engage employees prior to resumption.

Total Annual Wage Roll (including Social Security Contributions, Pension Contribution, Payments pertaining to Wages, Bonuses and Holiday Pay and the like) Rs.....

add allowance for possible increases over last Financial year (see Notes on Page 1) Rs.....

Increase proportionately where Indemnity Period is more than 12 months Rs.....

Coverage required: (a) 100% for ..... weeks  
(minimum 4 weeks)

(b) .....% for remainder of  
Indemnity Period (minimum 10%)

**B. Limited Period Basis**

..... Weeks wages Rs.....

This basis enables employees whose wages are insured under this item to be retained for the selected period.

The Sum Insured is the normal wages for the selected period (including Social Security Contributions) paid to the employees concerned allowing for possible wage increase.

The premium is fixed according to the period selected.

**PART IV**

**GENERAL QUESTIONS:**

- (1) Are you insured against Fire and other perils?  
Please give name of Insurers, amount and expiry date.
- (2) Are you at present insured against Loss of Profits?  
Please give particulars as above.
- (3) Please give details of any past losses.

<b>Date</b>	<b>Cause</b>	<b>Material Damage Amount</b>	<b>Profits Amount</b>
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- (4) Have you ever been declined Insurance for the Perils proposed? If so please give details.
- (5) Please state date at which your financial year ends.
- (6) Age of present business.
- (7) Name and address of Auditors.

Signing this Form does not bind the Proposer to complete the Insurance but it is agreed that this Form shall be the basis of the contract should a Policy be issued.

I/We hereby declare that the above statements and particulars are true and that I/We have not suppressed or misstated any material facts.

Signature of Proposer ..... Date .....