

Material Damage & Business Interruption Master Policy  
(Ref140v4)

draft  
for  
SPECIMEN

## Contents

This policy incorporates the following which shall be read together as one contract and words and expressions to which specific meaning is given in any part of this policy shall have the same meaning wherever they appear

Statement of Intent

Introduction

Schedule

Policy Operation

Master Policy

Master Policy - Difference in Conditions / Difference in Limits Only

Operative Clause

Definitions and General Provisions

Automatic Reinstatement After a Loss

Claim Payee

Claims Preparation Costs

Computer Breakdown

Computer Installation

Consequential Loss

Damage

Deductible

Defined Perils

Designated Earthquake Areas

Designated Storm Areas (except in the United States of America and The Caribbean Sea)

Designated Storm Areas in the United States of America and The Caribbean Sea

Earthquake

Finished Stock

Flood

Goods in Transit

Inadvertent Errors and Omissions

Incident

Indemnity Period

Insurance Act 2015

Limit of Liability

Local Policy

Machinery Breakdown

New Acquisitions

Non-Invalidation

Occurrence

Policy Limit

Pressure Explosion or Collapse

Property Insured

Special Flood Hazard Area in the United States of America

Storm

Tax Liability

Tenants and Neighbours (Napoleonic Code)

Theft

Time Exclusion

Underinsurance

Underinsurance Shortfall

Excluded Causes

Asbestos

Changes in Environment and Other Risks

Consequential Loss

Deliberate Act of a Supply Undertaking

Earthquake in California

Earthquake in Japan

Electronic Data

Electronic Date Recognition

Flood in The Netherlands

Fraud or Disappearance

## Contents

### Excluded Causes

- Gradually Operating Causes and Other Risks
- Indonesian Riot and Other Risks
- Marine Impact
- Mechanical or Electrical Breakdown and Other Risks
- Molten Materials
- Pollution and Contamination
- Processes
- Property in the Open
- Radioactive Contamination or Explosive Nuclear Assemblies
- Riot and Other Risks in South Africa or Namibia
- Safe Keys
- Settlement and Other Risks
- Specific Compensation Schemes
- Storm Surge in Germany
- Terrorism in Great Britain and Northern Ireland
- Terrorism other than in Great Britain and Northern Ireland
- Theft
- Unoccupied Buildings
- War and Allied Risks

### Excluded Property

- Furnace Linings
- Jewellery Valuables Explosives or Documents
- Land or other Specified Property
- Linings Batteries Pipes Hoses Belts or Ropes
- Livestock Growing Crops Trees or Plants
- Money
- Overhead Transmission and Distribution Lines
- Property in the Course of Construction
- Property in Transit
- Property Insured by a Marine Policy
- Property More Specifically Insured
- Property on Nuclear Sites
- Tools or Prototypes
- Vehicles

### General Conditions

- Alteration
- Cancellation
- Currency
- Financial or Trade Sanctions
- Law and Jurisdiction
- Reasonable Precautions
- Statutory Regulations
- Unoccupied Buildings

### Claims Conditions

- Action by the Insured
- Arbitration
- Insurers' Rights Following a Claim
- Other Insurances
- Reinstatement by the Insurers
- Subrogation and Waiver of Rights
- Time Limit

### Section 1 Material Damage

#### Specification - Definitions

- Item 1 : Buildings
- Item 2 : Machinery
- Item 3 : Stock

## Contents

### Section 1 Material Damage

#### Specification - Definitions

- Item 4 : Rent Receivable
- Item 5 : Rent Payable

#### Specification - General Provisions

- Branded Goods
- Contract Price
- Contracting Purchaser's Interest
- Mortgagee
- Other Interests
- Professional Fees
- Removal Of Debris

#### Specification - Extensions of Cover

- Additional Metered Utility Charges
- Buildings - Theft cover
- Buildings in the Course of Construction
- Capital Additions
- Changing Locks
- Clearing of Drains
- Computers - Incompatibility of Undamaged Computer Records
- Day One Reinstatement (Non-adjustable)
- Extinguishment Expenses
- Fire Brigade Charges
- Goods in Transit
- Involuntary Betterment
- Loss Reduction Expenses
- Mitigation of Environmental Impact
- Money
- Motor Vehicles (Stationary Risk)
- Outdoor Property and Cultivated Areas
- Public Authorities and European Union Requirements
- Reinstatement
- Sprinkler Upgrading Costs
- Temporary Removal
- Theft
- Trace and Access
- Unspecified Storage Sites

### Section 2 Business Interruption

#### Specification - Definitions

- Business Interruption - Gross Profit and Gross Earnings
- Item 1 - Gross Profit
- Item 2 - Additional Increase In Cost Of Working
- Item 3 - Gross Earnings
- Item 4 - Outstanding Debit Balances

#### Specification - General Provisions

- Group Interdependency
- Payments on Account
- Professional Accountants' Charges
- Salvage Sales

#### Specification - Extensions of Cover

- Accidental Failure of Supply
- Accumulated Stocks
- Computer Breakdown - Additional Expenditure
- Suppliers Customers Storage Sites and Restriction of Access

### Schedule - Lists

## Contents

### Schedule - Lists

Incorporated in this policy

List of Premises

### Customer Service

Additional Information

Complaints Procedure - Our Commitment To Customer Service

Fair Processing Notice

draft

## Statement of Intent

PLEASE READ THIS POLICY (AND THE SCHEDULE WHICH FORMS AN INTEGRAL PART OF THE POLICY) TO ENSURE THAT IT MEETS YOUR REQUIREMENTS

### About this Policy

This Policy is a contract between the Insured and the Insurers

This Policy and any Schedule Endorsements clauses and certificates should be read as if they are one document

The Insurers acceptance of this risk is based on the information presented to the Insurers being a fair presentation of the Insured's business including any unusual or special circumstances which increase the risk and any particular concerns which have led the Insured to seek insurance

Any reference to the singular will include the plural or vice versa

Any reference to any statute or statutory instrument will include any modifications or re-enactment thereto

Any heading in this Policy is for ease of reference only and does not affect its interpretation

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Introduction

The Insurers will provide insurance in the terms of this policy

Signed for the Insurers

Date.....

ISSUED BY  
Royal & Sun Alliance Insurance plc  
15-17th Floor  
20 Fenchurch Street  
London  
EC3M 3AU  
Telephone 01403 232323

*draft*

## Schedule

Insurers	Royal & Sun Alliance Insurance plc
Policy Number	TEMPLATE140V4
Insured	SPECIMEN
Premises	Any premises owned occupied leased or rented by the Insured anywhere within the Territorial Limits described in the List of Premises
Period of Insurance	30 November 2016    Both dates inclusive
To	29 November 2017 or any subsequent period for which the Insurers accept a premium
First Premium Insurance Premium Tax	
Total First Premium	
Renewal Premium Insurance Premium Tax	
	or any premium substituted therefor
Total Renewal Premium	
	or any premium substituted therefor
Territorial Limits	Great Britain Northern Ireland the Channel Islands the Isle of Man and (specify the countries for which cover has been agreed e.g. Republic of Ireland the United States of America) unless otherwise stated herein
Agency Agency Reference	SPECIMEN



## Schedule - Sums Insured

### Limits of Liability

Any limit of liability will apply in respect of any one Occurrence unless otherwise specified

### Policy Limit

£50,000,000

### Sums Insured

Calculated by applying the Percentage to the Amounts below:

#### Section 1 Material Damage

Item No	Percentage	
1 Buildings Amount: The total of all amounts for the Item as stated in the List of Premises	115%	Declared Value
2 Machinery Amount: The total of all amounts for the Item as stated in the List of Premises	115%	Declared Value
3 Stock Amount: The total of all amounts for the Item as stated in the List of Premises	100%	Sum Insured
4 Rent Receivable Amount: The total of all amounts for the Item as stated in the List of Premises being ..... months Rent Receivable	150%	Estimated Amount
5 Rent Payable Amount: The total of all amounts for the Item as stated in the List of Premises being ..... months Rent Payable	100%	Sum Insured

#### Section 2 Business Interruption

Item No	Percentage		
1 Gross Profit Amount: The total of all amounts for the Item as stated in the List of Premises (not covered if Gross Earnings Item applies)	133.3%	Estimate	Maximum Indemnity Period 12 Months
2 Additional Increase in Cost of Working Amount : £250,000 (not covered if Gross Earnings Item applies)	100%	Limit of Liability	Maximum Indemnity Period 12 Months
3 Gross Earnings Amount: The total of all amounts for the Item as stated in the List of Premises (not covered if Gross Profit Item applies)	100%	Sum Insured Extended Business Income: 30 days	
4 Outstanding Debit Balances Amount : £500,000	100%	Limit of Liability	

## Schedule - Limits of Liability

### Section 1 Material Damage

Additional Metered Utility Charges	£ 50,000	Limit of Liability	
Buildings - Theft Cover	£ 50,000	Limit of Liability	
Buildings in the Course of Construction	£ 1,000,000	Limit of Liability	Any one Occurrence at any one Premises
Capital Additions	£ 1,000,000	Limit of Liability	Any one Occurrence at any one Premises
Changing Locks	£ 5,000	Limit of Liability	
Clearing of Drains	£ 50,000	Limit of Liability	
Computers - Incompatibility of Undamaged Computer Records	£ 50,000	Limit of Liability	
Extinguishment Expenses	£ 250,000	Limit of Liability	
Fire Brigade Charges	£ 50,000	Limit of Liability	
Involuntary Betterment	£ 250,000	Limit of Liability	
Loss Reduction Expenses	£ 100,000	Limit of Liability	
Mitigation of Environmental Impact		Limit of Liability	5% (five per cent) of the agreed loss settlement amount any one Occurrence and not exceeding a Limit of Liability of £250,000 in the aggregate in any one Period of Insurance
Money - Non-negotiable Money	£ 250,000	Limit of Liability	
Money - Money Not contained in a locked safe or strongroom in the Premises when closed for business	£ 1,000	Limit of Liability	
Money - Money in the dwelling of the Insured or of any Person to whom such Money is entrusted	£ 500	Limit of Liability	
Money - Money in Safe	£ 2,000	Limit of Liability	
Money - Any Other Money	£ 25,000	Limit of Liability	
Motor Vehicles (Stationary Risk)	£ 100,000	Limit of Liability	
Outdoor Property and Cultivated Areas	£ 50,000	Limit of Liability	
Sprinkler Upgrading Costs	£ 100,000	Limit of Liability	
Temporary Removal	£ 250,000	Limit of Liability	
Trace and Access	£ 50,000	Limit of Liability	
Unspecified Storage Sites	£ 100,000	Limit of Liability	Any one Occurrence at any one Premises

### Section 2 Business Interruption

Accidental Failure of Supply - in respect of electricity gas and water	£ 1,000,000	Limit of Liability	Maximum Indemnity Period 12 Months
Accidental Failure of Supply - in respect of telecommunication services	£ 250,000	Limit of Liability	Maximum Indemnity Period 3 Months

## Schedule - Limits of Liability

### Section 2 Business Interruption

Computer Breakdown - Additional Expenditure	£ 250,000	Limit of Liability
Extra Expense (Gross Earnings)	USD 500,000	Limit of Liability
Group Interdependency	£ 1,000,000	Limit of Liability
Restriction of Access	£ 1,000,000	Limit of Liability
Specified Suppliers	NIL	Limit of Liability
None		
Specified Customers	NIL	Limit of Liability
None		
Unspecified Suppliers or Storage Sites	£ 250,000	Limit of Liability
Unspecified Customers	£ 250,000	Limit of Liability

### Sections 1 and 2 combined

Earthquake Shock in the United States of America (excluding California)	USD 1,000,000	Limit of Liability	In the aggregate in any one Period of Insurance
Earthquake in the Designated Earthquake Areas	£ 1,000,000	Limit of Liability	In the aggregate in any one Period of Insurance
Flood in the United States of America (except in the Special Flood Hazard Area)	USD 1,000,000	Limit of Liability	In the aggregate in any one Period of Insurance
Flood in the United States of America (in the Special Flood Hazard Area)	USD 500,000	Limit of Liability	In the aggregate in any one Period of Insurance
Storm in the Designated Storm Areas in the United States of America and The Caribbean Sea	USD 1,000,000	Limit of Liability	In the aggregate in any one Period of Insurance
Storm in the Designated Storm Areas (except in the United States of America and The Caribbean Sea)	£ 1,000,000	Limit of Liability	In the aggregate in any one Period of Insurance
Claims Preparation Costs	£ 50,000	Limit of Liability	Subject to the sliding scale percentage amount stated elsewhere in the policy
Computer Breakdown	£ 500,000	Limit of Liability	
Electronic Data Processing Media Valuation	£ 100,000	Limit of Liability	
Goods in Transit	£ 100,000	Limit of Liability	
Machinery Breakdown	£ 1,000,000	Limit of Liability	
Inadvertent Errors and Omissions	£ 1,000,000	Limit of Liability	
Master Policy - Difference in Conditions / Difference in Limits Only	NIL	Limit of Liability	
Countries applicable: None			
New Acquisitions	£ 1,000,000	Limit of Liability	Any one Occurrence at any one Premises
Tax Liability	£ 500,000	Limit of Liability	

## Schedule - Limits of Liability

### Sections 1 and 2 combined

Tenants and Neighbours (Napoleonic Code)	£ 1,000,000	Limit of Liability	
Theft	£ 500,000	Limit of Liability	
Underinsurance Shortfall	£ 1,000,000	Limit of Liability	In the aggregate in any one Period of Insurance

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## Schedule - Deductibles

Any applicable Deductible or Time Exclusion will apply in respect of any one Occurrence unless otherwise stated

### Common Deductible

Deductible £100,000

### Earthquake in the Designated Earthquake Areas

Deductible £100,000

### Earthquake Shock

in the United States of America other than California

Deductible USD250,000

### Flood

in

(A) the United States of America (except in the Special Flood Hazard Area)

Deductible USD250,000

(B) the United States of America (in the Special Flood Hazard Area)

Deductible USD250,000 in respect of Material Damage

Deductible USD250,000 in respect of Business Interruption

### Storm

in

(A) the Designated Storm Areas (in the United States of America and The Caribbean Sea)

Deductible 2% (two per cent) of the Material Damage and Business Interruption total insured amounts at each Premises where the loss destruction or damage occurs subject to a minimum Deductible of USD250,000 at each Premises

(B) the Designated Storm Areas (except in the United States of America and The Caribbean Sea)

Deductible 2% (two per cent) of the Material Damage and Business Interruption total insured amounts at each Premises where the loss destruction or damage occurs subject to a minimum Deductible of £100,000 at each Premises

### Time Exclusions

#### ACCIDENTAL FAILURE OF SUPPLY

(A) in Great Britain Northern Ireland the Channel Islands the Isle of Man Australia Austria Belgium Canada Denmark Finland France Germany Italy Japan Luxembourg the Netherlands New Zealand Norway Republic of Ireland Spain Sweden Switzerland or the United States of America

Time Exclusion 24 hours

(B) elsewhere in Territorial Limits

Time Exclusion 72 hours

#### COMPUTER BREAKDOWN

Schedule - Deductibles

Time Exclusion 24 hours

MACHINERY BREAKDOWN

Time Exclusion 7 days

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## Policy Operation

### Master Policy

This Master Policy subject to its terms definitions provisions extensions exclusions conditions and Basis of Settlement set out below will provide cover as defined herein to the extent that

- (i) such cover is not provided by any Local Policy (for the purposes of the Territorial Limits of Great Britain Northern Ireland the Channel Islands the Isle of Man and any other country stated in the Schedule as Freedom of Services and any other country stated in the Schedule as Financial Interest [as defined below] this Master Policy shall operate as a Local Policy)

or

- (ii) a covered loss is not settled under a Local Policy solely by reason of insolvency of the insurers of such Local Policy

