

Accounts Receivable

It is hereby understood and agreed, subject otherwise to the terms, conditions and exclusions of the Policy and endorsed hereon, that

- a) The Company will pay for direct physical loss of or damage caused by an insured peril to Insured's records of accounts receivable as respects the following:
 - (1) All sums due to insured from their customers,
 - (2) Interest charges on any loan to offset such impaired collections pending repayment of those sums made non- collectible by loss or damage;
 - (3) Collection expense in excess of normal collection cost and made necessary because of loss of accounts receivable;
 - (4) Other expenses, when reasonably incurred by insured in reestablishing records of accounts receivable following loss in respect of this policy.

For the purpose of this Policy, credit card charge records shall be deemed to represent sums due to Insured from customers, until the charge records are delivered to the credit card company.

- b) When there is proof that a loss of records of accounts receivable has occurred but Insured cannot accurately establish the total amount of accounts receivable outstanding as of the date of loss, the amount of recovery shall be computed as follows:
 - (1) The monthly average of accounts receivable during the last available twelve (12) months, together with collection expenses in excess of normal collection costs and made necessary because of loss or damage, and reasonable expenses incurred in reestablishing records of accounts receivable following loss, shall be adjusted in accordance with the percentage increase or decrease in the twelve (12) months average of monthly gross revenues which may have occurred in the interim.
 - (2) The monthly amount of accounts receivable as established above shall be further adjusted in accordance with any demonstrable variance from the average for the particular month in which the loss occurred. Consideration will also be given to the normal fluctuations in the amount of accounts receivable within the fiscal month involved.
- c) Company will pay no more than the applicable sub-limit of insurance as specified in the schedule.

There shall be deducted from the total amounts of account receivable, however established, the amount of accounts evidenced by records not lost or damaged, or otherwise established or collected by Insured, and an amount to allow for probable bad debts which Insured normally would have been unable to collect and for the normal collection costs incurred due to accounts receivable.

The indemnity provided herein shall be subject to the limit of indemnity as specified in The Schedule.