



LIBERTY INSURANCE LIMITED

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PROPERTY ALL RISKS INSURANCE POLICY WORDING

IN CONSIDERATION of the Insured named in the Schedule having paid or agreed to pay the required Premium, **LIBERTY INSURANCE LIMITED** (hereafter called the Company) agrees (subject to the terms definitions conditions and exclusions contained herein or endorsed or otherwise expressed hereon which shall so far as the nature of them respectively will permit be deemed to be conditions precedent to the right of the Insured to recover hereunder) that if any of the Property Insured shall suffer any unforeseen sudden and physical loss destruction or damage other than by an excluded cause, at any time during the Period of Insurance shown in the Schedule or of any subsequent period in respect of which the Insured shall have paid and the Company shall have accepted the premium required for the renewal of this Policy,

THE COMPANY WILL PAY TO THE INSURED the value of the property at the time of the happening of its unforeseen sudden and physical loss or destruction or the amount of such unforeseen sudden and physical damage (unforeseen sudden and physical loss destruction or damage being hereinafter termed Damage) or at its option reinstate or replace such property or any part thereof.

Provided that the liability of the Company under this Policy shall in no case exceed:

- (i) in the whole the total sum insured or in respect of any item its sum insured or any limit of liability stated in the Schedule at the time of the loss destruction or damage;
- (ii) the sum insured (or limit) remaining after deduction for any loss destruction or damage occurring during the same period of insurance, unless the Company shall have agreed to reinstate any such sum insured (or limit).

EXCLUSIONS

This Policy does not cover:

1. **Damage to the Property Insured caused by:**

- (a) (i) faulty or defective design materials or workmanship, inherent vice, latent defect, gradual deterioration, deformation or distortion or wear and tear;
- (ii) interruption of the water supply, gas, electricity or fuel systems or failure of the effluent disposal systems to and from the Premises;

unless Damage by a cause not excluded in the Policy ensues and then the Company shall be liable only for such ensuing Damage;

- (b) (i) collapse or cracking of buildings;
- (ii) corrosion, rust, extremes or changes in temperature, dampness, dryness, wet or dry rot, fungus, shrinkage, evaporation, loss of weight, change in colour flavour texture or finish, action of light, vermin, insects, marring or scratching;

unless such loss is caused directly by Damage to the Property Insured or to premises containing such property by a cause not excluded in the Policy;

- (c) (i) theft except from an enclosed building and then only if there is violent or forcible entry to or exit from such building;
- (ii) fraudulent or dishonest acts, fraudulent misappropriation, embezzlement, forgery;
- (iii) disappearance, unexplained or inventory shortage, misfiling or misplacing of information, shortage in supply or delivery of materials or shortage due to clerical or accounting error;
- (iv) cracking fracturing collapse or overheating of boilers economisers vessels tubes or pipes, nipple leakage or the failure of welds of boilers;
- (v) damage to all Machinery (as defined in this exclusion), electronic data processing equipment or electronic control equipment occasioned by or happening through any mechanical, electrical, electro-mechanical, electronic or hydraulic malfunction, failure, derangement, breakdown or non-operation of whatsoever kind;
- (vi) bursting, overflowing, discharging or leaking of water tanks, apparatus or pipes when the premises are empty or disused;

unless

- (I) Damage by a cause not excluded in the Policy ensues and then the Company shall be liable only for such ensuing Damage, and
- (II) such loss is caused directly by Damage to the Property Insured or to premises containing such property by a cause not excluded in the Policy;

For the purpose of this exclusion, Machinery means any apparatus whether or not functioning independently or as any component part of a collection of apparatus which generates, contains, controls, transmits, receives, transforms or utilises any form or source of energy or power.

- (d) (i) coastal or river erosion;
- (ii) subsidence, ground heave or landslip;
- (iii) normal settlement or bedding-down of new structures;
- (iv) wind, rain, hail, frost, snow, flood, sand or dust to movable property in the open or in open-sided buildings or to fences and gates;
- (v) the freezing, solidification or inadvertent escape of molten material.

2. Damage caused by or arising from:

- (a) any wilful act or wilful negligence on the part of the Insured or any person acting on his behalf;
- (b) cessation of work, delay or loss of market or any other consequential or indirect loss of any kind or description whatsoever.