### Provided that

- (A) any Local Policy shall be fully maintained in force in accordance with details lodged with the Insurers but this Master Policy provision (A) shall not apply in respect of any Local Policy which has not been maintained in force through inadvertent error or causes beyond the Insured's control
- (B) any sum insured limit or amount under this Master Policy shall be reduced by an amount equal to the indemnity recoverable by the Insured under any Local Policy whether or not any claim has been made thereunder but for the purpose of this Master Policy provision (B) no such reduction shall be effected if such indemnity is not recovered solely by reason of insolvency of the insurers of such Local Policy
- (C) notwithstanding the number of separate named Insureds the aggregate liability of the Insurers under this Master Policy and the Local Policies to such Insureds jointly and severally shall be the same amount as if there were only one Insured party and such amount shall not exceed any sum insured or limit stated herein
- (D) this Master Policy shall not provide an indemnity in respect of any deductible excess exclusion period or other self-insurance applying in any Local Policy
- (E) following DAMAGE or CONSEQUENTIAL LOSS any claim shall first be presented under the applicable Local Policy

In the event that any settlement is made to the Insured under the Local Policy in respect of which any settlement is also made by the Insurers pursuant to this Master Policy provision then the Primary Insured shall immediately reimburse to the Insurers such amount so that the aggregate amount of the respective settlements retained shall equal the amount that would be payable if there were only one Insured party

Where any amounts settled under Local Policies or under Local Policies and this Master Policy exceed in total the Limits of Liability stated in the Schedule or elsewhere in this Master Policy all such amounts excess of the Limits of Liability shall immediately be reimbursed to the Insurers by the Primary Insured

### Basis of Settlement

This Master Policy shall provide cover

- (A) to the Primary Insured or Secondary Insured
  - 1) to whom a Local Policy has been issued as part of the Global Programme but only if permissible under all law and regulation applicable to any one or more of the Insurers or Secondary Insured and its agent or
  - 2) not insured under a Local Policy but only if permissible under all law and regulation applicable to any one or more of the Insurers or Secondary Insured and its agent

## Policy Operation

Master Policy

(continued)

- (B) to the Primary Insured in respect of its Financial Interest in any Secondary Insured insured by this Global Programme where that Secondary Insured is not capable of being insured due to the provisions of clause (A)1) and (A)2) above

Provided that

- 1) the Insurers and Primary Insured agree that the Primary Insured has
  - 1.1 a Financial Interest in a Secondary Insured where the Primary Insured benefits financially from the continued operation of the Secondary Insured
  - or
  - 1.2 would be prejudiced by DAMAGE or CONSEQUENTIAL LOSS suffered by the Secondary Insured in the operation of its business
- 2) the Insurers shall indemnify the Primary Insured in respect of its loss to its financial interests solely by payment to the Primary Insured of a sum equal to that which would have been payable to a Secondary Insured under a policy issued to such Secondary Insured upon the terms definitions provisions extensions exclusions and conditions of this policy in respect of its own interests less the amount of any indemnity actually received under any policy insuring such Secondary Insured

provided that any payment shall exclude any additional liability for tax that may arise as a result of such payment except to the extent otherwise specifically insured by this policy

### Definitions

For the purposes of this Master Policy clause the following definitions apply

Financial Interest shall mean financial interest including but not limited to the value of any direct or indirect shareholding of the Primary Insured in the Secondary Insured

Global Programme shall mean this Master Policy and any Local Policy issued on behalf of the Insured provided that no other insurance contract exists pursuant to which the uninsured Secondary Insured could recover its loss and that this Primary Insured shall if so requested by the Insurers take all reasonable steps to procure that the uninsured Secondary Insured assigns to the Primary Insured any causes of action it may have against any third party arising out of the facts and circumstances that gave rise to the loss

Primary Insured shall mean the entity stated in the Schedule

Secondary Insured shall mean all Insured parties other than the Primary Insured

### Master Policy - Difference in Conditions / Difference in Limits Only

Notwithstanding the definition of Local Policy herein this Master Policy (subject to its terms definitions provisions extensions exclusions and conditions) extends to provide cover as defined herein to the extent that such cover is not provided by any local policy issued for the Insured by any other insurer as per details declared to and accepted by the Insurers

Provided that

- (A) this provision shall not provide an indemnity when a covered loss is not settled under a local policy by reason of insolvency of the insurers of such local policy
- (B) this provision shall not provide an indemnity in respect of any loss destruction or damage not covered under such local policy due to non-compliance with any condition or warranty relating to the protection



## Policy Operation

Master Policy - Difference in Conditions / Difference in Limits Only (continued)  
of the Property Insured

- (C) this provision shall only apply to local policies issued by insurers in the following countries: None
- (D) the Insurers shall not be liable under this provision for more than the Limit of Liability stated in the Schedule

### Operative Clause

The Insurers agree (subject to the terms definitions provisions extensions exclusions and conditions of this policy) that if after payment of the premium

- (A) any of the Property Insured described herein
- (B) any building or other property used by the Insured at the Premises for the purpose of the Business is accidentally lost destroyed or damaged during any Period of Insurance the Insurers will pay to the Insured
- (C) in respect of Section 1 of the Schedule the value of the property at the time of its loss or destruction or the amount of the damage or at the Insurers' option reinstate or replace such property or any part of it and the amount of the resulting loss of rent
- (D) in respect of Section 2 of the Schedule the amount of the loss resulting from interruption of or interference with the Business carried on by the Insured at the Premises consequent upon accidental loss destruction or damage to property used by the Insured at the Premises for the purpose of the Business

provided that the Insurers shall not be liable under this policy in respect of any one Occurrence irrespective of the number of claims or the number of parties insured by this policy having a claim under this policy for more than the Policy Limit or if less in respect of any Item its sum insured or any other Limit of Liability stated in the Schedule or elsewhere in this policy and

- (E) in respect of Section 1 any Limit of Liability described in this policy as applying in the aggregate during the Period of Insurance or the sum insured remaining after deduction for any other loss destruction or damage occurring during the same Period of Insurance unless the Insurers shall have agreed to reinstate any such Limit of Liability or sum insured
- (F) in respect of Section 2 any Limit of Liability described in this policy as applying in the aggregate during the Period of Insurance or the sum insured remaining after deduction for any other interruption or interference consequent upon loss destruction or damage occurring during the same Period of Insurance unless the Insurers shall have agreed to reinstate any such Limit of Liability or sum insured

provided that 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 under which

- 1) payment shall have been made or liability admitted therefor or
- 2) 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

For the purposes of the Policy Limit any sum insured or other Limit of Liability stated in the Schedule or elsewhere in this policy all of the parties insured under this policy shall be treated as one party or legal entity so that there will be only two parties to the contract of insurance namely the Insurers and the Insured both as defined herein

## Definitions and General Provisions

### Automatic Reinstatement After a Loss

Any sum insured shall be reduced in whole or in part by the amount of any DAMAGE or CONSEQUENTIAL LOSS

The amount of the reduction shall be automatically reinstated from the date of the Occurrence to the expiry of the Period of Insurance

Provided that

- (A) the Insured shall pay an appropriate additional premium if required by the Insurers
- (B) the Insurers shall not be liable in respect of any one Occurrence for more than the Policy Limit sum insured or other limit of liability applicable
- (C) any limit of liability described as applying in the aggregate during the Period of Insurance shall not be reinstated

### Claim Payee

The Insurers may at their sole discretion make payment to the Primary Insured of any sums due under this policy and the receipt by the Primary Insured of such sums shall constitute a sufficient and complete discharge of the Insurers' obligations to the Insured

### Claims Preparation Costs

The insurance by this policy includes exceptional costs not otherwise covered herein necessarily and reasonably incurred by the Insured with the prior consent of the Insurers in producing and certifying any particulars or details required by the Insurers in respect of a claim admitted under the policy in accordance with the Claims Conditions of this policy

These costs shall not include the costs of negotiation of the claim with the Insurers or its representatives

Provided that the Insurers shall not be liable under this General Provision for more than the sliding scale percentage amount in respect of any one agreed loss settlement stated below or the Limit of Liability stated in the Schedule whichever is the lower amount

Agreed loss settlement	Percentage
Amounts up to £100,000	2.00%
Amounts between £100,000 and £2,000,000	1.50%
Amounts above £2,000,000	1.00%

### Computer Breakdown

Computer Breakdown shall mean actual breaking distortion derangement or burning out of any part of a Computer Installation arising from either mechanical or electrical defects in a Computer Installation causing sudden stoppage of the functions of a Computer Installation

Provided that

- (A) cover under Section 2 shall be limited to Computer Breakdown - Additional Expenditure only
- (B) the Insurers shall not be liable for more than the Limit of Liability stated in the Schedule
  - 1) under Section 2 for Computer Breakdown - Additional Expenditure

## Definitions and General Provisions

### Computer Breakdown

(continued)

- 2) under Sections 1 and 2 combined for Computer Breakdown

### Computer Installation

Computer Installation shall mean

- (A) all computer equipment (including interconnecting wiring fixed disks and telecommunications equipment) used for the storage and communication of electronically processed data

excluding in respect of Computer Breakdown cover only computer equipment linked or wholly dedicated to the control of any machine or production or treatment process

- (B) ancillary equipment solely for use with the computer equipment comprising air conditioning equipment generating equipment uninterruptable power supply voltage regulating equipment temperature and humidity recording equipment access equipment heat smoke and water detection equipment lightning and transient overvoltage protection devices

including in respect of Computer Breakdown cover only gas flooding cylinders and associated pipework owned by or leased hired or rented to the Insured or whilst on trial with a view to purchase by the Insured

### Consequential Loss

The words "CONSEQUENTIAL LOSS" in capital letters shall mean loss resulting from interruption of or interference with the Business carried on by the Insured at the Premises in consequence of accidental loss or destruction of or damage to property used by the Insured at the Premises for the purpose of the Business

### Damage

The word "DAMAGE" in capital letters shall mean accidental loss or destruction of or damage to the Property Insured

### Deductible

The Insurers shall not be liable for the relevant first amount stated in the Schedule - Deductibles of the total sum otherwise payable in respect of any one Occurrence under either or both Sections of the policy as ascertained after the application of all other terms definitions provisions extensions exclusions and conditions of the policy

Provided that

- (A) any Deductible shall not be counted within the Policy Limit or any other Limit of Liability applicable in the policy unless otherwise stated but shall be counted within any sum insured
- (B) the Common Deductible shall apply unless a more specific Deductible is stated
- (C) if two or more separate Deductible amounts apply in respect of any one Occurrence the amount to be deducted shall be the largest applicable Deductible amount

### Defined Perils

The words 'Defined Perils' shall mean fire lightning explosion (other than Pressure Explosion) aircraft or other aerial devices or articles falling from them riot civil commotion strikers locked-out workers persons taking part in labour disturbances malicious persons Earthquake Earthquake Shock Storm Flood escape of water from any tank apparatus or pipe or of oil from any fixed heating installation used for domestic purposes or impact by any mechanically propelled vehicle or rail rolling stock or animal

## Definitions and General Provisions

### Designated Earthquake Areas

Designated Earthquake Areas shall mean

#### in Africa

Algeria Burundi Democratic Republic of Congo Djibouti Egypt Ethiopia Kenya Lesotho Malawi Morocco Mozambique Nigeria South Africa Tanzania Tunisia Uganda Zambia

#### in Asia

Armenia Azerbaijan Bangladesh Bhutan China (Peoples Republic of) Georgia India Indonesia Israel Jordan Kazakhstan Kyrgyzstan Lebanon Nepal Pakistan Palestine Philippines Saudi Arabia Taiwan Tajikistan Thailand Turkmenistan Uzbekistan Yemen

#### in Asia/Europe

Russia Turkey

#### in The Caribbean Sea

Anguilla Antigua and Barbuda Cuba Dominica Dominican Republic Guadeloupe Haiti Jamaica Martinique Montserrat Netherlands Antilles Puerto Rico Saint Kitts and Nevis Saint Lucia Saint Martin Sint Maarten Trinidad and Tobago Virgin Islands (British and American)

#### in Central America

Belize Costa Rica El Salvador Guatemala Honduras Mexico Nicaragua Panama

#### in Europe

Bosnia & Herzegovina Bulgaria Croatia Cyprus Greece Iceland Italy Macedonia Moldova Montenegro Portugal Romania San Marino Serbia Slovenia

#### in North America

Canada

#### in the North Pacific

Federated States of Micronesia Guam Marshall Islands Northern Mariana Islands Palau

#### in Oceania

New Zealand Papua New Guinea

#### in South America

Argentina Bolivia Brazil Chile Colombia Ecuador Peru Venezuela

#### in the South Pacific

American Samoa Fiji Nauru Niue Norfolk Island Samoa Solomon Islands Tonga Vanuatu Wallis and Futuna

Designated Storm Areas (except in the United States of America and The Caribbean Sea)

Designated Storm Areas (except in the United States of America and The Caribbean Sea) shall mean

#### in Africa

Comoros Madagascar Mayotte Mozambique

#### in Asia

Bangladesh Cambodia China East Timor Hong Kong India Japan Korea (South) Laos Macau Oman Pakistan Philippines Sri Lanka Taiwan Thailand Vietnam

#### in Central America

Belize Costa Rica El Salvador Guatemala Honduras Mexico Nicaragua

#### in the Indian Ocean

British Indian Ocean Territory Christmas Island Cocos (Keeling) Islands Mauritius Reunion Island

## Definitions and General Provisions

Designated Storm Areas (except in the United States of America and The Caribbean Sea) (continued)  
 in the North Atlantic  
 Bermuda

in the North Pacific  
 Federated States of Micronesia Guam Marshall Islands Northern Mariana Islands Palau

in Oceania  
 Australia New Zealand Papua New Guinea

in South America  
 Colombia Venezuela

in the South Pacific  
 American Samoa Cook Islands Fiji French Polynesia New Caledonia Niue Norfolk Island Samoa Solomon Islands Tokelau Tonga Tuvalu Vanuatu Wallis and Futuna

Designated Storm Areas in the United States of America and The Caribbean Sea

Designated Storm Areas in the United States of America and The Caribbean Sea shall mean

in Alabama  
 the Counties of: Baldwin and Mobile

in Florida  
 the Entire State

in Georgia  
 the Counties of: Brantley Bryan Camden Charlton Chatham Effingham Glynn Liberty Long McIntosh Pierce and Wayne

in Hawaii  
 the Entire State

in Louisiana  
 the Parishes of: Acadia Ascension Assumption Calcasieu Cameron East Baton Rouge East Feliciana Iberia Iberville Jefferson Jefferson Davis Lafayette Lafourche Livingston Orleans Plaquemines Pointe Coupee St Bernard St Charles St Helena St James St John the Baptist St Martin St Mary St Tammany Tangipanoa Terrebonne Vermillion Washington West Baton Rouge and West Feliciana

in Massachusetts  
 Boston

in Mississippi  
 the Counties of: George Hancock Harrison Jackson Pearl River and Stone

in New Jersey  
 Atlantic City

in North Carolina  
 the Counties of: Beaufort Bertie Bladen Brunswick Camden Carteret Chowan Columbus Craven Currituck Dare Duplin Gates Greene Hertford Hyde Jones Lenoir Martin New Hanover Onslow Pamlico Pasquotank Pender Perquimans Pitt Tyrrell and Washington

in South Carolina  
 the Counties of: Beaufort Berkeley Charleston Colleton Dorchester Georgetown Hampton Horry Jasper and Williamsburg

in Texas

## Definitions and General Provisions

Designated Storm Areas in the United States of America and The Caribbean Sea (continued)

the Counties of: Aransas Bee Brazoria Brooks Calhoun Cameron Chambers Fort Bend Galveston Goliad Hardin Harris Hidalgo Jackson Jefferson Jim Wells Kenedy Kleberg Liberty Live Oak Matagorda Nueces Orange Refugio San Patricio Victoria Wharton and Willacy

in Virginia

the Counties of: Accomac Charles City Gloucester Isle of Wight James City Lancaster Mathews Middlesex New Kent Northampton Northumberland Prince George Richmond Southampton Sussex and York

the Independent Cities of

Chesapeake Hampton Newport News Norfolk Poquoson Portsmouth Suffolk Virginia Beach Williamsburg

in The Caribbean Sea

Antigua Aruba The Bahamas Barbados British Virgin Islands Cayman Islands Cuba Curacao Dominican Republic Grenada Jamaica Martinique Puerto Rico Trinidad and Tobago and any location in the Caribbean Sea not specifically mentioned

