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Policy Wording



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General Terms and Conditions

1 Cover

- 1.1 The Insurer shall provide cover within the terms described within each of the Policy Sections shown as purchased on the schedule to this Policy.
- 1.2 The cover provided by each policy section purchased and shown on schedule shall be subject to
 - (a) the general terms and conditions set out below at Section 3;
 - (b) the limits of liability, sub-limits of liability, and retentions specified in the schedule;
 - (c) the exclusions, definitions and special conditions contained within each section
- 1.3 In the event of any conflict between these general terms and conditions, and any provision contained within any Policy Section, the provision contained within the Policy Section shall prevail for the purposes of the cover contained within that section only.

2 Definitions

- 2.1 **“Policy”**
means includes this document, the Policy Sections, insurance proposal, schedule, conditions, exclusions, terms, attachments, special specifications, warranties and policy endorsements which are deemed part of the same insurance contract.
- 2.2 **“Policy Sections”**
means the policy sections listed more particularly at Contents
- 2.3 **“Insurer”**
means AIG Insurance Hong Kong Limited
- 2.4 **“Insured”**
means the entity named in the Schedule
- 2.5 **“Policy Period and/or Period of Insurance”**
means as stated in the Schedule

3 General Exclusions

- 3.1 **The Insurer will not indemnify the Insured under this Policy for:-**
 - (i) Loss of or damage to any vehicle licensed for road use, contractors, constructional plant, machinery and equipment, railway, locomotives and rolling stock, watercraft or aircraft or property contained therein or liability (other than the liability of the Insured which is compulsorily insurable under the Employees' Compensation Ordinance of Hong Kong) arising directly from or occasioned by the ownership, maintenance,

operation, use, loading or unloading thereof.

- (ii) Loss, damage or liability directly or indirectly occasioned by or through or in consequence of:-
 - (a) (i) Permanent or temporary dispossession of any building resulting from confiscation, nationalization, 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 Insurer is not relieved of any liability to the Insured in respect of physical damage to the Insured Property occurring before dispossession or during temporary dispossession which is otherwise insured by the Policy.
- (b) The destruction of property by order of any public authority.

In any action, suit or other proceeding where the Insurer alleges that by reason of the provisions of Exclusions ii (a) and (b) above any loss, destruction or damage is not covered by this insurance the burden of proving that such loss, destruction or damage is covered shall be upon the Insured.

- (iii) Any loss, destruction or damage directly or indirectly caused by, arising from or in consequence of or contributed to by:
 - (a) Nuclear weapons material.
 - (b) Ionizing 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 General Exclusion 3 (b) combustion shall include any self-sustaining process of nuclear fission.
- (iv) Any fine or penalty imposed on the Insured or any punitive or exemplary damage awarded against the Insured.

3.2 War and Terrorism Exclusion

Notwithstanding any provision to the contrary under this Policy or any endorsement thereto it is agreed that this Policy excludes loss, damage, cost or expense of whatsoever nature 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 loss:

- (a) war, invasion, acts of foreign enemies, hostilities or warlike operations (whether war be declared or not), civil war, rebellion, revolution, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power; or
- (b) any act of terrorism.

For the purpose of this Clause, an act of terrorism means an act, including but not limited to the use of force or violence and/or the 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),

General Terms and Conditions

committed for political, religious, ideological or similar including the intention to influence any government and/or to put the public, or any section of the public, in fear. Terrorism shall also include any act which is verified or recognized by the government of Hong Kong as an act of terrorism.

This Policy also excludes loss, damage, cost or expense of whatsoever 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 clause(s) 4(a) and/or 4(b) above.

If the Insurer alleges that by reason of this exclusion, any loss, damage, cost or expense is not covered by this Policy the burden of proving the contrary 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.

3.3 Sanctions Countries Exclusion

The Insurer shall not be deemed to provide cover and the Insurer 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 the Insurer, its parent company or its ultimate controlling entity to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union or the United States of America.

4 General Conditions

4.1 Entire Contract

This Policy, Schedule, Endorsements Application, Proposal Form, Declaration and attached papers added thereto constitute the entire policy of insurance and shall be read together as one contract and any word or expression to which a specific meaning has been attached in any part of this Policy or of the Schedule shall bear such meaning wherever it may appear unless otherwise provided for.

4.2 Observance of Conditions

The due observance and fulfillment of the terms, conditions, provisions and endorsements of this Policy by the Insured in so far as they relate to anything to be done or complied with by such Insured shall be conditions precedent to any liability of the Insurer to make payment under this Policy.