3. Damage directly or indirectly caused by resulting from or in connection with any of the following regardless of any other cause or event contributing concurrently or in any other sequence to the Damage:

- (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) acts of terrorism;

- (d) (i) permanent or temporary dispossession resulting from confiscation, nationalisation, commandeering or requisition by any lawfully constituted authority;
- (ii) permanent or temporary dispossession of any building resulting from the unlawful occupation of such building by any person;

Provided that the Company is not relieved of any liability to the Insured in respect of Damage to the Property Insured occurring before dispossession or during temporary dispossession which is otherwise insured by this Policy;

- (e) the destruction of property by order of any public authority.

For the purpose of this exclusion, "terrorism" means an act, including but not limited to the use of force or violence and/or threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organisation(s) or government(s), committed for political, religious, ideological or similar purposes including the intention to influence any government and/or to put the public or any section of the public in fear;

This exclusion also applies to loss destruction or damage, cost or expenses of whatever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to 3(a), (b) or (c) above.

In any action, suit or other proceeding where the Company alleges that by reason of the provisions of exclusions 3(a), (b) or (c) above any loss destruction or damage, cost or expenses is not covered by this insurance the burden of proving that such loss destruction or damage, cost or expenses is covered shall be upon the Insured.

In the event any portion of this exclusion is found to be invalid or unenforceable, the remainder shall remain in full force and effect.

4. **Damage directly or indirectly caused by or arising from or in consequence of or contributed to by:**

- (a) nuclear weapons material;
- (b) (i) ionising radiation or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel. Solely for the purpose of this exclusion 4(b) combustion shall include any self-sustaining process of nuclear fission;
- (ii) the radioactive, explosive or other hazardous properties of any explosive nuclear component thereof.

5. **Damage arising from pollution or contamination except (unless otherwise excluded) Damage to the Property Insured caused by:**

- (a) pollution or contamination which itself results from a peril insured against;
- (b) any peril insured against which itself results from a pollution or contamination.

6. **Damage to:**

- (a) money, cheques, stamps, bonds, credit cards, securities of any description, jewellery, precious stones, precious metals, bullion, furs, curiosities, rare books or works of art unless specifically mentioned as insured by this Policy and then only in respect of the perils specified below;
- (b) fixed glass;
- (c) glass (other than fixed glass), china, earthenware, marble or other fragile or brittle objects;
- (d) electronic installations, computers and data processing equipment;

but this shall not exclude Damage (not otherwise excluded) caused by fire, lightning, explosion, aircraft, riot, strikers, locked-out workers, persons taking part in labour disturbances, malicious persons, impact by any road vehicle or animals, earthquake, windstorm, flood, bursting, overflowing, discharging or leaking of water tanks, apparatus or pipes.

7. Damage to:

Goods held in trust or on commission, documents, manuscripts, business books, computer systems records, patterns, models, moulds, plans, designs, explosives, unless specifically mentioned as insured by this Policy.

8. Damage to:

- (a) vehicles licensed for road use (including accessories thereon) caravans, trailers, railway locomotives or rolling stock, watercraft, aircraft, spacecraft or the like;
- (b) property in transit other than within the Premises specified in the Schedule;
- (c) property or structures in the course of demolition, construction or erection and materials or supplies in connection therewith;
- (d) land (including top-soil, back-fill drainage or culverts) driveways, pavements, roads, runways, railway lines, retaining walls, dams, reservoirs, canals, rigs, wells, pipelines, tunnels, bridges, docks, piers, jetties, excavations, wharves, mining property, underground off-shore property;
- (e) livestock, animals, birds or fish, standing timber, growing crops, trees and pastures;
- (f) property damaged as a result of its undergoing any process;
- (g) plant, machinery or equipment during installation removal or resiting (including dismantling and re-erection) if directly attributable to such operations;
- (h) property undergoing alteration, repair, testing, installation or servicing, including materials and supplies therefor if directly attributable to the operations or work being performed thereon;
- (i) property more specifically insured by or behalf of the Insured.

9. Damage to:

Property which at the time of the happening of such 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.

10. Damage to:

Boilers, economisers, turbines or other vessels, machinery or apparatus in which pressure is used or their contents resulting from their explosion or rupture.

11. Electronic Data:

- (a) Notwithstanding any provision to the contrary within the Policy or any endorsement thereto, it is understood and agreed as follows:
 - (i) This Policy does not insure 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 resulting therefrom, regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

Electronic Data means 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 programs, software and other coded instructions for the processing and manipulation of data or the direction and manipulation of such equipment.

Computer Virus means 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".

- (ii) However, in the event that a peril listed below results from any of the matters described in paragraph (i) above, this Policy, subject to all its terms, conditions and exclusions, will cover physical damage occurring during the Policy period to the Property Insured by this Policy directly caused by such listed peril.

Listed Perils: Fire, Explosion.