Earthquake

(A) Earthquake shall mean

- 1) earthquake and any subsequent DAMAGE but only if caused directly by earthquake
- 2) volcanic eruption meaning the eruption explosion or effusion of a volcano and any subsequent DAMAGE but only if caused directly by volcanic eruption

but excluding Flood

(B) Earthquake Shock shall mean

- 1) earthquake shock
- 2) volcanic eruption meaning the eruption explosion or effusion of a volcano

but excluding

- (i) any subsequent DAMAGE caused by fire or explosion resulting therefrom
- (ii) Flood

Finished Stock

Applicable only where a Local Policy provides Gross Earnings cover

In the event of DAMAGE to Finished Stock where a Local Policy provides Gross Earnings cover the basis upon which the amount payable is to be calculated shall be the price that such Finished Stock would have been sold for less all discounts rebates and unincurred expenses had no loss occurred

Finished Stock shall mean the stock manufactured by the Insured which in the ordinary course of the Insured's business is ready for packing shipment or sale but such stock shall not include stock manufactured that is held for sale at the premises of any retail outlet insured under this policy

Flood

Flood shall mean the escape of water from its normal natural or artificial confines (other than tanks apparatus or pipes) or inundation from the sea including tidal wave and tsunami

## Definitions and General Provisions

### Goods in Transit

Goods in Transit shall mean Property Insured (other than Money) whilst in or on or being loaded onto or unloaded from any road vehicle or railway train or whilst temporarily housed in the course of transit whether on or off such conveyance all whilst in transit by road rail or inland waterway within the Territorial Limits

### Inadvertent Errors and Omissions

The Insured having notified the Insurers of their intention to insure all property in which they are interested and it being their belief that all such property is insured if any such property shall be found to have been inadvertently omitted or there has been an accidental or inadvertent error by the Insured within the sums insured declared the Insurers will deem such property to be insured appropriately within the terms of this policy

Provided that

- (A) the Insured shall notify the Insurers as soon as any inadvertent error or omission comes to their knowledge in order to effect the appropriate additional insurance retrospective to the date during the Period of Insurance when insurance for the property became necessary or the incorrect sum insured was declared and to pay the appropriate additional premium
- (B) the insurance provided under this clause shall not apply in respect of any property of companies
  - 1) not previously declared to and accepted by the Insurers nor
  - 2) operating in territories not previously declared to and accepted by the Insurers
- (C) the Insurers shall not be liable for more than the Limit of Liability stated in the Schedule in respect of this Inadvertent Errors and Omissions General Provision nor any other limit of liability stated in this policy

### Incident

The word 'Incident' shall mean loss or destruction of or damage to property used by the Insured at the Premises for the purpose of the Business

### Indemnity Period

Indemnity Period shall mean

- (A) if a Time Exclusion is applicable
  - the period beginning with the expiry of the Time Exclusion stated in the Schedule
- (B) if no Time Exclusion is applicable
  - the period beginning when the Incident occurs

and ending when the results of the Business cease to be affected in consequence of the Incident but not exceeding the Maximum Indemnity Period stated in the Schedule

### Insurance Act 2015

In respect of any

- (A) duty of disclosure
- (B) effect of warranties
- (C) effect of acts of fraud

## Definitions and General Provisions

Insurance Act 2015

(continued)

the rights and obligations applying to the Insured and the Insurers shall be interpreted in accordance with the provisions of the Insurance Act 2015

### Limit of Liability

The Insurers shall not be liable for more than the amount of any limit of liability as ascertained after the application of all policy terms definitions provisions extensions exclusions and conditions

Any limit of liability will apply in respect of any one Occurrence unless otherwise specified

### Local Policy

Local Policy shall mean a policy issued for the Insured by or on behalf of the Insurers herein specified in a territory where the policy is required by the Insured or to comply with legal or other Insurer's requirements

### Machinery Breakdown

Machinery Breakdown shall mean the actual failure breaking distortion or burning out of any part of the Property Insured other than Computer Installations whilst in use arising out of

- (A) mechanical or electrical defects in the Property Insured
- (B) failure or fluctuation of electricity supply
- (C) DAMAGE caused by the error or omission of the operator(s) of the Property Insured other than in respect of any failure to maintain the Property Insured

Provided that the Insurers shall not be liable for more than the Limit of Liability stated in the Schedule

### New Acquisitions

The Premises shall extend to include any new premises or premises of new subsidiary companies acquired by the Insured within the Territorial Limits

Provided that

- (A) the activities carried on shall be of a similar nature to the Insured's existing activities and shall fall within the description of the Business stated in the Schedule
- (B) the Insured shall give particulars of such acquisition as soon as practicable and in any event within ninety days and effect specific insurance thereon retrospectively from the date of its acquisition
- (C) the Insurers shall be entitled to charge an appropriate additional premium pro rata from the date of such acquisition by the Insured and may vary the terms of this policy in respect of such acquisition
- (D) the Insurers shall not be liable for more than the Limit of Liability stated in the Schedule
- (E) the Insurers shall not be liable if such company or premises is insured by or would but for the existence of this policy be insured by any more specific policy or policies except in respect of any excess beyond the amount which would have been payable under such other policy or policies had this insurance not been effected

### Non-Invalidation

The insurance in respect of Buildings or parts of Buildings not occupied by the Insured shall not be invalidated by any act or omission or by any alteration whereby the risk of DAMAGE is increased unknown to or beyond the



## Definitions and General Provisions

### Non-Invalidation

(continued)

control of the Insured provided that immediately they become aware thereof they shall give notice to the Insurers and pay an additional premium if required

### Occurrence

- (A) The word 'Occurrence' shall mean any DAMAGE or CONSEQUENTIAL LOSS arising out of one event or common cause
- (B) DAMAGE or CONSEQUENTIAL LOSS by Earthquake Earthquake Shock or Flood shall constitute a single Occurrence
  - 1) if more than one Earthquake or Earthquake Shock should occur within any period of seventy two hours sequential and commencing during the Period of Insurance or
  - 2) if any Flood occurs within a period of the continued rising or overflow and subsidence of any river or stream within the banks of such river or stream

#### Provided that

- (i) in the event of expiry or cancellation of this policy any such period may not end later than the termination of the Period of Insurance
- (ii) each Occurrence shall be deemed to have commenced on the first happening of any such DAMAGE or CONSEQUENTIAL LOSS (not within the period of any previous Occurrence)

### Policy Limit

The words "Policy Limit" shall mean the total liability of the Insurers in respect of any one Occurrence under any or all sections of the policy as ascertained after the application of all other policy terms definitions provisions extensions exclusions and conditions irrespective of the number of claims arising out of that Occurrence

### Pressure Explosion or Collapse

- (A) Pressure Explosion shall mean the sudden and violent rending of the Property Insured by force of internal steam or other fluid pressure (other than pressure of chemical action or ignition of the contents or pressure or ignition of gases in the furnaces or flues)
- (B) Collapse shall mean the sudden and dangerous distortion (whether or not attended by rupture) of any part of the Property Insured caused by crushing stress by force of steam or other fluid pressure (other than pressure or ignition of gases in the furnaces or flues)

### Property Insured

The words "Property Insured" shall mean

- (A) property of any description owned leased or rented by the Insured or held by them in trust or for which they are responsible
- (B) personal property of directors employees customers or visitors of the Insured if not otherwise insured

### Special Flood Hazard Area in the United States of America

Special Flood Hazard Area shall mean those areas in the United States of America identified in the Flood Insurance Rate Map as zones: A AO AH A1-A30 AE A99 AR AR/A AR/AE AR/A1-A30 AR/AH AR/AO V V1-V30 and VE

## Definitions and General Provisions

Special Flood Hazard Area in the United States of America

(continued)

Flood Insurance Rate Map shall mean the official map of a community on which the Federal Emergency Management Agency (FEMA) has designated the special hazard areas applicable to the community

### Storm

Storm shall mean storm windstorm hurricane tornado tempest and typhoon including subsequent DAMAGE caused by water that backs up from a sewer or drain as a direct result thereof excluding Flood

### Tax Liability

(A) In the event that a claim covered hereunder cannot be paid in the country where the loss destruction or damage has occurred the Insurers shall be liable for an additional claim payment in accordance with the following formula:

Claim payment due under this clause = [(c minus a) divided by b] minus c

defined as:

- a local tax benefit received where the loss destruction or damage occurred
  - b 1 minus the effective tax rate in the country where claim payments are received
  - c actual claim otherwise payable under this policy except for the operation of this General Provision
- (B) Should the effective local tax rate where the loss destruction or damage occurs be equal to or greater than the effective tax rate in the country where claim payments are to be received then the formula stated in Paragraph (A) above shall not apply
- (C) The tax rates applicable shall be the respective corporate tax rates in effect for the fiscal year when the loss destruction or damage occurred

Notwithstanding the extended coverage for tax payment granted under this General Provision it is understood and agreed that the Insured will co-operate with the Insurers in making every reasonable effort to have the claim paid in the country in which the loss occurred

Provided that the Insurers shall not be liable under this General Provision for more than the Limit of Liability stated in the Schedule

### Tenants and Neighbours (Napoleonic Code)

Where the Property Insured is located in a country which is subject to a Napoleonic or similar Civil Code the Insurers shall be liable for

- (A) Tenant's Liability - namely the financial consequences of the legal liability which the Insured may incur as tenant in respect of property damage under any such Civil Code
- (B) Neighbour's Liability - namely the financial consequences of the legal liability which the Insured may incur under any such Civil Code for any property damage resulting from fire or explosion spreading from the Property Insured
- (C) Landlord's Liability - namely the financial consequences of the legal liability which the Insured may incur as Landlord under any such Civil Code for any property damage by fire or explosion caused to property of tenants as a result of constructional defects or lack of maintenance

This cover applies only to legal liability incurred under a Napoleonic or similar Civil Code and the Insurers shall not be liable for more than the maximum amount expressed in any Local Policy issued in the country concerned or

## Definitions and General Provisions

Tenants and Neighbours (Napoleonic Code)

(continued)

the Limit of Liability stated in the Schedule of this policy whichever is the less

Theft

Theft shall mean theft or attempted theft

(A) involving entry to or exit from a building by forcible and violent means

or

(B) as a result of or in connection with actual or threatened assault or violence or use of force at the Premises against the Insured or any employee of the Insured or any other person lawfully on the Premises

Provided that the Insurers shall not be liable for more than the Limit of Liability stated in the Schedule

Time Exclusion

In respect of Section 2 of this policy the Insurers shall not be liable for the sum otherwise payable in respect of any Time Exclusion

Provided that such Time Exclusion shall

(A) begin when the Incident occurs and apply for the period stated in the Schedule

(B) apply before the application of any Deductible

Underinsurance

In respect of Section 1 (other than Items on Stock Rent Payable and Rent Receivable)

If at the time of DAMAGE the Declared Value of the property covered by any Item is less than the cost of Reinstatement as amended in Section 1 Material Damage - Extension of Cover Day One Reinstatement (Non-adjustable) at the inception of the Period of Insurance then the Insurer's liability for any DAMAGE shall be limited to the proportion that the Declared Value bears to the cost of Reinstatement

In respect of Section 1 (Items on Stock and Rent Payable)

If at the time of DAMAGE the sum insured on any Item is less than the value of the property covered by such Item (or in respect of any Item on Rent Payable less than the amount of Rent Payable during the period to which the Item relates) then the Insured shall be considered as being his own insurer for the difference and shall bear a rateable share of the loss accordingly

In respect of Section 2

(Not applicable to any Item insured on a Declaration-Linked Basis)

If the sum insured by this Item is less than the sum produced by applying the Rate of Gross Profit to the Annual Turnover (or to a proportionately increased multiple where the Maximum Indemnity Period exceeds twelve months) the amount payable shall be proportionately reduced

Underinsurance Shortfall

In the event

(A) of any underinsurance or similar condition applicable to an Item being invoked in the settlement of a claim under a Local Policy or this Master Policy

## Definitions and General Provisions

Underinsurance Shortfall

(continued)

or

- (B) that a Local Policy or this Master Policy contains no underinsurance or similar condition applicable to an Item

and the sum insured by this Master Policy in respect of such Item be less than the value of the property covered by such Item then after the application of all other terms definitions provisions extensions exclusions and conditions of this policy this Master Policy will provide the cover to which the Insured would have been entitled had such sum insured not been less than the value of the property

Provided that

- (C) the Primary Insured shall have given instructions that sums insured by any Local Policy be maintained in full as required by the terms of the Local Policy
- (D) the Insurers shall not be liable under this General Provision for more than the Limit of Liability stated in the Schedule
- (E) an appropriate additional premium shall be payable hereunder calculated from the commencement date of the Period of Insurance on the amount by which the sum insured by the Local Policy or this Master Policy fell short of the amount required to be insured

draft

## Excluded Causes

This policy does not cover

Asbestos

DAMAGE or CONSEQUENTIAL LOSS

- (A) caused by or consisting of asbestos material removal unless the asbestos is itself damaged by a Defined Peril or
- (B) resulting from or caused by
  - 1) demolition or increased cost of reconstruction repair debris removal or loss of use necessitated by the enforcement of any legislation regulation or bye-laws regulating asbestos material
  - 2) any direction or request by any public local or government authority declaring that asbestos material present in or part of or utilised on any undamaged portion of the property can no longer be used for the purpose for which it was intended or installed and must be removed or modified

Changes in Environment and Other Risks

DAMAGE or CONSEQUENTIAL LOSS caused by or consisting of

- (A) corrosion erosion rust wet or dry rot shrinkage evaporation loss of weight dampness dryness marring scratching vermin or insects
- (B) change in temperature colour flavour texture or finish

but this shall not exclude

- (C) such DAMAGE or CONSEQUENTIAL LOSS not otherwise excluded which itself results from a Defined Peril or any other accidental loss destruction or damage
- (D) subsequent DAMAGE or CONSEQUENTIAL LOSS which itself results from a cause not otherwise excluded

Consequential Loss

- (A) in respect of Section 1 consequential loss or damage of any kind or description except loss of rent if insured under Section 1 of this policy
- (B) in respect of Sections 1 and 2 liquidated damages penalties for delay or detention or in connection with guarantees of performance or efficiency or loss of use or any other form of consequential loss not specifically provided for

Deliberate Act of a Supply Undertaking

CONSEQUENTIAL LOSS caused by the deliberate act of a supply undertaking in withholding or restricting the supply of water gas electricity fuel or telecommunications services (including the provision of extranets or access to or presence on the internet or access to applications and related services over the internet)

but this shall not exclude

- (A) such CONSEQUENTIAL LOSS not otherwise excluded which itself results from a Defined Peril or any other accidental loss destruction or damage
- (B) subsequent CONSEQUENTIAL LOSS which itself results from a cause not otherwise excluded

## Excluded Causes

### Earthquake in California

DAMAGE or CONSEQUENTIAL LOSS caused by or arising from Earthquake Shock in the state of California in the United States of America

### Earthquake in Japan

DAMAGE or CONSEQUENTIAL LOSS caused by or arising from Earthquake in Japan

### Electronic Data

- (A) loss damage destruction distortion erasure corruption or alteration of Electronic Data from any cause whatsoever (including but not limited to Computer Virus) or loss of use reduction in functionality cost expense of whatsoever nature or consequential loss resulting therefrom regardless of any other cause or event contributing concurrently or in any other sequence to the loss