4.3 Voidance of Policy

This Policy shall be voidable in the event of misdescription, misrepresentation or non-disclosure of any material particulars or facts.

4.4 Cancellation

This Policy may be terminated at any time at the request of the Insured in which case the Insurer will retain the customary short period rate (as per table below) for the

time the Policy has been in force. This Policy may also at any time be terminated at the option of the Insurer on 30 days' notice to the Insured in which case the Insurer shall be liable to repay on demand a ratable proportion of the premium for the unexpired term from the date of the cancellation.

SHORT RATE TABLE

Period Insured		Premium charge
Exceeding 1 month	Not Exceeding 2 months	20% of the Annual Rate
2 months	3 months	30% of the Annual Rate
3 months	4 months	40% of the Annual Rate
4 months	5 months	50% of the Annual Rate
5 months	6 months	60% of the Annual Rate
6 months	7 months	70% of the Annual Rate
7 months	8 months	80% of the Annual Rate
8 months	9 months	85% of the Annual Rate
more than 9 months		Full Annual Premium

4.5 Contribution

This Policy is not to be called upon in contribution and is only to pay any loss hereon if and so far as not recoverable under any other insurance.

4.6 Arbitration

If any difference shall arise as to the amount to be paid under this Policy (liability being otherwise admitted) such differences shall be referred to an arbitrator to be appointed by the parties in accordance with the Hong Kong International Arbitration Centre Administered Arbitration Rules in force when the Notice of Arbitration is submitted in accordance with these Rules. The number of arbitrator shall be one. If the parties fail to agree upon the choice of an arbitrator, then the choice shall be referred to the Chairman for the time being of the Hong Kong International Arbitration Centre. The arbitration proceedings shall be conducted in English. It shall be a condition precedent to any right of action or suit upon this Policy that an arbitration award shall be first obtained.

4.7 Personal Data (PRIVACY) Ordinance

The Insured hereby agrees that the personal data collected during the application process for or administration of this policy may be held by the Insurer and used or disclosed for the purposes stated in the Insurer's Data Privacy Policy which can be found on its website, www.aig.com.hk. These purposes include (1) administering and underwriting any renewal of this policy (including carrying on any data matching for either of these purposes); and (2) promoting other products and services provided by the AIG group that may be of interest. The Insured also agrees that AIG Insurance Hong Kong Limited may transfer such personal data to the following classes of persons (whether based in Hong Kong or overseas) for the purposes identified: i) third parties providing services related to the administration of this policy; ii) financial institutions for the purpose of processing this policy and obtaining policy payments; iii) in

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the event of a claim, loss adjustors, assessors, third party administrators, emergency providers, retailers, medical providers, legal professionals and travel carriers; iv) for the purposes of direct marketing, marketing companies and companies (within the categories shown on our website) with whom we embark on joint promotion programs (only name and contact details will be transferred for this purpose); v) another member of the AIG group of companies (for all of the purposes identified); or vi) other parties as set out in the Insurer's Data Privacy Policy for the purposes stated therein. If the Insured wishes to raise any issues in relation to the Insurer's services, or gain access to or request correction of their personal data, or opt out of such personal data being used for direct marketing at any time, please contact the Insurer by writing to AIG Insurance Hong Kong Limited at GPO Box 456 or cs.hk@aig.com.

4.8 Notices

Every notice or communication to be given or made under this Policy shall be delivered in writing to the Insurer and in the case of notice or communication to the Insured to his address specified in the Schedule.

4.9 Changes in Risk

The Insured shall immediately notify the Insurer in writing of any material change in the risk insured hereunder made by the Insured or any other person during the Period of Insurance including but not limited to:

- (i) any merger with or acquisition of another Insurer or business;
- (ii) the Insured or any subsidiary or holding Insurer of the Insured being placed in voluntary liquidation receivership or liquidation or entering into a composition with its creditors or being unable to pay its debts from its own resources; or
- (iii) any material change in the nature of the Business or in the number of the Insured's Employees.

4.10 Right of Inspection

The Insurer shall have the right and opportunity at all reasonable times to inspect the works machinery plant and appliances used in the Business.

4.11 Assignment

No assignment of interest under this Policy shall bind the Insurer unless the written consent of the Insurer is first obtained and endorsed hereon.

4.12 Jurisdiction

This Policy shall be governed by the laws of Hong Kong.

4.13 Notice to Agent

Notice to any agent or knowledge possessed by any agent or by any other person shall not affect a waiver or a change in any part of this Policy or stop the Insurer from asserting any right under the terms of his Policy; nor shall the terms of this Policy be waived or changed, except by endorsement issued to form a part of this Policy.