(b) Electronic Data Processing Media Valuation

Notwithstanding any provision to the contrary within the Policy or any endorsement thereto, it is understood and agreed as follows:

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 of the blank media plus the costs of copying the Electronic Data from back-up or from originals of a previous generation. These costs will not include research and engineering nor any costs of recreating, gathering or 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.

SPECIALS EXCLUSIONS

**1. Nuclear Energy Risks Exclusion Clause (1994)
(Worldwide Excluding U.S.A. and CANADA) - NMA 1975(A)**

This Agreement shall exclude Nuclear Energy Risks whether such risks are written directly and/or by way of insurance and/or via Pools and/or Associations.

For all purposes of this Agreement Nuclear Energy Risks shall mean all first party and/or third party insurances (other than workers' compensation and/or employers' liability) in respect of:-

- (I) All Property on the site of a nuclear power station. Nuclear Reactors, reactor buildings and plant and equipment therein on any site other than a nuclear power station.
- (II) All Property, on any site (including but not limited to the sites referred to in (I) above) used or having been used for:-
 - (a) The generation of nuclear energy; or
 - (b) The Production, Use or Storage of Nuclear Material.
- (III) Any other Property eligible for insurance by the relevant local Nuclear Insurance Pool and/or Association but only to the extent of the requirements of that local Pool and/or Association.
- (IV) The supply of goods and services to any of the sites, described in (I) to (III) above, unless such insurances shall exclude the perils of irradiation and contamination by Nuclear Material.

Except as under-noted, Nuclear Energy Risks shall not include:-

- (i) Any insurance in respect of the construction or erection or installation or replacement or repair or maintenance or decommissioning of property as described in (I) to (III) above (including contractors' plant and equipment);
- (ii) Any Machinery Breakdown or other Engineering insurance not coming within the scope of (i) above;

Provided always that such insurance shall exclude the perils of irradiation and contamination by Nuclear Material.

However, the above exemption shall not extend to:-

- (1) The provision of any insurance whatsoever in respect of:-
 - (a) Nuclear Material;
 - (b) Any Property in the High Radioactivity Zone or Area of any Nuclear Installation as from the introduction of Nuclear Material or - for reactor installations - as from fuel loading or first criticality where so agreed with the relevant local Nuclear Insurance Pool and/or Association.
- (2) The provision of any insurance for the under-noted perils:-
 - Fire, lightning, explosion;
 - Earthquake;
 - Aircraft and other aerial devices or articles dropped therefrom;
 - Irradiation and radioactive contamination;
 - Any other peril insured by the relevant local Nuclear Insurance Pool and/or Association;

in respect of any other Property not specified in (1) above which directly involves the Production, Use or Storage of Nuclear Material as from the introduction of Nuclear Material into such Property.

Definitions

"Nuclear Material" means:-

- i) Nuclear fuel, other than natural uranium and depleted uranium, capable of producing energy by a self sustaining chain process of nuclear fission outside a Nuclear Reactor, either alone or in combination with some other material; and
- (ii) Radioactive Products or Waste.
"Radioactive Products or Waste" means 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.

"Nuclear Installation" means:-

- (i) Any Nuclear Reactor;
- (ii) Any factory using nuclear fuel for the production of Nuclear Material, or any factory for the processing of Nuclear Material, including any factory for the reprocessing of irradiated nuclear fuel; and
- (iii) Any facility where Nuclear Material is stored, other than storage incidental to the carriage of such material.

"Nuclear Reactor" means 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.

"Production, Use or Storage of Nuclear Material" means the production, manufacture, enrichment, conditioning, processing, reprocessing, use, storage, handling and disposal of Nuclear Material.

"Property" shall mean all land, buildings, structures, plant, equipment, vehicles, contents (including but not limited to liquids and gases) and all materials of whatever description whether fixed or not.

"High Radioactivity Zone or Area" means:-

- (i) For nuclear power stations and Nuclear Reactors, the vessel or structure which immediately contains the core (including its supports and shrouding) and all the contents thereof, the fuel elements, the control rods and the irradiated fuel store; and
- (ii) For non-reactor Nuclear Installations, any area where the level of radioactivity requires the provision of a biological shield.

2. Nuclear Exclusion (SR 482)

This Agreement shall not apply to nuclear energy risks in accordance with the Nuclear Energy Risks Exclusion Clause NMA 1975a and any other liability, loss, cost or expense of whatsoever nature directly or indirectly caused by, resulting from, arising out of or in connection with nuclear reaction, nuclear radiation or radioactive contamination regardless of any other cause contributing concurrently or in any other sequence to the loss, save where such liability, loss, cost or expense is expressly exempted from NMA 1975a.