Electronic Data shall mean facts concepts and information converted to a form useable for communications interpretation or processing by electronic and electromechanical data processing or electronically controlled equipment and includes programmes software and other coded instructions for the processing and manipulation of data or the direction and manipulation of such equipment

Computer Virus shall mean a set of corrupting harmful or otherwise unauthorised instructions or code including a set of maliciously introduced unauthorised instructions or code programmatic or otherwise that propagate themselves through a computer system or network of whatsoever nature

Computer Virus includes but is not limited to 'Trojan Horses' 'worms' and 'time or logic bombs'

- (B) However in the event that a peril listed below results from any of the matters described in paragraph (A) above this policy subject to all its terms conditions and exclusions will cover physical damage occurring during the Period of Insurance to the Property Insured by this policy directly caused by such listed peril below

#### Listed Perils

Fire  
Explosion

### Electronic Data Processing Media Valuation

Notwithstanding any provision to the contrary within the policy or any endorsement thereto should electronic data processing media insured by this policy suffer physical loss or damage insured by this policy then the basis of valuation shall be the cost to repair replace or restore such media to the condition that existed immediately prior to such loss or damage including the cost of reproducing any Electronic Data contained thereon providing such media is repaired replaced or restored. Such cost of reproduction shall include all reasonable and necessary amounts not to exceed the Limit of Liability stated in the Schedule incurred by the Insured in recreating gathering and assembling such Electronic Data. If the media is not repaired replaced or restored the basis of valuation shall be the cost of the blank media

However this policy does not insure any amount pertaining to the value of such Electronic Data to the Insured or any other party even if such Electronic Data cannot be recreated gathered or assembled

### Electronic Date Recognition

any accidental loss destruction damage or consequential loss or cost claim or expense whether preventative remedial or otherwise directly or indirectly arising out of or relating to

- (A) the calculation comparison differentiation sequencing or processing of data involving any date or time change including leap year calculations by any computer system hardware programme or software

## Excluded Causes

### Electronic Date Recognition

(continued)

and/or any microchip integrated circuit or similar device in computer equipment or non-computer equipment whether the property of the Insured or not

or

- (B) any change alteration or modification involving any date or time change including leap year calculations to any such computer system hardware programme or software or any microchip integrated circuit or similar device in computer equipment or non-computer equipment whether the property of the Insured or not

This exclusion applies regardless of any other cause or event that contributes concurrently or in any sequence to the accidental loss destruction damage or consequential loss or cost claim or expense

Provided that this shall not exclude subsequent DAMAGE or CONSEQUENTIAL LOSS not otherwise excluded which itself results from a Defined Peril

### Flood in The Netherlands

DAMAGE or CONSEQUENTIAL LOSS caused by or arising from Flood in The Netherlands

### Fraud or Disappearance

DAMAGE caused by or consisting of or CONSEQUENTIAL LOSS arising directly or indirectly therefrom

- (A) acts of fraud or dishonesty by the Insured or by any director or employee of the Insured
- (B) disappearance unexplained or inventory shortage misfilling or misplacing of information or shortages due to error or omission
- (C) the voluntary parting with title or possession of any Property Insured if induced by any fraudulent scheme trick device or false pretence

### Gradually Operating Causes and Other Risks

DAMAGE or CONSEQUENTIAL LOSS caused by or consisting of

- (A) gradual deterioration wear and tear inherent vice latent defect or frost
- (B) the property's own faulty or defective design or materials but this shall not apply in respect of Computer Breakdown Machinery Breakdown Pressure Explosion or Collapse unless the Insured or his representatives were or ought reasonably to have been aware of such faulty or defective design or materials whether such faults or defects were known to the Insurers or not
- (C) change in water table level in Great Britain Northern Ireland the Channel Islands or the Isle of Man unless caused by subsidence ground heave or landslip
- (D) faulty or defective workmanship operational error or omission on the part of the Insured or any of his employees but this shall not apply in respect of Computer Breakdown Machinery Breakdown Pressure Explosion or Collapse
- (E) or connected with the correction of defects in design or content of any computer records or program and any costs and expenses associated therewith
- (F) collapse or cracking of buildings or structures unless resulting from a Defined Peril or subsidence ground heave or landslip and not otherwise excluded provided that this exclusion shall not apply to Buildings in the Course of Construction

## Excluded Causes

### Gradually Operating Causes and Other Risks

(continued)

(G) pressure waves caused by aircraft or other aerial devices travelling at sonic or supersonic speeds over

- 1) Great Britain Northern Ireland the Channel Islands or the Isle of Man
- 2) any other country in which such DAMAGE or CONSEQUENTIAL LOSS is covered by a government compensation or compulsory insurance scheme

but this shall not exclude any subsequent DAMAGE or CONSEQUENTIAL LOSS which itself results from a cause not otherwise excluded

### Indonesian Riot and Other Risks

DAMAGE or CONSEQUENTIAL LOSS caused by or arising from rioting strikes locked out workers malicious acts civil commotion terrorism or sabotage in Indonesia except as defined and provided for in the Local Policy issued in Indonesia

### Marine Impact

DAMAGE or CONSEQUENTIAL LOSS caused by or arising from impact to any property by any waterborne vessel or craft

### Mechanical or Electrical Breakdown and Other Risks

DAMAGE or CONSEQUENTIAL LOSS consisting of

- (A) joint leakage failure of welds cracking fracturing collapse or overheating of boilers economisers superheaters pressure vessels or any range of steam and feeding piping in connection therewith
- (B) mechanical or electrical breakdown or derangement of the particular machine apparatus or equipment in which such breakdown or derangement originates

other than as defined in respect of Computer Breakdown Machinery Breakdown Pressure Explosion or Collapse

but this shall not exclude

- (C) such DAMAGE or CONSEQUENTIAL LOSS not otherwise excluded which itself results from a Defined Peril or any other accidental loss destruction or damage
- (D) subsequent DAMAGE or CONSEQUENTIAL LOSS which itself results from a cause not otherwise excluded

### Molten Materials

DAMAGE or CONSEQUENTIAL LOSS (other than by fire or explosion including Pressure Explosion or Collapse) caused by or consisting of the freezing solidification or inadvertent escape of molten materials

### Pollution and Contamination

(A) in respect of Section 1

loss or destruction or damage caused by pollution or contamination but this shall not exclude destruction of or damage to the Property Insured not otherwise excluded caused by

- 1) pollution or contamination which itself results from a Defined Peril
- 2) a Defined Peril which itself results from pollution or contamination



## Excluded Causes

### Pollution and Contamination

(continued)

(B) in respect of Section 2

loss resulting from pollution or contamination but this shall not exclude loss resulting from destruction of or damage to property used by the Insured at the Premises for the purpose of the Business not otherwise excluded caused by

- 1) pollution or contamination at the Premises which itself results from a Defined Peril
- 2) a Defined Peril which itself results from pollution or contamination

### Processes

in respect of Section 1 loss or destruction of or damage to the Property Insured

or

in respect of Section 2 loss resulting from interruption of or interference with the Business carried on by the Insured at the Premises in consequence of an Incident

- (A) caused by fire resulting from its undergoing any heating process or any process involving the application of heat
- (B) (other than by fire or explosion including Pressure Explosion) resulting from its undergoing
  - 1) any process of production packing treatment servicing or repair
  - 2) testing commissioning or intentional overloading but this shall not apply in respect of Machinery Breakdown or Collapse caused by and occurring during the checking of the correct working of the Property Insured or of safety installations in connection therewith

### Property in the Open

DAMAGE or CONSEQUENTIAL LOSS in respect of moveable property in the open (except whilst in transit by road or rail) fences and gates caused by wind rain hail sleet snow flood sand dust freezing or theft or any attempt thereat

### Radioactive Contamination or Explosive Nuclear Assemblies

(A) in respect of Section 1 loss or destruction of or damage

or

(B) in respect of Section 2 loss destruction or damage occasioned by or happening through or occasioning loss or destruction of or damage

to any property whatsoever or any loss or expense whatsoever resulting or arising therefrom or any consequential loss directly or indirectly caused by or contributed to by or arising from

- (C) ionising radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel
- (D) the radioactive toxic explosive or other hazardous properties of any explosive nuclear assembly or nuclear component thereof

### Riot and Other Risks in South Africa or Namibia

## Excluded Causes

Riot and Other Risks in South Africa or Namibia

(continued)

DAMAGE or CONSEQUENTIAL LOSS in the Republic of South Africa or Namibia related to or caused by

- (A) civil commotion labour disturbances riot strike lock out or public disorder or any act or activity which is calculated or directed to bring about any of the above
- (B) war invasion act of foreign enemy hostilities or warlike operations (whether war be declared or not) or civil war
- (C) mutiny military rising military or usurped power martial law or state of siege or any other event or cause which determines the proclamation or maintenance of martial law or state of siege insurrection rebellion or revolution
- (D) any act (whether on behalf of any organisation body or person or group or persons) calculated or directed to overthrow or influence any State or Government or any provincial local or tribal authority with force or by means of fear terrorism or violence
- (E) any act which is calculated or directed to bring about loss or damage in order to further any political aim objective or cause or bring about social or economic change or in protest against any State or Government or any provincial local or tribal authority or for the purpose of inspiring fear in the public or any section thereof
- (F) any attempt to perform any act referred to in clause (D) or (E) above
- (G) the act of any lawfully established authority in controlling preventing suppressing or in any other way dealing with any Occurrence referred to in clause (A) (B) (C) (D) (E) or (F)
- (H) any Occurrence for which a fund has been established in terms of the War Damage Insurance and Compensation Act 1976 (No. 85 of 1976)

If the Insurers allege that by reason of clause (A) (B) (C) (D) (E) (F) or (G) of this Exclusion DAMAGE or CONSEQUENTIAL LOSS is not covered by this policy the burden of proving the contrary shall rest on the Insured

Safe Keys

DAMAGE caused by or consisting of a safe or strongroom being opened by the use of a key or combination code through the key or combination having been left on the Premises whilst closed for business

Settlement and Other Risks

DAMAGE or CONSEQUENTIAL LOSS caused by

- (A) or consisting of the normal settlement bedding down of new structures or by the settlement or movement of made up ground or by coastal or river erosion
- (B) subsidence or ground heave which commenced prior to the inception of this cover
- (C) subsidence or ground heave occurring as a result of the construction demolition or excavation work structural alteration or structural repair of any property at the Premises or on any adjoining site

Specific Compensation Schemes

DAMAGE or CONSEQUENTIAL LOSS which is (or is capable of being) insured by or would but for the existence of this policy be insured by any

- (A) public local authority or government compensation scheme

## Excluded Causes

### Specific Compensation Schemes

(continued)

- (B) compulsory insurance
- (C) insurance pool
- (D) natural catastrophe insurance scheme
- (E) other insurance or compensation scheme

### Storm Surge in Germany

DAMAGE or CONSEQUENTIAL LOSS caused by or arising from a Storm Surge in Germany

A Storm Surge shall mean any event or series of events which shall cause the water level to exceed the local average high water at the North Sea coast or the mean level at the Baltic Sea coast by at least 1.5 metres

A Storm Surge will be declared by the Federal German Office for Maritime Shipping and Hydrography (Bundesamt für Seeschifffahrt und Hydrographie) or other appropriate authority

### Terrorism in Great Britain and Northern Ireland

DAMAGE or CONSEQUENTIAL LOSS occasioned by or happening through or in consequence directly or indirectly of

- (A) Terrorism in Great Britain or Northern Ireland regardless of any other cause or event contributing concurrently or in any other sequence to the loss
- and
- (B) in Northern Ireland
  - 1) riot or civil commotion
  - 2) strikers locked-out workers or persons taking part in labour disturbances or malicious persons but this shall not apply to DAMAGE by fire or explosion

This policy also excludes DAMAGE or CONSEQUENTIAL LOSS directly or indirectly caused by resulting from or in connection with any action taken in controlling preventing suppressing or in any way relating to any act of Terrorism

### Definitions

For the purposes of this Excluded Cause

- (C) Terrorism shall mean acts of persons acting on behalf of or in connection with any organisation which carries out activities directed towards the overthrowing or influencing by force or violence of Her Majesty's Government in the United Kingdom or any other government de jure or de facto
- (D) Great Britain shall mean England and Wales and Scotland but not the territorial seas adjacent thereto (as defined by the Territorial Sea Act 1987)

In any action suit or other proceedings where the Insurers allege that by reason of the provisions of this Excluded Cause any DAMAGE or CONSEQUENTIAL LOSS is not covered by this policy the burden of proving that such DAMAGE or CONSEQUENTIAL LOSS is covered shall be upon the Insured

### Terrorism other than in Great Britain and Northern Ireland

DAMAGE or CONSEQUENTIAL LOSS occasioned by or happening through or in consequence directly or

## Excluded Causes

Terrorism other than in Great Britain and Northern Ireland (continued)

indirectly of Terrorism other than in Great Britain and Northern Ireland regardless of any other cause or event contributing concurrently or in any other sequence to the loss

This policy also excludes DAMAGE or CONSEQUENTIAL LOSS directly or indirectly caused by resulting from or in connection with any action taken in controlling preventing suppressing or in any way relating to any act of Terrorism

### Definitions

For the purposes of this Excluded Cause Terrorism shall mean any act including but not limited to the use of force or violence or the threat thereof of any person or group of persons whether acting alone or on behalf of or in connection with any organisation or government committed for political religious ideological or similar purposes including the intention to influence any government or to put the public or any section of the public in fear

In any action suit or other proceedings where the Insurers allege that by reason of the provisions of this Excluded Cause any DAMAGE or CONSEQUENTIAL LOSS is not covered by this policy the burden of proving that such DAMAGE or CONSEQUENTIAL LOSS is covered shall be upon the Insured

### Theft

DAMAGE or CONSEQUENTIAL LOSS caused by or arising from theft or attempted theft other than where covered under the Theft Extension

### Unoccupied Buildings

DAMAGE or CONSEQUENTIAL LOSS

- (A) caused by freezing
- (B) caused by the escape of water or oil from any tank apparatus or pipe
- (C) caused (other than by fire or explosion including Pressure Explosion) by malicious persons not acting on behalf of or in connection with any political organisation

in respect of any building which is empty or not in use

### War and Allied Risks

DAMAGE or CONSEQUENTIAL LOSS occasioned by or happening through

- (A) war invasion act of foreign enemy hostilities or warlike operations (whether war be declared or not) civil war
- (B) mutiny civil commotion assuming the proportions of or amounting to a popular rising military rising insurrection rebellion revolution military or usurped power
- (C)
  - 1) permanent or temporary dispossession resulting from confiscation nationalisation commandeering requisition quarantine or seizure by any lawfully constituted authority
  - 2) permanent or temporary dispossession of any building resulting from the unlawful occupation of such building by any person

provided that the Insurers are not relieved of any liability to the Insured in respect of DAMAGE occurring before dispossession or during temporary dispossession which is otherwise insured by the policy

## Excluded Causes

War and Allied Risks

(continued)

(D) the destruction of property by order of any public local or government authority

In any action suit or other proceeding where the Insurers allege that by reason of the provisions of this Excluded Cause any DAMAGE or CONSEQUENTIAL LOSS is not covered by this policy the burden of proving that such DAMAGE or CONSEQUENTIAL LOSS is covered shall be upon the Insured

draft

## Excluded Property

This policy does not cover

### Furnace Linings

DAMAGE in respect of furnace linings refractory brickwork linings or other refractory linings involving the use of molten materials or CONSEQUENTIAL LOSS arising therefrom