4.14 Contracts (Rights of Third Parties) Ordinance

A person who is not a party to this Policy shall have no right under the Contracts (Rights of Third Parties) Ordinance to enforce its terms. Further, the parties to this Policy may agree to amend to this Policy, or exercise of any right of cancellation under this Policy, without having to give notice to, or require consent from any other persons.

Property All Risks

1 Covers

1.1 The Insurer hereby agrees subject to the terms exceptions limits and conditions contained herein or endorsed hereon (hereinafter referred to as 'the Terms of the Policy') that if during the Policy Period or during any further period in respect of which the Insured shall have paid and the Insurer shall have accepted the premium required the Property Insured or any part thereof shall be accidentally physically lost destroyed or damaged the Insurer will pay to the Insured the value of the property at the time of the happening of its loss or destruction or the amount of such damage or at the Insurer's option reinstate or replace such property or any part thereof.

1.2 PROVIDED THAT the liability of the Insurer shall in no case exceed in respect of each item the sum expressed in the said Schedule to be insured thereon or in the whole the total sum insured hereby or such other sum or sums as may be substituted therefore by memorandum hereon or attached hereto signed by or on behalf of the Insurer

2 Exclusions

The Insurer will not indemnify the insured in respect of

- 2.1
- (a) electrical or mechanical breakdown or derangement of plant machinery or equipment
 - (b) deterioration of property due to change in temperature or humidity or failure or inadequate operation of an air-conditioning cooling or heating system
 - (c) subsidence ground heave landslip erosion settling or cracking
 - (d) Burglary, robbery or theft or any attempt thereat unless as specified in the schedule, and only to the sum insured as mentioned in the schedule
- 2.2 loss destruction or damage to :-
- (a) property in course of manufacture if such loss destruction or damage is sustained while the property is being actually worked on and directly resulting from such work
 - (b) property in course of construction erection installation dismantling removal or resiting
 - (c) boilers economisers turbines or other vessels machinery or apparatus in which pressure is used or their contents resulting from their explosion or rupture
 - (d) electrical equipment or wiring caused by electrical current (other than lightning)
 - (e) Money, Securities, any curiosity or work of art (other than drawing painting and sculpture of individual value not exceeding HK\$1,000 per item) furs garments trimmed with fur jewellery watches pearls set or unset precious stones gold silver platinum or other precious metals and alloys
 - (f) animals birds fish growing crops or standing timber plants lawns shrubs

- (g) land excavations dams reservoirs piers wharves jetties bridges or tunnels
- (h) any vehicle licensed for road use cranes contractor's constructional plant machinery and equipment railway locomotives and rolling stock watercraft or aircraft or property contained in watercraft or aircraft
- (i) property whilst in transit other than at any Premises described in the Schedule
- (j) plans drawings designs patterns models molds documents manuscripts business books or computer systems records for the value to the Insured of the information contained therein

HOWEVER the Insurer will indemnify the Insured in respect of loss destruction or damage to documents manuscripts business books and computer systems records but only for the value of the materials as stationery together with the costs and expenses necessarily incurred by the Insured in writing up and reproducing such documents manuscripts business books and computer systems records (excluding any cost or expense in connection with the collection and production of information therein)

- (k) any loss of or damage to data processing equipment and media the total value of which exceeds HK\$250,000

- 2.3
- (a) consequential loss of any kind or description whatsoever
 - (b) loss resulting from dishonesty fraudulent action trick device or other false pretence
 - (c) (i) delay loss of market the cost of normal maintenance
(ii) gradual deterioration inherent vice latent defect insects of any kind moth vermin termites contamination wear and tear dampness or dryness of atmosphere extremes or changes of temperature smog shrinkage evaporation loss of weight rust wet or dry rot corrosion change in flavor or color or texture or finish or action of light unless loss or damage from a peril insured herein ensues and then only for the ensuing loss or damage
 - (d) loss resulting from unexplained or mysterious disappearance or shortage disclosed on taking periodic inventory
 - (e) the cost of replacing or rectifying defective materials workmanship design or defect or omission in design plan or specification
 - (f) the freezing or solidification of molten material
 - (g) loss or damage resulting from the enforcement of any ordinance or law regulating the construction repair or demolition of any real property insured hereunder nor by the suspension lapse or cancellation of any lease contract or order

- 2.4 Loss destruction or damage by typhoon storm tempest water hail frost or snow to property
- (a) in the open (other than buildings structures and plant designed to exist and operate in the open)