3. Nuclear Energy Risks Exclusion Clause

1. This contract excludes nuclear energy risks whether written directly or by way of insurance or via pools or associations. Under this contract the term "nuclear energy

risks” means any first or third party insurance (other than workers’ compensation or employers’ liability) in respect of:

- 1.1 nuclear reactors and nuclear power stations or plant;
 - 1.2 any other premises or facilities concerned with
 - 1.2.1 the production of nuclear energy or
 - 1.2.2 the production or storage or handling of nuclear fuels or nuclear waste;
 - 1.3 any other premises or facilities eligible for insurance by any local nuclear pool or association but only to the extent of the requirements of the local pool or association;
 - 1.4 nuclear or radioactive fuel, or nuclear or radioactive waste.
2. However, this exclusion shall not apply
- 2.1 to any insurance in respect of the construction, erection or installation of buildings, plant and other property (including contractor’s plant and equipment used in connection therewith):
 - 2.1.1 for the storage of nuclear fuel – prior the commencement of storage
 - 2.1.2 as regards reactor installations – prior to the commencement of loading of nuclear fuel into the reactor, or prior to the initial criticality, depending on the commencement of the insurance of the relevant local nuclear pool or association;
 - 2.2 to any machinery breakdown or other engineering insurance not coming within the scope of 3.1. above, nor affording coverage in the “high radioactivity” zone;
 - 2.3 to any insurance in respect of the hulls of ships, aircraft or other conveyances;
 - 2.4 to any insurance in respect of loss of or damage to (including any expenses incurred therewith) nuclear or radioactive fuel or nuclear or radioactive waste while in transit or storage as cargo, other than while being processed or while in storage at the reactor installation or any other final destination concerned with production, storage or handling of nuclear fuel or nuclear waste.

4. Property Damage Clarification Clause

Property damage covered under this Agreement shall mean physical damage to the substance of property.

Physical damage to the substance of property shall not include damage to data or software, in particular any detrimental change in data, software or computer programs that is caused by a deletion, a corruption or a deformation of the original structure.

Consequently the following are excluded from this Agreement:

- A. Loss of or damage to data or software, in particular any detrimental change in data, software or computer programs that is caused by a deletion, a corruption or a deformation of the original structure, and any business interruption losses resulting from such loss or damage. Notwithstanding this exclusion, loss of or damage to data or software which is the direct consequence of insured physical damage to the substance of property shall be covered.
- B. Loss or damage resulting from an impairment in the function, availability, range of use or accessibility of data, software or computer programs, and any business interruption losses resulting from such loss or damage.

5. Seepage, Pollution and Contamination Exclusion Clause NMA 1685

This Agreement does not cover any liability in respect of:

1. Loss of, damage to, or loss of use of property directly or indirectly caused by seepage, pollution or contamination, provided always that this paragraph shall not apply to loss of or physical damage to or destruction of tangible property, or loss of use of such property damaged or destroyed, where such seepage, pollution or contamination is a consequence of an otherwise under this agreement indemnifiable sudden, unintended and unexpected happening.
2. The cost of removing, nullifying or cleaning-up seeping, polluting or contaminating substances unless the seepage, pollution or contamination is a consequence of an otherwise under this agreement indemnifiable sudden, unintended or unexpected happening.
3. Fines, penalties, punitive or exemplary damages.

Furthermore it is agreed that the Insurer is only liable for such claims which have been reported to the Insurer within twelve months from the occurrence of the otherwise indemnifiable happening.

6. Sanction Limitation Exclusion

Liberty shall not provide cover and shall not be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose Liberty to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United State of America.

DEFINITION OF PROPERTY

Building

The building of the Insured Premises, which is owned by the Insured or for which the Insured is legally responsible, in which the Business is carried out, located at the situation shown in the Schedule;

The term "Building(s)" includes:

- (a) landlords' fixtures and fittings;
- (b) outbuildings;
- (c) walls, gates and fences;
- (d) piping ducting cables wires and associated control gear and accessories on the premises and extending to the public mains, but only to the extent of the Insured's responsibility
- (e) yards car-parks roads and pavements.

Content

The property at the Building which are used in the Business and are owned by the Insured or for which the Insured is legally responsible.

The Content consists of:

- (a) all contents within the Building, including machinery and equipment, furniture, fixtures and fittings;
- (b) renovations, improvements, alterations and decorations made by the Insured to the Building
- (c) records and documents;
- (d) pattern model mould or set of same;
- (e) clothing and tools of trade belonging to directors and employees of the Insured of which Damage occurs in the course of their employment whilst at the Premises;
- (f) contents of outbuilding;
- (g) contents in the open yards.