### Jewellery Valuables Explosives or Documents

DAMAGE or CONSEQUENTIAL LOSS in respect of jewellery precious stones gold and silver articles precious metals bullion watches furs curiosities works of art or rare books explosives non-ferrous metals tobacco cigarettes cigars wines spirits deeds documents manuscripts or plans other than such DAMAGE or CONSEQUENTIAL LOSS caused by a Defined Peril insofar as it is not otherwise excluded

### Land or other Specified Property

DAMAGE in respect of land (including water in or on land) roads pavements railway lines dams reservoirs piers jetties wharves docks canals rigs wells pipelines bridges culverts tunnels excavations mining property underground or off-shore property or CONSEQUENTIAL LOSS arising therefrom

### Linings Batteries Pipes Hoses Belts or Ropes

DAMAGE or CONSEQUENTIAL LOSS in respect of

- (A) non-metallic protective linings batteries flexible pipes or hoses and driving or conveyor belts
- (B) ropes (other than DAMAGE resulting in complete severance)

unless forming part of other DAMAGE or CONSEQUENTIAL LOSS not otherwise excluded

### Livestock Growing Crops Trees or Plants

DAMAGE in respect of livestock growing crops trees or plants or CONSEQUENTIAL LOSS arising therefrom

### Money

DAMAGE in respect of money and securities of any description or CONSEQUENTIAL LOSS arising therefrom other than where covered under the Money Extension

### Overhead Transmission and Distribution Lines

DAMAGE in respect of overhead transmission and distribution lines and their supporting structures all the property of the Insured or for which they are responsible other than those within five hundred feet of any of the Premises or CONSEQUENTIAL LOSS arising therefrom

### Property in the Course of Construction

DAMAGE in respect of property or structures in the course of construction or erection and materials or supplies in connection with all such property in the course of construction or erection or CONSEQUENTIAL LOSS arising therefrom other than where covered under the Buildings in the Course of Construction Extension of Cover

### Property in Transit

DAMAGE in respect of property in transit other than as defined as Goods in Transit or CONSEQUENTIAL LOSS

## Excluded Property

Property in Transit  
arising therefrom

(continued)

Property Insured by a Marine Policy

property which at the time of the happening of the DAMAGE is insured by or would but for the existence of this policy be insured by any marine policy or policies except in respect of any excess beyond the amount which would have been payable under the marine policy or policies had this insurance not been effected

Property More Specifically Insured

any property more specifically insured

Property on Nuclear Sites

DAMAGE or CONSEQUENTIAL LOSS in respect of any property within the boundary of

- (A) the site of a nuclear power station or
- (B) any site on which there is any structure containing nuclear fuel in such an arrangement that a self-sustaining chain process of nuclear fission can occur therein without an additional source of neutrons or
- (C) any other site used or having been used for
  - 1) the generation of nuclear energy or
  - 2) the production manufacture enrichment conditioning processing reprocessing use storage handling or disposal of Nuclear Material

Definitions

- (D) Nuclear Material shall mean
  - 1) nuclear fuel (other than natural uranium and depleted uranium) capable of producing energy by a self-sustaining chain process of nuclear fission outside of a Nuclear Reactor either alone or in combination with some other material
  - 2) Radioactive Products or Waste
- (E) Nuclear Reactor shall mean any structure containing nuclear fuel in such an arrangement that a self-sustaining chain process of nuclear fission can occur therein without an additional source of neutrons
- (F) Radioactive Products or Waste shall mean any radioactive material produced in or any material made radioactive by exposure to the radiation incidental to the production or utilisation of nuclear fuel but does not include radioisotopes which have reached the final stage of fabrication so as to be usable for any scientific medical agricultural commercial or industrial purpose

Tools or Prototypes

DAMAGE in respect of

- (A) exchangeable or detachable tools equipment and appliances or parts requiring renewal in the normal course of operation
- (B) any Property Insured of a prototypical or experimental or novel nature in use or application

as a result of Machinery Breakdown Pressure Explosion or Collapse

Excluded Property

Tools or Prototypes (continued)  
 or CONSEQUENTIAL LOSS arising therefrom

Vehicles  
 DAMAGE in respect of vehicles licensed for road use (including accessories thereon) caravans trailers railway locomotives rolling stock watercraft aircraft or spacecraft or CONSEQUENTIAL LOSS arising therefrom

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## General Conditions

### Alteration

(A) Section 1 of this policy shall be voidable by the Insurers with respect to any of the Property Insured in regard to which there is any alteration after the commencement of this insurance

- 1) by removal or
- 2) whereby the risk of DAMAGE is increased or
- 3) whereby the interest of the Insured ceases except by will or operation of law

unless admitted by the Insurers in writing except that workmen are allowed in and about the Premises for the purpose of carrying out minor alterations decoration repairs general maintenance or the like

(B) Section 2 of this policy shall be voidable by the Insurers if after commencement of this insurance

- 1) the Business is wound up or carried on by a liquidator or receiver or makes a composition or arrangement with creditors or is permanently discontinued or
- 2) the Insured's interest ceases otherwise than by death or
- 3) any alteration is made either in the Business or in the Premises or property therein whereby the risk of loss destruction or damage is increased

unless admitted by the Insurers in writing

(C) Notwithstanding (A) and (B) above and subject to the terms of the Non-Invalidation General Provision the Insurers agree not to void the policy provided that

- 1) such alteration is not of such nature that if the alteration had occurred prior to the commencement of this insurance the Insurers would not have entered into this policy on any terms
- 2) the Insured shall pay an appropriate additional premium if required by the Insurers with effect from the date of alteration
- 3) the Insurers shall be entitled to impose appropriate additional terms (other than premium terms) with effect from the date of alteration

### Cancellation

This policy may be cancelled

- (A) by the Insurers sending thirty days' notice by recorded delivery letter to the last known address of the Insured who shall be entitled to a pro rata return of premium
- (B) by the Insured who may be entitled to a return of premium after deduction of premium at the Insurers' short period rates for the period the policy has been in force

### Currency

All premiums and claims under this policy shall be payable in Great Britain in pounds sterling

For loss settlement the rate of exchange shall be the free rate of exchange applicable at the time of settlement of the loss

### Financial or Trade Sanctions

The Insurers shall not provide any coverage or be liable to provide any indemnity or payment or other benefit

## General Conditions

Financial or Trade Sanctions

(continued)

under this policy which

- (A) would breach economic financial or trade sanctions ('Sanctions') imposed under the law of the country in which this policy is issued or would otherwise provide cover

or

- (B) would breach Sanctions imposed by the European Union or the United Kingdom

Law and Jurisdiction

Unless otherwise agreed by the Insured and the Insurers this policy shall be solely subject to English law and shall be subject to the sole and exclusive jurisdiction of the courts of England and Wales

Reasonable Precautions

- (A) The Insured shall take all reasonable precautions to prevent DAMAGE
- (B) In respect of any Computer Installation the Insured shall
  - 1) maintain it in good order and efficient operating condition
  - 2) observe the manufacturers' or suppliers' instructions for use operation storage transit and inspection
  - 3) back up information (other than software programmes) at least once every twenty four hours and verify and store it taking all reasonable precautions in its safe storage and separately maintain one Verified Back-up Copy at least every seven days in a location away from the Premises
  - 4) maintain in a separate location away from the Premises one up to date Verified Back-up Copy of any software programme used by the Insured in the general course of their Business

Verified Back-up Copy shall mean data stored on back-up media where the data has been checked for accuracy

- (C) In respect of Computer Breakdown cover
  - 1) for cover to apply in respect of DAMAGE to any Computer Installation due to Computer Breakdown then such Computer Installation must be the subject of a maintenance rental hire or lease agreement which provides a service of at least on-call remedial or corrective maintenance with the price payable under such agreement and
  - 2) any cost of repair or remedy which is recoverable under such agreement is specifically excluded from the cover provided by this policy
- (D) In respect of Machinery Breakdown Pressure Explosion or Collapse any pressure vessel machinery or apparatus shall not be worked until
  - 1) it has been handed over to the Insured and is ready to commence normal working
  - 2) it is suitable for service free from material defects and in sound working condition

Statutory Regulations

Any pressure vessel or other machinery or apparatus belonging to or under the control of the Insured which requires inspection or test under any statute or order or regulation shall be so inspected or tested and the Insured shall implement any actions thereby required

## General Conditions

### Unoccupied Buildings

Notice is to be given to the Insurers when any buildings become unoccupied or when an unoccupied building or portion thereof is again occupied and a suitable additional premium paid if required

It is agreed in respect of any building or portion thereof which is empty or not in use that:

- (A) all combustible contents including packing materials and packing cases are removed and all yards and external areas immediately surrounding the building are kept free of all fuel and waste material
- (B) all windows doors and letter boxes are properly secured and where appropriate windows are boarded
- (C) the premises are inspected no less than fortnightly
- (D) any damage found at the time of an inspection is repaired as soon as reasonably practicable
- (E) except where otherwise agreed with the Insurers water gas and electricity supplies are kept shut off at the switch or stopcock where the supplies enter the building and all water apparatus is kept drained

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## Claims Conditions

### Action by the Insured

- (A) In the event of DAMAGE or on the discovery of any circumstance or event which may give rise to a claim under this policy the Insured shall
- 1) notify the Insurers as soon as reasonably practicable
  - 2) notify the Police Authority immediately it becomes evident that any DAMAGE has been caused by malicious persons or thieves
  - 3) carry out and permit to be taken any action which may be reasonably practicable to prevent further DAMAGE and to minimise or check any interruption of or interference with the Business or to avoid or diminish the loss
  - 4) within thirty days following DAMAGE (seven days in the case of DAMAGE caused by theft riot civil commotion strikers locked-out workers or persons taking part in labour disturbances or malicious persons) or not later than thirty days after the expiry of the Indemnity Period or within such further time as the Insurers may allow deliver to the Insurers at the Insured's expense
    - 4.1 full information in writing of the claim
    - 4.2 details of any other insurance relating to the claim
    - 4.3 all such business books documents proofs information explanation and other evidence as may be reasonably required by the Insurers for the purpose of investigating or verifying the claim all of which information and details may be produced by the Insured's professional accountants or auditors who are regularly acting as such their report being prima facie evidence of such information and details
    - 4.4 if demanded a statutory declaration of the truth of the claim and of any matters connected with it
- (B) If the terms of this condition have not been complied with and as a direct consequence the amount for which the Insurers are liable under this policy has increased then no payment shall be made by the Insurers in respect of the amount of such increase

### Arbitration

If any difference arises as to the amount to be paid under this policy (liability being otherwise admitted) such difference shall be referred to an arbitrator to be appointed by the parties in accordance with the statutory provisions

Where any difference is by this condition to be referred to arbitration the making of an award shall be a condition precedent to any right of action against the Insurers

Any arbitration shall be held in Great Britain

### Insurers' Rights Following a Claim

On the happening of DAMAGE in respect of which a claim is made the Insurers and any person authorised by the Insurers may without thereby incurring any liability or diminishing any of the Insurers' rights under this policy enter take or keep possession of the premises where such DAMAGE has occurred and take possession of or require to be delivered to the Insurers any property and to deal with such property for all reasonable purposes and in any reasonable manner

No claim under Section 1 of this policy shall be payable unless the terms of this condition have been complied with

No property may be abandoned to the Insurers whether taken possession of by the Insurers or not

## Claims Conditions

### Other Insurances

(A) in respect of Section 1

If at the time of DAMAGE there is any other insurance (except a Local Policy) effected by or on behalf of the Insured covering any of the property lost destroyed or damaged the liability of the Insurers hereunder shall be limited to its rateable proportion of such DAMAGE

If any such other insurance shall be subject to any underinsurance or similar condition this policy if not already subject to any such condition of underinsurance shall be subject to the condition in like manner

If any such other insurance is subject to any provision whereby it is excluded from ranking concurrently with this policy either in whole or in part or from contributing rateably the liability of Insurers under this policy shall be limited to that proportion of the DAMAGE which the sum insured under this policy bears to the value of the property

(B) in respect of Section 2

If at the time of loss destruction or damage resulting in loss under Section 2 of this policy there be any other insurance (except a Local Policy) effected by or on behalf of the Insured covering such loss or any part of it the liability of the Insurers hereunder shall be limited to its rateable proportion of such loss

### Reinstatement by the Insurers

If any property is to be reinstated or replaced by the Insurers the Insured shall at his own expense provide all such plans documents books and information as may reasonably be required

The Insurers shall not be bound to reinstate exactly but only as circumstances permit and in a reasonably sufficient manner and shall not in any case be bound to expend in respect of any one of the Items insured more than its sum insured subject to the Policy Limit and any other Limit of Liability stated in the Schedule or elsewhere in this policy

### Subrogation and Waiver of Rights

Any claimant under this policy shall at the request and expense of the Insurers take and permit to be taken all necessary steps for enforcing rights against any other party in the name of the Insured before or after any payment is made by the Insurers

In the event of a claim arising under the policy the Insurers agree to waive any rights remedies or relief to which they might become entitled by subrogation against

- (A) a company standing in the relation of parent to subsidiary (or subsidiary to parent) to the Insured as defined in the Companies Act or Companies (Northern Ireland) Order current at the time of DAMAGE
- (B) any company which is a subsidiary of a parent company of which the Insured are themselves a subsidiary within the meaning of the Companies Act or Companies (Northern Ireland) Order current at the time of DAMAGE

### Time Limit

In no case whatsoever shall the Insurers be liable in respect of any claim under the policy after the expiration of

- (A) in respect of Section 1 twelve months from the happening of the DAMAGE
- (B) in respect of Section 2 twelve months from the end of the Indemnity Period or if later three months from the date on which payment shall have been made or liability admitted by the Insurers covering the DAMAGE giving rise to the claim

Claims Conditions

Time Limit

(continued)

unless the claim is the subject of an existing action or arbitration

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## Section 1 Material Damage Specification - Definitions

For the purpose of determining where necessary the Item under which any property is insured the Insurers agree to accept the designation under which such property has been entered in the Insured's books

### Item 1 : Buildings

Buildings including landlord's fixtures and fittings Buildings in the Course of Construction annexes and small outside buildings and conveyors trunking lines wires service pipes tanks and other equipment walls gates and fences the property of the Insured or for which they are responsible

### Item 2 : Machinery

Machinery plant tenant's improvements alterations and decorations and all other contents the property of the Insured or held by them in trust for which they are responsible excluding Stock and landlord's fixtures and fittings

The term "all other contents" includes the following insofar as they are not otherwise or more specifically insured

- (A) documents manuscripts business books patterns models moulds plans and designs (excluding computer systems records) but only for the value of materials and cost of labour expended in reproducing them and excluding
  - 1) any expenses in connection with re-compilation or retrieval of the information contained in them
  - 2) the value to the Insured of the information contained in them
- (B) personal property of directors employees customers or visitors of the Insured if not otherwise insured for an amount not exceeding £1,000 for any one person

### Item 3 : Stock

Stock and materials in trade including work in progress the property of the Insured or held by them in trust for which they are responsible

### Item 4 : Rent Receivable

- (A) Rent Receivable shall mean rent receivable by the Insured including service charges
- (B) In the event of DAMAGE in respect of which there is an Item on Rent Receivable for Buildings the Insurers will pay to the Insured
  - 1) the amount by which the Rent Receivable by the Insured during the period stated in the Item description shall in consequence of the DAMAGE fall short of the rent which would have been received during the period had the DAMAGE not occurred
  - 2) the additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding a shortfall in rent but not exceeding the amount of the loss of rent which would otherwise have been payable under paragraph (B) 1)

less any savings in respect of expenditure payable out of Rent Receivable which reduces or ceases in consequence of the DAMAGE

In arriving at the amount of Rent Receivable such adjustments shall be made as may be necessary to provide for trend variations or other relevant circumstances either before or after the DAMAGE so that the figures thus adjusted shall represent as nearly as may be reasonably practicable the rent which but