Property All Risks

(b) contained in open-sided buildings

UNLESS so described and specifically insured as a separate item in the Schedule

- 2.5** Any loss destruction or damage directly or indirectly occasioned by or through or in consequence of :-
- (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 committed by a person or persons acting on behalf of or in connection with any organisation. This Exception 2.5 (c) shall not apply to loss or damage by Fire

For the purpose of this Exception 2.5 (c) "terrorism" means the use of violence for political ends and includes the use of violence for the purpose of putting the public or any section of the public in fear

- (d) (i) permanent or temporary dispossession resulting from confiscation nationalization 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 Insurer is not relieved of any liability to the Insured in respect of physical 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

In any action suit or other proceeding where the Insurer alleges that by reason of the provisions of Exceptions 2.5 (a) (b) and (c) above any loss destruction or damage is not covered by this insurance the burden of proving that such loss destruction or damage is covered shall be upon the Insured

- 2.6** any loss destruction or damage directly or indirectly caused by or arising from or in consequence of or contributed to by:
- (a) nuclear weapons material
 - (b) ionising radiations or contamination by radioactivity from any nuclear fuel or from any unclear waste from the combustion of nuclear fuel. Solely for the purpose of this Exclusion, Combustion shall include any self-sustaining process of nuclear fission

- 2.7** any loss destruction or damage to foundations and masonry (unless specifically included in and described in the Schedule);

- 2.8** (i) Material Damage

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

- a. pollution or contamination which itself results from a Defined Peril
- b. a Defined Peril which itself results from pollution or contamination

- (ii) Consequential Loss

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

- a. pollution or contamination which itself results from a Defined Peril
- b. a Defined Peril which itself results from pollution or contamination

The words "Defined Peril" shall mean fire, lightning, explosion, aircraft or other aerial devices or articles dropped therefrom, riot, civil commotion, strikers, locked-out workers, persons taking part in labour disturbances, earthquake, storm, flood, bursting overflowing discharging or leaking water tanks apparatus or pipes, sprinkler leakage or impact by any road vehicle or animal and not otherwise excluded

- 2.9** damage or consequential loss directly or indirectly caused by, consisting of, or arising from:

- (a) any functioning or malfunctioning of the internet or similar facility, or of any intranet or private network or similar facility,
- (b) any corruption, destruction, distortion, erasure or other loss or damage to data, software, or any kind of programming or instruction set,
- (c) loss of use or functionality whether partial or entire of data, coding, program, software, any computer or computer system or other device dependent upon any microchip or embedded logic, and any ensuing inability or failure of the Insured to conduct business.

This exclusion shall not exclude subsequent damage or consequential loss, not otherwise excluded, which itself results from a Defined Peril. Defined Peril shall mean: Fire, Lightning, Earthquake, Explosion, Falling Aircraft, Flood, Smoke, Vehicle Impact, Windstorm or Tempest.

Such damage or consequential loss described in (a), (b) or (c) above is excluded regardless of any other cause that contributed concurrently or in any other sequence.

- 2.10** (A) This Policy only insures physical loss or damage to property insured by mold, mildew, fungus or spores, when directly caused by damage to property insured during the Policy Period by one of the following Listed Perils:

Property All Risks

Fire; Earthquake; Explosion; Lightning; Windstorm; Hail; Flood or Water Damage; Direct impact of vehicle; Aircraft or vessel; Riot or civil commotion; Vandalism or malicious mischief; or Accidental discharge of fire protection equipment.

This coverage is subject to all limitations of the Policy and, in addition, to each of the following specific limitations:

- (a) the said property must be insured for physical loss or damage by that Listed Peril.
- (b) the Insured must report to the Insurer the existence and cost of the physical loss or damage by mold, mildew, fungus or spores as soon as practicable, but no later than six (6) months after the Listed Peril first caused any physical loss or damage to such insured property during the policy period. This Policy does not insure any physical loss or damage by mold, mildew, fungus or spores first reported to the insurer after that six (6) month period.

(B) Except as set forth in the foregoing Section (A), this Policy does not insure any loss, damage, claim, cost, expense, or other sum directly or indirectly arising out of or relating to mold, mildew, fungus or spores of any type, nature or description.

2.11 Electronic Data Endorsement (NMA2915)

1. Electronic Data Exclusion

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

- (a) 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 programmes, 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'.

- (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 Policy period to property insured by this Policy directly caused by such listed peril.

Listed Perils

Fire

Explosion

2. 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.

3 Definitions

3.1 "Money"

means currency, coins, bank notes and bullion; and travellers' checks, register checks and money order held for sale to public.