Contents does not include:

- (a) mechanically or electrically propelled vehicles;
- (b) caravans or trailers;
- (c) watercraft or aircraft;
- (d) stock and material in trade.

Records and Documents

Written, printed, filmed or taped records (including computer records), deeds, plans or drawings or documents of any other type which are:

- (a) used in the Business,
- (b) in a Building at the Premises, and
- (c) are owned by the Insured or are in the Insured's custody in the ordinary course of the Business.

Stock and Material in Trade

The items belong to the Insured or for which the Insured is legally responsible or has assumed a responsibility to insure as described below:

- (a) merchandise or materials of trade manufactured or non-manufactured or in the course of manufacture, including value of work done;
- (b) material used in making or packing;
- (c) consignment stock
- (d) goods held in trust or on commission.

Designation

For the purpose of determining where necessary the column heading under which any property is insured the Company agrees to accept the designation under which such property has been entered in the Insured's books.

BASIS OF SETTLEMENT

- (a) On building, machinery, plant and all other property and contents (other than those specified below): the cost of reinstatement, replacement or repair in accordance with the provisions of the Reinstatement and Replacement and Public Authority Memoranda as set out herein;

Provided that if the Insured elects to claim the Indemnity Value of any damaged property, the Company will pay to the Insured the value of such property at the time of the happening of the damage or at its option reinstate, replace or repair such property or any part thereof. In any event the Company will pay the costs incurred by the Insured in accordance with the provisions of Public Authority Memorandum.

- (b) On raw materials, supplies and other merchandise not manufactured by the Insured: the replacement cost at the time and the place of replacement or, if such property is not replaced, the value thereof at the time and place of the damage.
- (c) On material in process of manufacture: the replacement value of the raw materials and the value of labour and other overhead charges expended thereon at the time and the place of the damage.
- (d) On finished goods: the replacement value of the raw materials and the value of labour and other overhead charges expended thereon before any allowance for profit or the cost of re-stocking such goods, whichever is the lesser.
- (e) On computer systems records, documents, manuscripts, securities, deeds, specifications, plans, drawings, designs, business books and other records of every description: the cost of reinstating, replacing, reproducing or restoring same, including information contained therein or thereon but excluding the value to the Insured of the said information; or if such is not required, the replacement cost of materials as blank stationery at the time and place of the damage.
- (f) On patterns, models, moulds, dies or lasts: the cost of repair or replacement (if actually replaced) otherwise the Indemnity Value to the Insured of such property.
- (g) On glass: the cost of repairing or replacing the broken glass including:
- temporary shuttering and/or hiring of security service
 - pending replacement of broken glass
 - signwriting or ornamentation on glass
 - replacement burglary alarm tapes on glass
 - removing and re-fixing of window and show case frames and fittings
 - heat reflecting material or process on glass
- (h) On directors' and employees' clothing and tools of trade: the replacement cost at the time of replacement subject to due allowance for wear and tear, depreciation and betterment.
- (i) On empty premises awaiting demolition: the salvage value of the building materials and/or landlord's fixtures and fittings.

MEMORANDA

Except to the extent that this Policy is hereby modified under the following Memorandum, the Terms, Conditions and Limitations of this Policy shall apply.

1. **Reinstatement and Replacement**

(Applicable to buildings, machinery, plant and all other property and contents; other than those specified in items (b) to (i) under Basis of Settlement).

The basis upon which the amount payable is to be calculated shall be the cost of reinstatement of the damaged property insured at the time of its reinstatement, subject to the following Provisions and subject also to the Terms, Conditions and Limit(s) or Sub-Limit(s) of Liability of this Policy.

For the purpose of the insurance under this Memorandum "Reinstatement" shall mean:

- (a) Where property is lost or destroyed: in the case of a building, the rebuilding thereof or in the case of property other than a building, the replacement thereof 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.

Provisions

1. The work of rebuilding, replacing, repairing or restoring as the case may be (which may be carried out upon any other site(s) and in any manner suitable to the requirements of the Insured, but subject to the liability of the Company not being thereby increased), must be commenced and carried out with reasonable despatch, failing which the Company shall not be liable to make any payment greater than the indemnity value of the damaged property at the time of the happening of the damage.
2. When any property insured to which this Memorandum applies is damaged in part only, the liability of the Company shall not exceed the sum representing the cost which the Company could have been called upon to pay for reinstatement if such property has been wholly destroyed.
3. The property insured under this Memorandum is separately subject to the following Under-Insurance clause:

If at the time of replacement or reinstatement the sum insured does not represent the cost which would have been incurred in reinstatement if the whole of such property had been destroyed, then the Insured shall be considered as being his own insurer for the difference and shall bear a ratable proportion of the loss accordingly.