## Section 1 Material Damage Specification - Definitions

### Item 4 : Rent Receivable

(continued)

for the DAMAGE would have been obtained during the relative period after the DAMAGE

If following DAMAGE the amount of Rent Receivable is maintained by the provision of alternative accommodation by the Insured such rent shall be taken into account in calculating the amount payable

- (C) Prior to each renewal the Insured shall provide the Insurers with an Estimated Amount representing not less than the amount of Rent which it is anticipated will be received by the Insured during the Period of Insurance and if the rental period exceeds twelve months the Insurers will increase the Insured's estimate proportionately to arrive at the Estimated Amount
- (D) The sum insured for any Item on Rent Receivable shall be calculated by applying the Percentage to the Estimated Amount as stated in the Schedule

### Item 5 : Rent Payable

- (A) Rent Payable shall mean periodic payments made by the Insured for the lease of Buildings not belonging to the Insured
- (B) In the event of DAMAGE in respect of which there is an Item on Rent Payable for Buildings the Insurers will pay to the Insured the amount of rent which continues to be payable by the Insured for the Buildings or part of the Buildings whilst unfit for occupation in consequence of the DAMAGE for a period not exceeding the number of months stated in the Item description
- (C) If at the time of DAMAGE the sum insured by any Item on Rent Payable is less than the amount of rent payable during the period to which the Item relates the amount payable shall be proportionately reduced



## Section 1 Material Damage Specification - General Provisions

### Branded Goods

In the event of a claim for DAMAGE to the Property Insured any salvage of branded goods or merchandise the Insured's own or held by them in trust or on commission or goods sold but not delivered shall not be disposed of by sale without the consent of the Insured provided that such consent shall not be unreasonably withheld

If such salvage is not disposed of by sale then the amount of DAMAGE will be assessed at the value agreed between the Insured and Insurers and taken into consideration in the settlement of the claim

### Contract Price

In respect only of goods sold but not delivered for which the Insured is responsible subject to a sale contract which following DAMAGE is cancelled by reason of its conditions wholly or to the extent of the DAMAGE the liability of the Insurers shall be based on the contract price

Provided that for the purpose of the Underinsurance General Provision the value of all the goods to which this clause could apply in the event of DAMAGE shall also be ascertained on the basis of the contract price

### Contracting Purchaser's Interest

In the event of the Insured having contracted to sell their interest in any Building the contracting purchaser who completes the purchase shall have the benefit of this policy up to the date of completion if and insofar as the Building is not otherwise insured and without prejudice to the rights and liabilities of the Insured or Insurers

Provided that this shall not include any CONSEQUENTIAL LOSS arising therefrom

### Mortgagee

The interest of a mortgagee in this insurance shall not be prejudiced by any act or neglect of the mortgagor or occupier of any Building hereby insured whereby the risk of DAMAGE is increased without the authority or knowledge of the mortgagee

Provided that the mortgagee immediately on becoming aware thereof shall give notice to the Insurers and pay an additional premium if required

### Other Interests

It is hereby declared and agreed that in addition to the Insured certain parties have an interest in the insurance by this policy under hire purchase lease or other agreements and the interests of the landlords agents mortgagors and other parties to these agreements is noted under this policy subject to the nature and extent of such interest being disclosed by the Insured in the event of DAMAGE

This provision does not apply to any cover afforded under this policy in respect of CONSEQUENTIAL LOSS

### Professional Fees

The insurance by this Section includes architects surveyors engineers consultants and legal fees necessarily incurred in the reinstatement of the Buildings and Machinery Items of this policy consequent upon DAMAGE but not for preparing any claim

Provided that the amount recoverable shall not exceed

(A) in respect of any Item on Buildings and Machinery the sum insured thereby (if professional fees are included within such Item sums insured)

or

## Section 1 Material Damage Specification - General Provisions

Professional Fees

(continued)

- (B) any lower Limit of Liability stated in the Schedule (if professional fees are not included within such Item sums insured)

Removal Of Debris

The insurance by this Section includes costs and expenses necessarily incurred by the Insured with the consent of the Insurers in removing debris demolishing shoring up or propping following DAMAGE to the Buildings Machinery or Stock Items of this policy

Provided that the amount recoverable shall not exceed

- (A) in respect of any Item on Buildings Machinery or Stock the sum insured thereby (if removal of debris costs are included within such Item sums insured)
- or
- (B) any lower Limit of Liability stated in the Schedule (if removal of debris costs are not included within such Item sums insured)

The Insurers will not pay for any costs or expenses

- (C) incurred in removing debris except from the site of such property destroyed or damaged and the area immediately adjacent to such site
- (D) arising from pollution or contamination of property not insured by this policy

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## Section 1 Material Damage Specification - Extensions of Cover

### Additional Metered Utility Charges

This insurance extends to cover additional metered utility charges incurred by the Insured solely as a result of DAMAGE insured by this policy except in respect of any loss which has not been discovered and remedial action taken within thirty days of such DAMAGE

The amount payable by the Insurers shall be ascertained by comparing the charges made for the metered supply on the suppliers' account for the period during which the DAMAGE occurred with the charges for the previous period adjusted for any other relevant factors affecting the Insured's consumption during the periods concerned

Provided that

- (A) the Insurers shall not be liable under this Extension of Cover for more than the Limit of Liability stated in the Schedule
- (B) this shall not include any CONSEQUENTIAL LOSS arising therefrom

### Buildings - Theft cover

In respect of any building at the Premises not otherwise insured hereunder the insurance by this policy is extended to include the cost of repairing DAMAGE to such building as a result of Theft

Provided that

- (A) the Insured occupies the building and is responsible for the cost of the repairs
- (B) such cover applies only insofar as the building is not otherwise insured
- (C) the Insurers shall not be liable under this Extension of Cover for more than the Limit of Liability stated in the Schedule
- (D) this shall not include any CONSEQUENTIAL LOSS arising therefrom

### Buildings in the Course of Construction

This policy is extended to include DAMAGE in respect of Buildings in the Course of Construction

#### Definition

Buildings in the Course of Construction shall mean the permanent and temporary works including refurbishments and extensions forming part of any insured contract at the Premises other than in respect of any New Acquisitions including materials incorporated or to be incorporated therein all the property of the Insured or for which they are responsible as principal or employer but not buildings of a prototype or experimental nature

Provided that

- (A) where the Insured is required by contract to effect insurance on the Buildings in the joint names of themselves and the contractor under the terms of a contract condition then the interest of such contractor in the Buildings as Joint Insured is noted on the policy
- (B) the Insurers shall not be liable for more than the Limit of Liability stated in the Schedule
- (C) this shall not include any CONSEQUENTIAL LOSS arising therefrom

### Capital Additions

The sum insured by each Item of the Schedule on Buildings and Machinery shall extend to include any newly acquired property at the Premises insofar as it is not otherwise insured and alterations additions and improvements to the property at the Premises but not in respect of any appreciation in value during the current

## Section 1 Material Damage Specification - Extensions of Cover

Capital Additions

(continued)

Period of Insurance

Provided that

- (A) at any one situation the Insurers shall not be liable under this Extension of Cover for more than the Limit of Liability stated in the Schedule
- (B) the Insured shall give particulars of such property each twelve months and effect specific insurance thereon retrospective to the date of the commencement of the Insurers' liability
- (C) the Insurers shall be entitled to charge an appropriate additional premium pro rata from the date of such newly acquired property at the Premises and may vary the terms of this policy in respect of such newly acquired property at the Premises

Changing Locks

This policy is extended to include the reasonable expenses incurred in necessarily replacing locks to the Buildings or safes or strongrooms therein consequent upon Theft (as insured) of keys from the residence of any of the authorised keyholding directors partners or employees of the Insured

Provided that

- (A) the Insurers shall not be liable under this Extension of Cover for more than the Limit of Liability stated in the Schedule
- (B) this shall not include any CONSEQUENTIAL LOSS arising therefrom

Clearing of Drains

This policy extends to cover the reasonable expenses necessarily incurred in clearing cleaning and/or repairing drains gutters sewers and the like for which the Insured is responsible in consequence of DAMAGE provided that

- (A) the Insurers shall not be liable under this Extension of Cover for more than the Limit of Liability stated in the Schedule
- (B) this shall not include any CONSEQUENTIAL LOSS arising therefrom

Computers - Incompatibility of Undamaged Computer Records

In the event that DAMAGE to any Computer Installation insured by this policy has resulted in undamaged computer records being incompatible with the replacement Computer Installation the Insurers will pay

- (A) the costs of modification of a Computer Installation or
- (B) costs of replacement of proprietary software programs in current production but not the replacement of computer system records

(whichever is the less) to achieve compatibility

Provided that the Insurers shall not be liable for more than the Limit of Liability stated in the Schedule

Day One Reinstatement (Non-adjustable)

Applicable to all Buildings and/or Machinery (except motor vehicles and personal effects) Items

- (A) The Insured having stated in writing the Declared Value incorporated in each Item of Buildings and/or Machinery the premium has been calculated accordingly

## Section 1 Material Damage Specification - Extensions of Cover

Day One Reinstatement (Non-adjustable)

(continued)

Declared Value shall mean the Insured's assessment of the cost of Reinstatement of the Property Insured arrived at in accordance with the provisions of the Reinstatement Extension at the level of costs applying at the inception of the Period of Insurance (ignoring inflationary factors which may operate subsequently) including insofar as the insurance by the Item provides due allowance for

- 1) the additional cost of Reinstatement to comply with Public Authorities' requirements
- 2) professional fees
- 3) removal of debris

(B) At the inception of each Period of Insurance the Insured shall notify the Insurers of the Declared Value of the Property Insured by each of the said Item(s) and in the absence of such declaration the last amount declared by the Insured shall be the Declared Value for the ensuing Period of Insurance

(C) 1) The sums insured on all Buildings and Machinery Items shall be calculated by applying the Percentage stated in the Schedule to the Declared Values stated in the Material Damage Local Policies

- 2) Where because of Provision (C) of the Reinstatement Extension no payment is to be made beyond the amount which would have been payable had that Extension not been operative the liability of the Insurers shall be limited to 115% of the Declared Value shown in the Schedule

### Extinguishment Expenses

This policy includes the costs of refilling any fire extinguishing appliances or the cylinders of any gas flooding systems and replacing used sprinkler heads all reasonably incurred by the Insured solely in consequence of DAMAGE or arising out of their accidental discharge

Provided that the Insurers shall not be liable under this Extension of Cover for more than the Limit of Liability stated in the Schedule

### Fire Brigade Charges

The insurance by this policy includes any fire brigade charges incurred by the Insured solely in consequence of DAMAGE

Provided that the Insurers shall not be liable under this Extension of Cover for more than the Limit of Liability stated in the Schedule

### Goods in Transit

This policy is extended to include DAMAGE to Goods in Transit and for the purposes of this Extension of Cover the Excluded Cause of Theft shall not apply

### Special Condition

In respect of any Goods in Transit cover provided by this policy the following Vehicle Security Requirements will apply and no claim will be admitted for theft

(A) Immobiliser

from a vehicle where the vehicle has been removed by the thief or thieves unless the Insured proves that the vehicle has been fitted with an appropriate immobiliser which must be maintained in efficient working order and duly operated whenever the vehicle is not individually attended

## Section 1 Material Damage Specification - Extensions of Cover

Goods in Transit

(continued)

(B) Unattended Vehicle

from any vehicle not individually attended unless

- 1) all doors windows and other openings are left closed securely locked and properly fastened and
- 2) entry or access to the vehicle has been effected by forcible and violent means

(C) Overnight Requirement

in respect of Property Insured left in or on any unattended vehicle for the night except where such vehicle is protected in accordance with any other Vehicle Security Requirements specified herein and is either garaged in a building which is securely closed and locked or parked in a compound secured by locked gates

Provided that the Insurers shall not be liable for

- (D) loss caused by or happening through defective packing delay or loss of market
- (E) loss comprising refrigerated goods in transit as a result of breakdown or failure of the refrigeration equipment unless such breakdown or failure is caused by fire theft or accident to the conveyance or an object falling on to the conveyance
- (F) more than the Limit of Liability stated in the Schedule

Involuntary Betterment

Where there is DAMAGE to the extent that the property cannot be economically repaired and in the event that replacement property of like kind and quality is not obtainable

- (A) new property which is as similar as possible to that suffering DAMAGE and which is capable of performing the same function shall be deemed to be new property of like kind and quality and in no event shall this be considered as a betterment to the Insured
- (B) the Insurers will also pay the cost of purchasing and installing technologically current equipment which is necessitated by incompatibility between new equipment installed to replace equipment suffering DAMAGE and undamaged existing equipment at the same or an interdependent location

Provided that the Insurers shall

- (C) be liable only for the amount sufficient to enable the Insured to resume operations in substantially the same manner as before the DAMAGE
- (D) be liable for only the difference between the highest sales value of the undamaged existing equipment at the same or interdependent location and the installed cost of the technologically current equipment
- (E) not be liable under this Extension of Cover for more than the Limit of Liability stated in the Schedule

Loss Reduction Expenses

The insurance by Section 1 Material Damage of this policy extends to include costs and expenses reasonably incurred by the Insured in

- (A) preventing or reducing losses in the event of imminent DAMAGE
- (B) reducing losses as a result of DAMAGE

## Section 1 Material Damage Specification - Extensions of Cover

Loss Reduction Expenses

(continued)

Provided that

- (C) at the beginning of the Period of Insurance the impending DAMAGE was not reasonably foreseeable and would be the natural outcome if such costs and expenses were not incurred
- (D) the costs and expenses incurred did avoid or mitigate DAMAGE
- (E) the Insurers liability shall not exceed the amount of DAMAGE thereby avoided
- (F) the Insurers shall not be liable under this Extension of Cover for more than the Limit of Liability stated in the Schedule
- (G) this shall not include any CONSEQUENTIAL LOSS arising therefrom

Mitigation of Environmental Impact

If following DAMAGE the Insured elects (with the prior agreement of the Insurers) to reinstate Buildings and/or Machinery in a manner that aims to reduce the impact on the environment but which increases the costs of Reinstatement (as defined elsewhere in this policy) then this Section extends to include the reasonable additional costs incurred by the Insured for such purposes and shall not be considered as betterment to the Insured

Provided that

- (A) such reasonable additional costs shall include but not be limited to costs incurred in
  - 1) using sustainable construction materials
  - 2) modifying design or materials in order to reduce carbon emissions or atmospheric pollution or to improve energy efficiencies
- (B) this Extension of Cover includes the reasonable additional cost of reinstatement in respect of undamaged portions of property provided that the Insurers shall not be liable for such additional cost in respect of any Item on Buildings or Machinery which has not sustained DAMAGE
- (C) such costs shall exclude those associated with removal of debris
- (D) the Insurers shall not be liable for
  - 1) such additional costs for work already planned by the Insured prior to the DAMAGE
  - 2) more than the Limit of Liability stated in the Schedule

Money

This policy is extended to include DAMAGE consisting of loss of

- (A) Money which shall mean

cash bank notes currency notes uncrossed cheques (including uncrossed giro cheques giro cash cheques and travellers cheques but excluding pre-signed blank cheques) uncrossed bankers drafts uncrossed postal orders uncrossed money orders current unused postage and revenue stamps National Insurance stamps (not fixed to cards) National Savings stamps and certificates bills of exchange consumer redemption vouchers Holiday with Pay stamps gift tokens and trading stamps all the Insured's own or for which they are responsible and pertaining to the business and for luncheon vouchers only whilst in their custody

## Section 1 Material Damage Specification - Extensions of Cover

Money

(continued)

(B) Non-negotiable Money which shall mean

crossed cheques (including crossed giro cheques and drafts but excluding pre-signed blank cheques) crossed bankers' drafts crossed postal orders crossed money orders unused units in franking machines unused National Insurance Stamps National Savings Certificates Premium Bonds credit company sales vouchers VAT purchase invoices all the Insured's own or for which they are responsible pertaining to the Business