3.2 "Securities"

means all negotiable and non-negotiable instruments or contracts representing either money or other property and includes revenue and other stamps in current use, tokens and tickets, but does not include money.

4 Conditions

In addition to the general terms and conditions, the following terms shall apply to the cover provided by this section of the policy only:

Property All Risks

4.1 Deductible

Each loss arising out of a single occurrence (occurrence shall mean an event or series of events attributable to a single original cause) at any situation shall be adjusted separately with deductions for salvage from which the deductible stated in the Schedule shall be deducted after the application of any condition of average.

4.2 Valuation

Unless otherwise provided to the contrary the Insurer shall not be liable beyond the actual cash value of the interest insured at the time any loss or damage occurs but shall in no event exceed what it would then cost to reinstate or replace the same with material of like kind and quality

Provided that in the event of loss or damage to any article which is

- (i) a part of a set the measure of loss or damage to such article or articles shall be reasonable and fair proportion of the total value of the set
- (ii) a part of the Property insured consisting when complete for sale or use of several parts this Insurer shall only be liable for the insured value of the part lost or damaged

giving consideration to the importance of said article or articles but in no event shall such loss or damage be construed to mean total loss of set or entire Property consisting of several parts

4.3 Misdescription

If there be any material misdescription of any of the Property insured or of any building or place in which such property is contained or any misrepresentation as to any fact material to be know for estimating the risk or any omission to state such fact the Insurer shall not be liable under this Policy so far as it relates to property affected by any such misdescription misrepresentation or omission.

4.4 Observance of Conditions

The due observance and fulfilment of the terms conditions and endorsements of this Policy by the Insured in so far as they relate to anything to be done or complied with by them shall be conditions precedent to any liability of the Insurer to make payment under this Policy.

4.5 Alteration

Under any of the following circumstances the insurance under this Policy ceases to attach as regards the property affected unless the Insured before the occurrence of any loss or damage obtains the sanction of the Insurer signified by endorsement upon the Policy by or on behalf of the Insurer

- (a) If the trade or manufacture carried on be altered or if the nature of the occupation of or other circumstances affecting the building insured or containing the Insured Property be changed in such a way as to increase the

risk of loss or damage.

- (b) If the building insured or containing 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 herein stated to be Insured.
- (d) If the interest in the Property Insured passes from the Insured otherwise than by will or operation of law.

4.6 Safeguards and Maintenance

The Insured shall at all times and as far as is reasonably practicable take steps to safeguard the Property Insured and maintain it in a proper state of repair. The Insured shall also take steps to enforce the observance of all statutory provisions manufacturer's recommendations and other regulations relating to the safety use and inspection of the Property Insured.

4.7 Claims

On the happening of any loss destruction or damage the Insured shall forthwith give notice thereof in writing to the Insurer and shall within 30 days after such loss destruction or damage or such further time as the Insurer may in writing allow at his own expense deliver to the Insurer a claim in writing containing as particular an account as may be reasonably practicable of the several articles or portions of property lost destroyed or damaged and of the amount of such loss destruction or damage thereto respectively having regard to their value at the time of the loss destruction or damage together with details of any other insurances on any property hereby insured. The Insured shall also give to the Insurer all such proofs and information with respect to the claim as may be reasonably required together with (if demanded) a statutory declaration of the truth of the claim and of any matters connected therewith. No claim under this Policy shall be payable unless the terms of this Condition have been complied with.

In the case of the property lost or stolen or if willful or malicious damage is suspected the Insured shall immediately notify the police and render all reasonable assistance in causing the discovery and punishment of any guilty person and in tracing and recovering lost or stolen property.

4.8 Insurer Right After a Loss

On the happening of any loss destruction or damage to any of the Property Insured the Insurer may

- (a) enter and take and keep possession of the building or premises where the loss or damage has happened.
- (b) take possession of or require to be delivered to them any property of the Insured in the building or on the premises at the time of the loss or 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 account of

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whom it may concern.

The powers conferred by this Condition shall be exercisable by the Insurer at any time until notice in writing is given by the Insured that they make no claim under this Policy or if any claim is made until such claim is finally determined or withdrawn and the Insurer 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 right to rely upon any of the conditions of this Policy in answer to any claim.

If the Insured or any person on their behalf shall not comply with the requirements of the Insurer or shall hinder or obstruct the Insurer 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 Insurer whether taken possession of by the Insurer or not.