Each item of this Policy (if more than one) shall be separately subject to this condition.

4. No payment beyond the amount which would have been payable under this Policy if this memorandum had not been incorporated herein shall be made until a sum equal to the cost of reinstatement shall have been actually incurred; provided that where the Insured reinstates or replaces any lost or destroyed property at a cost which is less than the cost of reinstatement (as defined) but greater than the value of such property at the time of the happening of its loss or destruction, then the cost so incurred shall be deemed to be the cost of reinstatement.
5. All other insurances covering the property effected by or on behalf of the Insured shall be on a similar reinstatement basis.

2. Public Authority

(Applicable to buildings, machinery, plant and all other property and contents; other than those specified in items (b) and (i) under Basis of Settlement).

This Policy is extended to include such additional cost of reinstatement (including demolition of dismantling) of damaged property thereby insured reasonably and necessarily incurred solely to comply with the requirements of any Act of Parliament or Regulation made thereunder or any By-Law or Regulation of any Municipal or other Statutory Authority; subject to the following Provisions and subject also to the Terms, Conditions and Limit(s) or Sub-Limits of Liability of this Policy.

Provisions

1. The amount recoverable under this Memorandum shall not include:
 - (a) the cost incurred in complying with any of the aforesaid Regulations or Bye-Laws:
 - (i) in respect of destruction or damage occurring prior to the granting of this extension;
 - (ii) in respect of destruction or damage not insured by the Policy;
 - (iii) under which notice has been served upon the Insured prior to the happening of the destruction or damage;
 - (iv) in respect of undamaged property or undamaged portions of property;
 - (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 the aforesaid 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 thereof by reason of compliance with any of the aforesaid Regulations or Bye-laws.
2. The work of rebuilding, replacing, repairing or restoring as the case may be (which may be carried out upon any other site(s) and in any manner suitable to the requirements of the Insured, but subject to the liability of the Company not being thereby increased), must be commenced and carried out with reasonable despatch, failing which the Company shall not be liable to make any payment greater than the indemnity value of the damaged property at the time of the happening of the damage.
3. If the liability of the Company under (any item of) the Policy apart from this Memorandum shall be reduced by the application of any of the terms and conditions of the Policy then the liability of the Company under this Memorandum (in respect of any such item) shall be reduced in like proportion.
4. The total amount recoverable under any item of the Policy shall not exceed the sum insured thereby.
5. All other insurances covering the property effected by or on behalf of the Insured shall be on a similar reinstatement basis.

3. Indemnity Value

Indemnity value shall mean the reasonable and necessary cost of rebuilding, replacing or repairing property with new materials less an allowance for depreciation and wear and tear based on the age and condition of the property at the time of the loss or damage.

4. Pairs and Sets

Where any insured item consists of articles in a pair or set, the Company's liability shall not exceed the value of any particular part or parts which may be lost or damaged, without reference to any special value which such article or articles may have as part of such pair or set, nor more than a proportionate part of the sum insured hereby on such pair or set.

5. Waiver of Subrogation

In the event of a claim arising under this Policy it is hereby declared and agreed that the Company waives all rights, remedies or relief to which they might become entitled by subrogation against:

- (a) any Insured (including its directors, officers and employees) where more than one party comprises "the Insured";
- (b) any corporation or entity (including its directors, officers and employees) being parents, part of or subsidiary or affiliated to the Insured as listed from time to time in the Insured's latest balance sheet/annual report;
- (c) any co-owner of the Property Insured;

Provided always that the conduct of the parties that gave rise to the loss was not serious or willful misconduct.

GENERAL CONDITIONS

1. Identification

This Policy incorporates the Schedule, Specification and Endorsements which shall be read together as one contract. Words and expressions to which specific meanings have been attached in any part of this Policy or of the Schedule, Specification and Endorsements shall bear such specific meanings wherever they shall appear.

2. Misdescription

If there be any material misdescription by the Insured or any one acting on his behalf of any of the property hereby insured, or of any building or place in which such property is contained, or of the business or premises to which this insurance refers or any misrepresentation as to any fact material to be known for estimating the risk or any omission to state such fact, the Company shall not be liable under this Policy for the property affected by any such misdescription, misrepresentation or omission.