(C) Money in Safe which shall mean

Money (excluding Non-negotiable Money) in a locked safe or strongroom in the Premises when closed for business purposes which will not include the time during which the Insured's employees entrusted with Money are in the Premises

(D) Any Other Money (excluding Non-negotiable Money and Money in Safe) which shall mean Money

- 1) in the Insured's Premises when open for business including the time during which the Insured's employees entrusted with Money are in the Premises
- 2) in transit or in a bank night safe

and for the purposes of this Extension the Excluded Cause of Theft shall not apply

Provided that the Insurers shall not be liable for

- (E) loss of Money due to theft by any director partner or employee of the Insured unless discovered within seven working days of the Occurrence and not insured under a Fidelity Guarantee Theft by Employee or any other more specific policy notwithstanding paragraph (A) of the Fraud or Disappearance Excluded Cause
- (F) loss of Money caused by theft from an unattended vehicle
- (G) loss due to the use of counterfeit money
- (H) more than the Limits of Liability stated in the Schedule
- (I) any CONSEQUENTIAL LOSS arising from loss of Money

Motor Vehicles (Stationary Risk)

Notwithstanding anything that appears to the contrary under Excluded Property and subject to all other terms definitions exclusions provisions and conditions of this policy the Property Insured is extended to include stationary motor vehicles whilst situated at the Premises but only to the extent that they are not otherwise insured

Provided that the Insurers shall not be liable under this Extension of Cover for more than the Limit of Liability stated in the Schedule

Outdoor Property and Cultivated Areas

Notwithstanding anything that appears to the contrary under Excluded Property the insurance by this policy extends to include DAMAGE in respect of landscaped and cultivated areas ponds trees shrubs and flowers garden furniture and decorations and signs other than those attached to any building

In the event of DAMAGE in respect of outdoor trees shrubs plants and turf the Insurers will pay to the Insured the cost incurred in replanting or restoring such property to its appearance when first planted but excluding any cost arising from the failure to germinate or become established



## Section 1 Material Damage Specification - Extensions of Cover

Outdoor Property and Cultivated Areas

(continued)

Provided that

- (A) the Insurers shall not be liable under this Extension of Cover for more than the Limit of Liability stated in the Schedule
- (B) this shall not include any CONSEQUENTIAL LOSS arising therefrom

Public Authorities and European Union Requirements

The insurance by this Section in respect of any Item of the Schedule on Buildings and Machinery includes the additional cost of reinstating the Property Insured incurred solely by reason of the necessity to comply with European Union legislation buildings or other regulations under or framed in pursuance of any Act of Parliament or with bye-laws of any public authority subject to the provisions set out below and excluding

- (A) the cost incurred by complying with any of such legislation regulations or bye-laws under which notice has been served upon the Insured prior to the happening of any DAMAGE
- (B) the additional cost that would have been required to make good the property damaged or destroyed to a condition equal to its condition when new had the necessity to comply with any of such legislation regulations or bye-laws not arisen
- (C) the amount of any rate tax duty development or other charge or assessment arising out of capital appreciation which may be payable in respect of the property or by the owner of the property by reason of compliance with any of such legislation regulations or bye-laws

Provided that

- (D) the work of reinstatement must be commenced and carried out with reasonable despatch and may be carried out upon another site (if such legislation regulations or bye-laws so necessitate) subject to the liability of the Insurers not being increased as a result
- (E) if the liability of the Insurers under any Item of the policy apart from this Extension of Cover is reduced by the application of any of the terms and conditions of the policy then the liability of the Insurers under this Extension of Cover in respect of the Item shall be reduced in like proportion
- (F) this Extension of Cover includes the additional cost of reinstatement in respect of undamaged portions of property provided that the Insurers shall not be liable for such additional cost in respect of any building or contents which have not sustained DAMAGE
- (G) the amount recoverable shall not exceed
  - 1) in respect of undamaged portions of property other than foundations 15% (fifteen per cent) of the total amount for which the Insurers would have been liable had the building or contents been totally destroyed
  - 2) in respect of any Item on Buildings or Machinery the sum insured thereby or any lower Limit of Liability stated in the Schedule

Reinstatement

Applicable to the Buildings and Machinery (except motor vehicles and personal effects) Items only

In the event of DAMAGE in respect of these Items the basis upon which the amount payable is to be calculated shall be the cost of Reinstatement subject to the provisions set out below

Reinstatement shall mean

## Section 1 Material Damage Specification - Extensions of Cover

### Reinstatement

(continued)

- (A) where property is destroyed the rebuilding of the property if a Building or in the case of other property its replacement by similar property in either case in a condition equal to but not better or more extensive than its condition when new
- (B) where property is damaged the repair of the damage and the restoration of the damaged portion of the property to a condition substantially the same as but not better or more extensive than its condition when new

### Provided that

- (C) No payment beyond the amount which would have been payable had this Extension of Cover not been operative shall be made
  - 1) unless the work of Reinstatement is commenced and carried out with reasonable despatch
  - 2) until the costs of Reinstatement have been incurred
  - 3) unless any other insurance covering the Insured's interest in the property at the time of the DAMAGE is upon the same basis of Reinstatement as this policy

and if no such payment is made then the rights and liabilities of the Insurers and the Insured shall be those which would have been applied had this Extension of Cover not been operative

- (D) Reinstatement may be carried out at another site and in any manner suitable to the Insured subject to the liability of the Insurers not being increased as a result
- (E) In the event of partial damage to any property insured under this Extension of Cover the Insurers' liability for any loss shall not exceed the cost which would have been incurred had such property been totally destroyed

### Sprinkler Upgrading Costs

In the event of DAMAGE the Insurers will pay additional sprinkler costs being the costs in upgrading any existing automatic sprinkler installation to conform to insurance industry standards or the Insurers own standards solely as required by the Insurers

### Provided that

- (A) at the time of DAMAGE the sprinkler installation conformed to insurance industry standards or the Insurers own standards
- (B) at the time of DAMAGE the Insured shall not be aware of any existing up-grading requirements in respect of the sprinkler installation
- (C) the Insurers shall not be liable under this Extension of Cover for more than the Limit of Liability stated in the Schedule
- (D) this shall not include any CONSEQUENTIAL LOSS arising therefrom

### Temporary Removal

- (A) The Property Insured by any Item of the Schedule other than Stock is covered whilst temporarily removed for cleaning renovation repair or other similar purposes elsewhere and in transit thereto and therefrom by road rail or inland waterway
- (B) Documents manuscripts business books plans and designs (excluding computer systems records) are covered whilst temporarily removed from the Premises and whilst in transit by road rail or inland

## Section 1 Material Damage Specification - Extensions of Cover

### Temporary Removal

(continued)

waterway

Provided that

- (C) the Insurers shall not be liable under this Extension of Cover for more than the Limit of Liability stated in the Schedule
- (D) this Extension of Cover does not apply to property if and so far as it is otherwise insured nor as regards losses occurring elsewhere than at the Premises from which the property is removed to the following
  - 1) motor vehicles and motor chassis licensed for normal road use
  - 2) property held by the Insured in trust other than machinery and plant

### Theft

This policy is extended to include DAMAGE caused by Theft

but excluding theft or attempted theft

- (A) from any part of a building not occupied by the Insured
- (B) of Goods in Transit or Money

### Trace and Access

In the event of DAMAGE resulting from escape of water or oil from any tank apparatus or pipe as covered by this policy the Insurers will pay the costs necessarily and reasonably incurred in locating the source of such DAMAGE and subsequently making good

Provided that

- (A) the Insurers shall not be liable under this Extension of Cover for more than the Limit of Liability stated in the Schedule
- (B) this shall not include any CONSEQUENTIAL LOSS arising therefrom

### Unspecified Storage Sites

This policy extends to include Property Insured at any unspecified location used by the Insured for storage

Provided that

- (A) such cover applies only insofar as the Property Insured is not otherwise insured
- (B) the Insurers shall not be liable under this Extension of Cover for more than the Limit of Liability stated in the Schedule

## Section 2 Business Interruption Specification - Definitions

### Business Interruption - Gross Profit and Gross Earnings

In the event of any CONSEQUENTIAL LOSS cover will be afforded under either the Gross Profit Item or the Gross Earnings Item (but not both) whichever is nearest in terms and conditions to the Business Interruption cover provided under the Local Policy relevant to the country in which the Incident occurs

#### Item 1 - Gross Profit

##### DEFINITIONS

For the purpose of these Definitions any adjustment implemented in current cost accounting shall be disregarded

(A) Turnover

The money paid or payable to the Insured for goods sold and for services rendered in the course of the Business at the Premises (net of discounts allowed)

(B) Gross Profit

The amount by which

- 1) the Turnover plus the value of the closing stock and work in progress exceeds
- 2) the value of the opening stock and work in progress and any of the following Uninsured Working Expenses

Uninsured Working Expenses

Purchases (net of discounts received)  
Bad Debts

For the purpose of this definition the amounts of the opening and closing stocks and work in progress shall be arrived at in accordance with the Insured's usual accounting methods due provision being made for depreciation

(C) Rate of Gross Profit

The rate of Gross Profit earned on the Turnover during the financial year immediately before the date of the Incident\*

(D) Annual Turnover

The Turnover during the twelve months immediately before the date of the Incident\*

(E) Standard Turnover

The Turnover during that period in the twelve months immediately before the date of the Incident which corresponds with the Indemnity Period\*

\*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 Incident or which would have affected the Business had the Incident not occurred so that the figures thus adjusted shall represent as nearly as may be reasonably practicable the results which but for the Incident would have been obtained during the relative period after the Incident

##### BASIS OF SETTLEMENT

The amount payable as indemnity under Item No. 1 shall be as follows

(A) In respect of reduction in Turnover

## Section 2 Business Interruption Specification - Definitions

### Item 1 - Gross Profit

(continued)

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 Incident 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 Incident but not exceeding the sum produced by applying the Rate of Gross Profit to the amount of the reduction 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 Incident

To the extent that the Insured is accountable to the tax authorities for Value Added Tax Goods and Services Tax or other similar Tax all terms in this policy shall be exclusive of such tax

### ALTERNATIVE TRADING

If during the Indemnity Period goods are sold or services are rendered elsewhere than at the Premises for the benefit of the Business 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

### DECLARATION-LINKED BASIS

Prior to each renewal the Insured shall provide the Insurers with an estimate of the amount representing not less than the Gross Profit which it is anticipated will be earned by the Business during the financial year most nearly concurrent with the Period of Insurance referred to in this policy as the Estimate

If the Maximum Indemnity Period exceeds 12 months the Insurers will increase the declared amount proportionately to arrive at the Estimate

The sum insured by any Item on Gross Profit shall be calculated by applying the Percentage to the Estimate all as stated in the Schedule

### Premium Adjustment

The first premium and renewal premium are provisional and are based on the Estimate

Not later than 6 months after the expiry of each Period of Insurance the Insured shall provide the Insurers with a declaration (confirmed by the Insured's auditors) of the Gross Profit earned during the financial year most nearly concurrent with that Period of Insurance

If the declared amount (proportionately increased where the Maximum Indemnity Period exceeds 12 months) is less than the Estimate stated in the Schedule for that Period of Insurance the Insurers will allow a pro rata return of premium

If the declared amount (proportionately increased where the Maximum Indemnity Period exceeds 12 months) is greater than the Estimate stated in the Schedule for that Period of Insurance the Insured shall pay a pro rata additional premium

(If any Incident has occurred giving rise to a claim for loss of Gross Profit the Insurers will increase the declaration for the purpose of premium adjustment by the amount by which the Gross Profit was reduced during the Period of Insurance in consequence of the Incident)

## Section 2 Business Interruption Specification - Definitions

### DEPARTMENTAL CLAUSE

If the Business is conducted in departments the independent trading results of which are ascertainable the Provisions of clauses (A) and (B) of the Basis of Settlement in respect of this Item of the policy shall apply separately to each department affected by the DAMAGE

### Item 2 - Additional Increase In Cost Of Working

The additional expenditure necessarily and reasonably incurred for the sole purpose of

- (A) avoiding or diminishing the reduction in Turnover which but for that expenditure would have taken place during the Indemnity Period or
- (B) resuming or maintaining normal business operations

in consequence of the Incident and in addition to any amount otherwise payable under any Gross Profit Item of Section 2 (in respect of increase in cost of working)

Provided that

- (C) this Item shall only apply where the Business Interruption cover provided by the Local Policy relevant to the country in which the Incident occurs is on a basis of cover which is nearest in terms and conditions to the Gross Profit Item under this policy
- (D) this Item shall not apply in respect of Computer Breakdown
- (E) the Insurers shall not be liable for more than the Limit of Liability stated in the Schedule

### Item 3 - Gross Earnings

#### DEFINITIONS

- (A) Business Income shall mean
  - 1) Net Income (Net Profit or loss before income taxes) excluding Rent that would have been earned and
  - 2) continuing normal operating expenses including payroll incurred
- (B) Extra Expense shall mean
 

the necessary expenses incurred during the Period of Restoration that would not have been incurred had no Incident occurred
- (C) Operations shall mean
 

the type of activities within the Business occurring at the Premises
- (D) Payroll Expenses shall mean
 

payroll expenses for all employees except officers executives department managers and employees under contract

Payroll Expenses include payroll employee benefits if directly related to payroll FICA (Federal Insurance Contributions Act) or other similar payments union dues and workers compensation premiums
- (E) Period of Restoration shall mean

## Section 2 Business Interruption Specification - Definitions

### Item 3 - Gross Earnings

(continued)

the period of time that

- 1) begins with the date of the Incident and
- 2) ends on the date when the property at the Premises should be repaired rebuilt or replaced with reasonable speed and similar quality

The Period of Restoration does not include any increased period required due to the enforcement of any law that regulates the prevention control repair clean-up or restoration of damage caused by pollutants

The expiration date of this policy will not cut short the Period of Restoration

### BASIS OF SETTLEMENT

The Insurers will pay

- (A) the actual loss of Business Income sustained due to the necessary suspension of Operations during the Period of Restoration provided that the suspension must be caused by the Incident
- (B) any Extra Expense to
  - 1) avoid or minimise the suspension of business and to continue Operations
    - 1.1 at the Premises or
    - 1.2 at replacement premises or at temporary locations including relocation expenses and costs to equip and operate the replacement or temporary locations
  - 2) minimise the suspension of business if Operations cannot be continued by the Insured
  - 3) repair or replace any property or research replace or restore the lost information on damaged valuable papers and records but only to the extent it reduces the amount of loss that would otherwise have been payable under this policy

Provided that the Insurers shall not be liable in respect of Paragraph (B) 1) and 2) for more than the Limit of Liability stated in the Schedule in respect of Extra Expense (Gross Earnings)

### EXCLUSIONS

The Insurers will not pay in respect of Business Income for

- (A) any loss caused by or resulting from
  - 1) DAMAGE to Finished Stock or
  - 2) the time required to reproduce Finished Stock
 other than in respect of any Extra Expense
- (B) any increase of loss caused by or resulting from
  - 1) delay in rebuilding repairing or replacing the property or resuming Operations due to interference at the location of the rebuilding repair or replacement by strikers or other persons  
or
  - 2) suspension lapse or cancellation of any licence lease orders or contract but if the suspension

## Section 2 Business Interruption Specification - Definitions

### Item 3 - Gross Earnings

(continued)

lapse or cancellation is directly caused by suspension of Operations the Insurers will cover such loss that affects the Business Income during the Period of Restoration