4.9 Reinstatement

If the Insurer elects or becomes bound to reinstate or replace any property the Insured shall at his own expense produce and give information as the Insurer may reasonably require. The Insurer shall not be bound to reinstate exactly or completely but only as circumstances permit and in reasonably sufficient manner and shall not in any case be bound to expend in respect of any one of the items insured more than the Sum Insured thereon.

4.10 Marine

This insurance does not cover any loss or damage to property which at the time of the happening of such loss or 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.

4.11 Average

If the Property Insured shall at the time of any loss destruction or 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.

5 Extensions

5.1 Contract Price

In the event of Property Insured having been sold but not delivered for which the Insured is responsible and under the conditions of sale, the contract is cancelled by reason of non delivery of such property destroyed or damaged by fire or by any other perils insured hereby, the liability of the Insurer in respect of such property shall be based on the Contract Price.

5.2 85% Average Clause

If at the time of replacement or reinstatement the sum representing the cost which would have been incurred in replacement or reinstatement if the whole of the property covered had been destroyed, exceeds the sum insured hereon by 15% at the breaking out of any fire or at the commencement of any destruction or damage to such property by any peril insured against by this policy, then the insured shall be considered as being his own insurer for the excess and shall bear a rateable proportion of the loss accordingly. Each item of the policy to which this memorandum applies shall be separately subject to the foregoing provision.

5.3 Inhibition Costs

The Sum Insured under this Policy is understood to include the value of the Property Insured which is damaged or destroyed in order to extinguish or inhibit the spread of fire or other catastrophe insured against herein.

5.4 No Control Clause

The Insurance hereby shall not be prejudiced by any act or omission unknown to or beyond the control of the Insured on the part of anyone occupying or using the premises provided that the Insured, immediately on becoming aware thereof, shall give notice to the Insurer and pay any additional premium.

5.5 Non Invalidation

It is agreed that this Insurance shall not be invalidated by any change of occupancy or increase of risk taking place in the Property Insured without the Insured's knowledge, provided that they shall, immediately on the same coming to their knowledge, advise the Insurer and pay any additional premium that may be required from the date of such increase of risk.

5.6 Payment on Account

In the event of the occurrence of a loss covered under this Policy the Insurer may approve an advance payment of account in respect of such loss at the request of the Insured and with the loss adjuster's recommendation.

5.7 Reinstatement Value Clause (Not Applicable to Goods, Merchandise and Personal Effects)

Property All Risks

It is hereby agreed that in the event of property insured under this Policy being destroyed or damaged the basis upon which the amount payable under this Policy to be calculated shall be the reinstatement of the Property destroyed or damaged, subject to the following special provisions and subject also to the terms and conditions of the Policy except in so far as the same may be varied hereby.

For the purposes of the Insurance under this memorandum "reinstatement" shall mean:

The carrying out of the aftermentioned work, namely:

- (a) Where property is destroyed, the re building 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.

SPECIAL PROVISIONS

1. The work of reinstatement (which may be carried out upon another site and in any manner suitable to the requirements of the Insured subject to the liability of the Insurer not being thereby increased) must be commenced and carried out with reasonable despatch: otherwise no payment beyond the amount which would have been payable under the policy if this memorandum had not been incorporated therein shall be made.
2. When any property insured under this memorandum is damaged or destroyed in part only the liability of the Insurer shall not exceed the sum representing the cost which the Insurer could have been called upon to pay for reinstatement if such property had been wholly destroyed.
3. No payment beyond the amount which would have been payable under the policy if this memorandum had not been incorporated therein shall be made until the cost of reinstatement shall have been actually incurred.
4. Each item insured under this memorandum is declared to be separately subject to the following Condition of Average, namely:

If at the time of reinstatement the sum representing the cost which would have been incurred in reinstatement if the whole of the property covered by such item had been destroyed exceeds the sum insured thereon at the breaking out of any fire or at the commencement of any destruction of or damage to such property by any other peril hereby insured against then the Insured shall be considered as being his own insurer for the excess and shall bear a ratable proportion of the loss accordingly.

5. No payment beyond the amount which would have been payable under the policy if this memorandum had not been incorporated therein shall be made if at the time of any destruction or damage to any property insured hereunder such property shall be covered by any other insurance effected by or on behalf of the Insured which is not upon the identical basis of reinstatement set forth herein.
6. Where by reason of any of the above special provisions no payment is to be made beyond the amount which would have been payable under the Policy if this memorandum had not been incorporated therein the rights and liabilities of the Insurer and the Insured in respect of the destruction or damage shall be subject to the terms and conditions of the policy, including any Condition of Average therein, as if this memorandum had not been incorporated therein.