3. Cancellation

The Company may cancel this Policy by giving 30 days' notice by registered letter to the Insured at his last known address and in such event the Company will return to the Insured the premium paid less the pro rata portion thereof for the period during which the Policy had been in force.

This Policy may be cancelled at any time by the Insured by giving written notice to the Company and in such event the Insured shall be entitled to a return of premium less the premium computed at the Company's Short Period Rates for the period during which the Policy had been in force.

Short Period Rates

<u>Period</u>	<u>Premium</u>
Up to 3 months	30% of Annual Premium
Between 3 to 6 months	60% of Annual Premium
Between 6 to 9 months	90% of Annual Premium
Over 9 months	100% of Annual Premium

4. Forfeiture

(a) All benefit under the Policy shall be forfeited if any claim made is in any respect fraudulent or if any fraudulent means or devices are used by the Insured or any one acting on his behalf to obtain benefit under this Policy or if any Damage is caused by the willful act or with the connivance of the Insured.

(b) Benefit under the Policy shall also be forfeited in respect of any claim:

(i) made and rejected if an action or suit be not commenced within twelve months after such rejection;

or

(ii) where arbitration takes place in pursuance of Condition 7 of this Policy and an action or suit be not commenced within twelve months after the arbitrators shall have made their award.

5. Subrogation

Any claimant under this Policy shall, at the expense of the Company do, and concur in doing and permit to be done all such acts and things as may be necessary or reasonably required by the Company for the purpose of enforcing any rights and remedies, or of obtaining relief or indemnity from other parties to which the Company shall be or would become entitled or subrogated, upon its paying for or making good any loss or damage under this Policy, whether

such acts and things shall be or become necessary or required before or after his indemnification by the Company.

6. **Contribution**

If at the time of any Damage there is any other insurance effected by or on behalf of the Insured covering any of the property lost, destroyed or damaged, the liability of the Company hereunder shall be limited to its rateable proportion of such Damage.

7. **Arbitration**

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

8. **Alterations and Removals**

Under any of the following circumstances the insurance ceases to attach as regards the property affected unless the Insured, before the occurrence of any Damage obtains the sanction of the Company signified by endorsement upon the Policy, by or on behalf of the Company:

- (a) if the trade or manufacture carried on be altered, or if the nature of the occupation of or other circumstances affecting the building or containing the insured property be changed in such a way as to increase the risk of Damage;
- (b) if the building insured or containing the Insured Property becomes unoccupied and so remains for a period of more than 30 days;
- (c) if the Property Insured be removed to any building or place other than that in which it is stated herein to be insured;
- (d) if the interest in the Property Insured passes from the Insured otherwise than by will or operation of law.

9. **Actions by the Insured**

If any event giving rise to or likely to give rise to a claim under this Policy comes to his knowledge the Insured shall:

- (a) immediately:
 - (i) take steps to minimise the Damage and recover any missing property;
 - (ii) give notice in writing to the Company, and
 - (iii) give notice to the police if the event be theft or suspected theft or willful or malicious damage;
- (b) within 30 days or such further time as the Company may in writing allow deliver to the Company:
 - (i) a claim in writing for the Damage containing as particular an account as may be reasonably practical of all the several articles or items of property lost destroyed or damaged and the amount of the Damage thereto respectively, having regard to their value at the time of the Damage;
 - (ii) particulars of all other insurances if any.

The Insured shall at all times at his own expense produce, procure and give to the Company all such further particulars, plans, specifications, books, vouchers, invoices, duplicates or

copies thereof, documents, proofs and information with respect to the claim and the origin and cause of the Damage and the circumstances under which the Damage occurred, and any matter touching the liability or the amount of liability of the Company as may be reasonably required by or on behalf of the Company together with a declaration on oath or in other legal form of the truth of the claim and any matters connected therewith.

10. **Insurers' Rights**

On the happening of Damage to any of the Property Insured by this Policy the Company may:

- (a) enter and take and keep possession of the building or premises where the Damage has happened;
- (b) take possession of or require to be delivered to it any property of the Insured in the buildings or on the premises at the time of the Damage;
- (c) keep possession of any such property and examine, sort, arrange, remove or otherwise deal with the same;
- (d) sell any such property or dispose of the same for account of whom it may concern.

The powers conferred by this Condition shall be exercisable by the Company at any time until notice in writing is given by the Insured that he makes no claim under this Policy or, if any claim is made, until such claim is finally determined or withdrawn, and the Company shall not by any act done in the exercise or purported exercise of its powers hereunder, incur any liability to the Insured or diminish its rights to rely upon any of the Conditions of this Policy in answer to any claim.