#### LOSS DETERMINATION

- (A) The amount of Business Income loss other than Extra Expense will be determined based on
- 1) the Net Income of the Business before the Incident occurred
  - 2) the likely Net Income of the Business if no Incident had occurred
  - 3) the continuing normal operating expenses including Payroll Expenses necessary to resume Operations with the same quality of service that existed just before the Incident and
  - 4) other relevant sources of information including
    - 4.1 the Insured's financial records and accounting procedures
    - 4.2 bills invoices and other vouchers
    - 4.3 deeds liens or contracts
    - 4.4 financial plans marketing plans budgetary resources and results
- (B) The amount of Extra Expense will be determined based on all expenses that exceed the normal operating expenses that would have been incurred by Operations during the Period of Restoration if no Incident had occurred provided that the Insurers will deduct from the total of such expenses
- 1) the salvage value that remains of any property bought for temporary use during the Period of Restoration once Operations are resumed and
  - 2) any Extra Expense that is paid for by other insurance except for insurance that is written subject to the same terms definitions provisions extensions exclusions and conditions as this policy
- (C) Resumption of Operations
- The Insurers will reduce the amount of the Insured's
- 1) Business Income loss other than Extra Expense to the extent that the Insured can resume Operations in whole or in part by using damaged or undamaged property (including merchandise or stock) at the Premises or elsewhere
  - 2) Extra Expense loss to the extent that the Insured can return Operations to normal and discontinue such Extra Expense

#### ADDITIONAL COVER

- (A) Extended Business Income
- 1) The Insurers will in addition pay for the actual loss of Business Income incurred by the Insured in the period that begins on the date property (except Finished Stock) is actually repaired rebuilt or replaced and Operations are resumed and ends on the earlier of
    - 1.1 the date the Business could have been restored with reasonable speed to the condition that would have existed if no Incident had occurred or
    - 1.2 the number of consecutive days as stated in the Schedule after the date determined in 1) above



## Section 2 Business Interruption Specification - Definitions

### Item 3 - Gross Earnings

(continued)

- 2) Loss of Business Income must be caused by an Incident

#### (B) Civil Authority

The Insurers will pay for the actual loss of Business Income and Extra Expense sustained by the Insured caused by action of civil authority that prohibits access to the Premises due to direct physical loss or damage to property other than at the Premises

This cover will apply for a period of up to thirty consecutive days from the date of that action

### Item 4 - Outstanding Debit Balances

#### DEFINITIONS

#### (A) Outstanding Debit Balances shall mean

The sums outstanding in the Insured's records of the individual amounts owed to them by customers

#### (B) Premises

For the purpose of this Item the Premises shall extend to include any premises in the Territorial Limits to which the records have been temporarily removed and whilst in transit between them

#### BASIS OF SETTLEMENT

The amount payable as indemnity under this Item shall be as follows

#### (A) In respect of Outstanding Debit Balances

the amount by which the Outstanding Debit Balances traced or received following the Occurrence shall fall short of the Outstanding Debit Balances in customers accounts kept by the Insured at the end of the financial period immediately preceding the date of the Occurrence adjusted for bad debts and amounts debited and credited to customers accounts in the period between the end of the said financial period and the date of the Incident

to which adjustments shall be made to allow for the trend and variations in the Business and for other circumstances affecting the amount of the Outstanding Debit Balances so that the adjusted figures shall represent as nearly as may be reasonably practicable those which would have been obtained if the Occurrence had not occurred

#### (B) In respect of Additional Expenditure

the additional expenditure incurred with the previous consent of the Insurers in tracing and establishing the Outstanding Debit Balances

#### LIMIT OF LIABILITY

The Insurers shall not be liable in respect of any one Occurrence under this Item for more than the amount stated in the Schedule

## Section 2 Business Interruption Specification - General Provisions

### Group Interdependency

In the event of DAMAGE at any one Premises the Insurers shall not be liable under Section 2 of this policy

- (A) for more than the amount of CONSEQUENTIAL LOSS at such Premises  
and
- (B) in respect of CONSEQUENTIAL LOSS at all other Premises for more than the Limit of Liability stated in the Schedule for Group Interdependency

### Payments on Account

In respect of any Item under Section 2 payments on account may be made during the Indemnity Period

### Professional Accountants' Charges

Any particulars in the Insured's accounts or other information or evidence which may be required by the Insurers under the Conditions of this policy for the purpose of investigating or verifying any claim may be produced by professional accountants if at the time they are acting regularly as such for the Insured and their report shall be prima facie evidence of the information to which it relates

The Insurers will pay the reasonable charges payable by the Insured to the accountants for producing such information

### Salvage Sales

If following CONSEQUENTIAL LOSS giving rise to a claim under this policy the Insured holds a salvage sale during the Indemnity Period clause (A) of the BASIS OF SETTLEMENT in respect of any Gross Profit Item of Section 2 of this policy shall read as follows

- (A) in respect of reduction in Turnover

the amount produced by applying the Rate of Gross Profit earned on the Turnover during the financial year immediately before the date of the Incident to the amount by which the Turnover during the Indemnity Period (less the Turnover for the period of the salvage sale) shall in consequence of the Incident fall short of the Turnover during the corresponding period in the twelve months immediately before the date of the Incident from which amount shall be deducted the Gross Profit actually earned during the period of the salvage sale

## Section 2 Business Interruption Specification - Extensions of Cover

### Accidental Failure of Supply

For the purposes of this Extension CONSEQUENTIAL LOSS shall mean loss resulting from interruption or interference with the Business carried on by the Insured at the Premises in consequence of accidental failure of the supply of the undernoted services

Provided that

- (A) any loss insured by the Gross Profit or Gross Earnings Items of Section 2 of the policy resulting from interruption of or interference with the Business in consequence of the accidental failure of supply of the undernoted services shall be deemed to be an Incident
- (B) after application of all other terms definitions provisions extensions exclusions and conditions of the policy the liability of the Insurers under this Extension in respect of any one Occurrence shall not exceed the Limit of Liability shown below

The insurance by this policy is extended to include CONSEQUENTIAL LOSS as insured hereby resulting from the accidental failure of the supply of

- (A) electricity at the terminal ends of the supply undertaking's service feeders at the Premises
- (B) gas at the supply undertaking's meters at the Premises
- (C) water at the supply undertaking's main stop-cock serving the Premises
- (D) telecommunications services (excluding the provision of extranets or access to or presence on the internet or access to applications and related services over the internet) at the incoming line terminals or receivers at the Premises but excluding satellites

Limit of Liability	a)	in respect of electricity gas and water:	As stated in the Schedule
	b)	in respect of telecommunications services:	As stated in the Schedule

Maximum Indemnity Period	a)	in respect of electricity gas and water:	As stated in the Schedule
	b)	in respect of telecommunications services:	As stated in the Schedule

### Exclusions

The Insurers shall not be liable for loss resulting from failure caused by

- (A) the deliberate act of a supply authority undertaking in withholding the supply of water gas electricity fuel or telecommunications services (including the provision of extranets or access to or presence on the internet or access to applications and related services over the internet)
- (B) strikes or any labour or trade dispute
- (C) drought
- (D) other atmospheric or weather conditions but this shall not exclude failure due to damage to equipment caused by such conditions
- (E) all other exclusions of the policy other than the following Excluded Causes
  - 1) Changes in Environment and Other Risks
    - Mechanical or Electrical Breakdown and Other Risks
    - Molten Materials
    - Processes
    - and Property in the Open
  - 2) Paragraphs (A) (B) (D) (E) and (F) of Gradually Operating Causes and Other Risks

## Section 2 Business Interruption Specification - Extensions of Cover

### Accidental Failure of Supply

(continued)

Provided that the Insurers shall not be liable under this Extension for more than the Limit of Liability stated in the Schedule

### Accumulated Stocks

This Extension applies only to the Insured's Business in those countries where the Local Policy provides Gross Profit cover

In adjusting any loss account shall be taken and an equitable allowance made if any shortage in Turnover resulting from the DAMAGE is postponed due to the Turnover being temporarily maintained from accumulated stocks of finished goods

### Computer Breakdown - Additional Expenditure

For the purposes of this Extension CONSEQUENTIAL LOSS shall mean loss resulting from interruption or interference with the Business due to Computer Breakdown during the Period of Insurance and the Insurers will pay the additional expenditure necessarily and reasonably incurred by the Insured during the Indemnity Period in order to prevent or minimise such interruption or interference

Provided that the Insurers shall not be liable under this Extension for more than the Limit of Liability stated in the Schedule and as described in the Computer Breakdown Definition and General Provision

### Suppliers Customers Storage Sites and Restriction of Access

For the purposes of this Extension of Cover CONSEQUENTIAL LOSS shall mean loss resulting from interruption of or interference with the Business carried on by the Insured at the Premises in consequence of accidental loss destruction or damage to property as undernoted or at the undernoted situations all within the Territorial Limits

Provided that

- (A) this Extension of Cover shall not apply in respect of Computer Breakdown Machinery Breakdown Pressure Explosion or Collapse
- (B) any loss as insured by the Gross Profit or Additional Increase In Cost Of Working or Gross Earnings Items of Section 2 of the policy resulting from interruption of or interference with the Business in consequence of accidental loss destruction or damage at the undernoted situations or to property as undernoted shall be deemed to be an Incident
- (C) after application of all other terms definitions provisions extensions exclusions and conditions of the policy the liability of the Insurers under this extension in respect of any Occurrence shall not exceed the Limit of Liability shown below
- (D) unless specifically stated this Extension of Cover shall only apply to loss as described in (B) above in respect of suppliers or customers with whom the Insured has directly transacted and shall exclude the effect of any other party with whom such supplier or customer transacts

### Specified Suppliers

The premises of Specified Suppliers as detailed in the Schedule

Limit of Liability: As stated in the Schedule

## Section 2 Business Interruption Specification - Extensions of Cover

### Unspecified Suppliers or Storage Sites

The premises of any other of the Insured's suppliers manufacturers or processors of components goods materials or services or the premises of any contracted outsourcees of the Insured but excluding the premises of any supply undertaking from which the Insured obtains electricity gas water or telecommunications services (including the provision of extranets or access to or presence on the internet or access to applications and related services over the internet)

and

any premises not in the occupation of the Insured where property of the Insured is stored other than the premises of any Specified Suppliers

Limit of Liability: As stated in the Schedule

### Specified Customers

The premises of Specified Customers detailed in the Schedule

Limit of Liability: As stated in the Schedule

### Unspecified Customers

The premises of any other of the Insured's customers with whom the Insured has contracts or direct trading relationships at the time of the loss destruction or damage to supply components goods materials or services other than the premises of any Specified Customers

Limit of Liability: As stated in the Schedule

### Restriction of Access

Property in the immediate vicinity of the Premises loss or destruction of or 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 but excluding loss or destruction of or damage to property of any supply undertaking from which the Insured obtains electricity gas water or telecommunications services (including the provision of extranets or access to or presence on the internet or access to applications and related services over the internet) which prevents or hinders the supply of such services to the Premises

Limit of Liability: As stated in the Schedule

## Schedule - Lists Incorporated in this policy

### List of Premises

The List of Premises shall be as declared to and accepted by the Insurers at inception of the policy in the (...ADD HERE....name of the broker and description/date of their excel values spreadsheet....) or as subsequently amended during the Period of Insurance with the written agreement of the Insurers and is incorporated in this policy

draft

## Customer Service Additional Information

### Complaints Procedure - Our Commitment To Customer Service

At RSA we are committed to going the extra mile for our customers so if you believe that we have not delivered the service you expected we want to hear from you so that we can try to put things right

We take all complaints seriously and following the steps below will help us understand your concerns and give you a fair response

#### (A) Step 1

If your complaint relates to your policy then please contact the sales and service team in the office which issued the policy or your Broker

If your complaint relates to a claim then please call our claims team or the number shown at the front of this policy

We aim to resolve your concerns by close of the next business day as experience tells us that most difficulties can be sorted out within this time

#### (B) Step 2

In the unlikely event that your concerns have not been resolved within this time your complaint will be referred to our Customer Relations Team who will arrange for an investigation on behalf of our Chief Executive - their contact details are as follows:

Post:  
RSA  
Customer Relations Team  
P O Box 255  
Wymondham  
NR18 8DP

Email: [crt.halifax@uk.rsagroup.com](mailto:crt.halifax@uk.rsagroup.com)

Our promise to you

We will:

- 1) Acknowledge all complaints promptly
- 2) Investigate quickly and thoroughly
- 3) Keep you informed of progress
- 4) Do everything possible to resolve your complaint
- 5) Use the information from your complaint to proactively improve our service in the future

Once we have reviewed your complaint we will issue our final decision in writing within 8 weeks of the date we received your complaint

#### (C) If you are still not happy

If you are still unhappy after our review (or you have not received a written offer of resolution within 8 weeks of the date we received your complaint) you may be eligible to refer your case to the Financial Ombudsman Service which is an independent body that arbitrates on complaints

The Financial Ombudsman Service can be contacted at:

Post:  
Financial Ombudsman Service  
Exchange Tower  
Harbour Exchange Square  
London E14 9SR

## Customer Service Additional Information

Complaints Procedure - Our Commitment To Customer Service

(continued)

Telephone:

0800 0234567 (free from standard land line - mobiles may be charged)

0300 1239123 (same rate as 01 or 02 numbers on mobile phone tariffs)

Email: [complaint.info@financial-ombudsman.org.uk](mailto:complaint.info@financial-ombudsman.org.uk)

Website: [www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk)

You have six months from the date of our final response to refer your complaint to the Financial Ombudsman Service

This does not affect your right to take legal action - however the Financial Ombudsman Service will not adjudicate on any case where litigation has commenced

(D) Thank you for your feedback

We value your feedback and at the heart of our brand we remain dedicated to treating our customers fairly and giving them the best possible service at all times - so if we have fallen short of this promise we apologise and aim to do everything possible to put things right

Fair Processing Notice

(A) How we use your Information

Please read the following carefully as it contains important information relating to the details that you have given us. You should show this notice to any other party related to this insurance.

(B) Who we are

This product is underwritten by Royal & Sun Alliance Insurance plc.

You are giving your information to Royal & Sun Alliance Insurance plc, which is a member of the RSA Group of companies (the Group). In this information statement, "we" "us" and "our" refers to the Group unless otherwise stated.

(C) How your information will be used and who we share it with

Your information comprises all the details we hold about you and your transactions and includes information obtained from third parties.

If you contact us electronically, we may collect your information identifier, e.g. Internet Protocol (IP) Address or telephone number supplied by your Service Provider.

We may use and share your information with other members of the Group to help us and them:

- \* Assess financial and insurance risks
- \* Recover debt
- \* Prevent and detect crime
- \* Develop our services, systems and relationships with you
- \* Understand our customers' requirements
- \* Develop and test products and services



## Customer Service Additional Information

Fair Processing Notice

(continued)

We do not disclose your information to anyone outside the Group except:

- \* Where we have your permission or
- \* Where we are required or permitted to do so by law or
- \* To credit reference and fraud prevention agencies and other companies that provide a service to us, our partners or you or
- \* Where we may transfer rights and obligations under this agreement

We may transfer your information to other countries on the basis that anyone we pass it to provides an adequate level of protection. In such cases, the Group will ensure it is kept securely and used only for the purpose for which you provided it. Details of the companies and countries involved can be provided on request.

From time to time we may change the way we use your information. Where we believe you may not reasonably expect such a change we shall write to you. If you do not object, you will consent to that change.

We will not keep your information for longer than is necessary.

### (D) Sensitive Information

Some of the information we ask you for may be sensitive personal data, as defined by the Data Protection Act 1998 (such as information about health or criminal convictions). We will not use such sensitive personal data about you or others except for the specific purpose for which you provide it and to carry out the services described in your policy documents. Please ensure that you only provide us with sensitive information about other people with their agreement.

### (E) How to contact us

On payment of a small fee, you are entitled to receive a copy of the information we hold about you. If you have any questions, or you would like to find out more about this notice you can write to: Data Protection Liaison Officer, Customer Relations Office, RSA, Bowling Mill, Dean Clough Industrial Estate, Halifax HX3 5WA