Property All Risks

5.8 Loss Notification Clause (30days)

Notwithstanding anything contained herein to the contrary it is agreed that this Insurance will not be prejudiced by any inadvertent delays, errors or omissions in notifying the Insurance of any circumstances or events giving rise or likely to give rise to a claim under this Policy.

Provided always that the notification shall not be more than thirty (30) days from the date of the loss, [where notification is made later than 30 days from the date of the loss, the Insurer reserves right to decline any claims arisen from such loss].

5.9 Brand and Label Clause

(1) In the event of a claim for loss or damage to the Property Insured under this Policy it is understood and agreed that any salvage of branded goods shall not be disposed of by sale without the consent of the Insured. In the event of the Insured not consenting to such sale the salvage value as agreed shall be taken into account in the settlement of loss.

The Insured may at their own expenses, stamp "salvage" on the merchandise or its containers, or may remove or obliterate the brands or labels, if such stamp, removal or obliteration will not physically damage the merchandise provided any such merchandise or containers are relabelled in compliance with the requirements of Law.

(2) In the event of damage affecting labels, containers or wrappers the Insurer shall not be liable for more than an amount sufficient to pay the cost of new labels, containers or wrappers, and the cost of reconditioning the goods, but in no case shall the Insurer be liable for more than the insured value of the damaged merchandise.

5.10 Document in Transit

Cost of reinstating or reproducing any documents but not their intrinsic or other value in the event such documents are lost or damaged whilst in transit from the Insured Locations to any location within the territory of Hong Kong up to HK\$5,000 in respect of any one occurrence

5.11 Public Authority Clause

The insurance by this policy is understood to include such additional cost of reinstatement of the destroyed or damaged property thereby insured as may be incurred solely by reason of the necessity to comply with building or other Regulations under or framed in pursuance of any ordinance law, statute or with bye-laws of any municipal or local authority provided that

- (1) The amount recoverable under this extension shall not include:-
- (a) The cost incurred under 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 destruction or damage;
- iv) In respect of undamaged property or mean undamaged portions of property other than foundations (unless foundations are specifically excluded from the insurance by this policy) of that portion of the property destroyed or damaged.

(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 owners thereof by reason of compliance with any of the aforesaid regulations or bye-laws.

(2) The work of reinstatement must be commenced and carried out with reasonable dispatch and in any case must be completed within twelve months after the destruction or damage or within such further time as the Insurer may (during the said twelve months) in writing allow and may be carried out wholly or partially upon another site (if the aforesaid regulations or bye-laws so necessitate) subject to the liability of the Insurer under this extension not being thereby increased.

(3) If the liability of the Insurer under (any item of) the policy apart from this extension shall be reduced by the application of any of the terms and conditions of the policy then the liability of the Insurer under this extension (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 the conditions of the policy except insofar as they may be hereby expressly varied shall apply as if they have been incorporated herein.

5.12 Designation of Property Clause

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

5.13 Seasonal Increase

Sum Insured of Shop' Stock is automatically increased by 25% for the period of 1st November to 1st March

Property All Risks

5.14 Pair and Set Clause

In the event of loss or damage to any article or articles which are a part of a pair or set, the measure of loss of or damage to such article or articles shall be a reasonable and fair proportion of the total value of the pair or set, giving consideration to the importance of said article or articles, but in no event shall such loss or damage be construed to mean total loss of the pair or set.

6. Additional Clauses and Warranties

6.1 Electrical Installation

The Insurer will not be liable for loss of or damage to any Electrical Plants. Apparatus or Installation caused by its own over-running excessive pressure, short circuiting or self heating.

6.2 Lien Clause

Loss, if any under this policy shall be payable to the lien holder as named in the schedule, as their interest may appear, whose receipt will be a valid discharge.

6.3 Mortgagee / Non-Occupying Landlord Clause

It is hereby declared and agreed that this insurance shall not be invalidated by any change of occupancy or increase of risk taking place in the property without the knowledge of the Insured, provided that he shall immediately, on the same coming to his knowledge, give notice thereof to the Insurer and pay any additional premium which may be required from the date of such increase of risk.

6.4 Mortgagee Clause

Loss, if any, under this policy shall be payable to the mortgagees or Assignees as named in the schedule to the extent of their interest.