If the Insured or any person acting on his behalf shall not comply with the requirements of the Company, or shall hinder or obstruct the Company in the exercise of its powers hereunder, all benefit under this Policy shall be forfeited.

The Insured shall not in any case be entitled to abandon any property to the Company whether taken possession of by the Company or not.

11. **Repair and Replacement**

The Company may at its option, repair or replace the property lost destroyed or damaged, or any part thereof, instead of paying the amount of the Damage, or may join with any other company or Insurers in so doing, but the Company shall not be bound to repair exactly or completely, but only as circumstances permit and in reasonably sufficient manner, and in no case shall the Company be bound to expend more in repair than it would have cost to repair such property as it was at the time of the occurrence of such Damage, nor more than the sum insured thereon.

If the Company so elects to repair or replace any property the Insured shall, at his own expense, furnish the Company with such plans, specifications, measurements, quantities and such other particulars as the Company may require, and no acts done, or caused to be done by the Company with a view to repair or replacement shall be deemed an election by the Company to repair or replace.

If in any case the Company shall be unable to repair or replace the Property Insured because of any municipal or other regulations in force affecting the alignment of streets, or the construction of buildings, or otherwise, the Company, shall in every such case, only be liable to pay such sums as would be required to repair or replace such property if the same could lawfully be repaired to its former condition.

12. **Deductibles**

This Policy does not cover the amounts of the deductibles stated in the Schedule in respect of each and every loss as ascertained after the application of all other terms and conditions of the Policy including any condition of Under-Insurance.

Warranted that during the currency of the Policy the Insured shall not effect insurance in respect of the amounts of the deductibles stated in the Schedule.

13. **Under-Insurance**

If the property hereby insured shall, at the commencement of any Damage, be collectively of greater value than the sum insured thereon, then the Insured shall be considered as being his own insurer for the difference, and shall bear a rateable proportion of the loss accordingly. Every item, if more than one, of the Policy shall be separately subject to this Condition.

14. **Reasonable Precautions**

The Insured at his own expenses shall maintain the property in a proper state of repair and take all reasonable precautions to prevent Damage thereto, comply with statutory requirements, manufacturers' recommendations and all reasonable recommendations of the Company

15. **Law and Practice**

This insurance is subject to Vietnamese law and practice.

PREMIUM WARRANTY

1. Notwithstanding anything herein contained to the contrary, and subject only and without prejudice to clause 2 hereinafter set out, it is hereby declared and agreed that it is a condition precedent to liability under this Policy, Renewal Certificate, Endorsement or Cover Note that any premium due must be paid and actually received in full by the Company, the registered broker or registered agent through whom this Policy was effected:
 - (a) where the period of insurance is more than 30 (thirty) days, within 30 (thirty) days from the:
 - (i) INCEPTION date of the cover under the Policy, Renewal Certificate or Cover Note; or
 - (ii) EFFECTIVE date of the cover stated on each Endorsement, if any, issued under the Policy, Renewal Certificate or Cover Note; or
 - (iii) where the ISSUANCE date of the Policy or the Endorsement, if any, issued under the Policy, Renewal Certificate or Cover Note is more than 30 (thirty) days from the inception date or effective date, the premium must be paid upon presentation of the Debit Note(s); or
 - (b) where the Company has allowed payment of that premium by installments
 - (i) within 15 days from INCEPTION date of the cover under the Policy, Renewal Certificate or Cover Note for the first installment and thereafter from the agreed dates on which the subsequent installments become payable; or
 - (ii) Any Endorsement, if any, issued under the Policy, Renewal Certificate or Cover Note, the premium must be paid on the due date of latest installment and before the expiry date of the Policy
 - (iii) where the period of insurance is less than 30 (thirty) days, the premium must be paid upon presentation of the Debit Note(s).
2. In the event any of the abovementioned premium is not paid in full to the Company, registered broker or registered agent as described above in the manner and within the time stipulated above (the "premium warranty period"), the cover under this Policy, Renewal Certificate, Endorsement or Cover Note shall be deemed to have terminated automatically from the expiry of the premium warranty period and the Company shall be discharged from all liability therefrom but without prejudice to any liability incurred before that date and the Company shall be entitled to a pro-rata time on risk premium subject to a minimum of US\$100.
3. In case of claim, all the outstanding premiums will be paid immediately to the Company.

IMPORTANT NOTICE

We would remind that you must disclose to us, fully and faithfully, the facts you know or ought to know, otherwise you may not receive any benefit from your Policy.