It is hereby agreed that in the event of loss or damage, the Insurer will pay the Mortgagees or said Assignees to the extent of their interest and that this insurance in so far as concerns the interest therein of the Mortgagees or said Assignees only shall not be invalidated by any act or neglect of the Mortgagor or Owner of the property insured, nor by anything whereby the risk is increased being done to, upon or in any building hereby insured, without the knowledge of the Mortgagees or said Assignees provided always that the Mortgagees or said Assignees shall notify the Insurer of any change of ownership or alteration or increase of hazard not permitted by this insurance so soon as any such change, alteration or increase shall come to their knowledge, and on demand shall pay to the Insurer the appropriate additional premium from the time when such increase of risk first took place. And it is further agreed that whenever the Insurer shall pay the Mortgagees or said Assignees any sum or loss or damage under this policy, and shall claim that as to the Mortgagor or Owner no liability therefore existed the Insurer shall at once be legally subrogated to all rights of the

Mortgagees or said Assignees to the extent of such payment and the Mortgagees or said Assignees shall do and execute all such further or other acts, deeds, transfers, assignments, instruments and things as may be necessary or be reasonably required by the Insurer for the purpose of better effecting such subrogation, but such subrogation shall not impair the right of the Mortgagees or said Assignees to recover the full amount of their claim.

Provided that as between the Insurer and the Mortgagor or Owner of the property insured nothing contained in this clause shall in any way constitute or be deemed to constitute any waiver of, or prejudice or affect any rights which the Insurer may have against the Mortgagor or Owner of the property insured, or lessen any obligations which may be imposed on the Mortgagor or Owner of the property insured either by or under this policy or by law, and such rights and obligations shall as between the Insurer and the Mortgagor or Owner of the property insured remain in full force and effect.

The Insurer reserves the right to cancel this policy at any time as provided by the terms thereof, but in such case this policy shall continue in force for the benefit only of the Mortgagees or said Assignees for 10 days after notice to the Mortgagees or said Assignees of such cancellation, and shall then cease, and the Insurer shall have the right on like notice to cancel this agreement.

6.5 Rent Clause

The insurance on rent applies only if (any of) the said building(s) or any part thereof is unfit for occupation in consequence of its destruction or damage and then the amount payable shall not exceed such proportion of the sum insured on Rent as the period necessary for reinstatement bears to the term of Rent insured.

6.6 A33 Legal Requirements Warranty (Applicable to Commercial and Industrial Building)

Warranted that the Insured shall duly comply with and observe all provisions, requirements and regulations of

- (i) Fire Services Department
- and/or (ii) Labour Department
- and/or (iii) Dangerous Goods Ordinance
- and/or (iv) Factories and Industrial Undertakings Ordinance
- and/or (v) Any other Statutory Obligation

including any notice given and requirements made pursuant to same the breach and disregard of which may affect or increase the risk hereby insured except only that this Warranty shall not apply in respect of any Ordinance, Regulation Notice or Requirement expressly waived by the Insurer by endorsement on this policy.

Property All Risks

6.7 A34 Storage Warranty (Applicable to Industrial Building)

Warranted no waste materials or goods of any description whatsoever whether belonging to the Insured or not shall be stored temporarily or otherwise on any staircase or landing or in passageway within of in common use with the premises described in the policy.

Warranted also that all waste materials will be kept in receptacles and removed from the building daily.

6.8 Occupancy Warranty A (applicable to Residential/Dwelling and Office risksonly)

Warranted no goods or merchandise, other than samples, stored in the within described premises.

6.9 Occupancy Warranty B (applicable to Residential/Dwelling and Office risksonly)

Warranted no trade processing or manufacturing carried on at the within described premises.

6.10 Petrol Warranty

Warranted no petrol or other liquid fuel, other than in the fuel tanks of vehicles and a quantity not exceeding 4 gallons in metal cans fitted with lids, kept in the within described premises.

7 Optional covers are applicable only if specified in the Policy Schedule

7.1 Removal of Debris

The Sum Insured by each item of this Policy includes an amount in respect of costs and expense necessarily incurred by the Insured with consent of the Insurer in:

- (1) removing debris,
- (2) dismantling and/or demolishing,
- (3) shoring up or propping

of the portion or portions of the Property Insured by this Policy destroyed or damaged by fire or by any other peril hereby insured against subject to a maximum limit of as specified in the schedule

7.2 Loss of Rent

In the event of the Insured Locations are unfit for occupation as a result of loss of or damage to the Insured Property which are indemnifiable under this Section of the Policy, the Insurer will, subject to the terms, conditions and exclusions, indemnify the Insured for Rent (as defined herein) up to the Limit of Indemnity stated in the Policy schedule. The amount payable shall be the Rent payable during the time the Insured Locations are unfit for occupation in consequence of its destruction or damage, subject to the maximum Indemnity Period of one month, except the first 48 hours, subject to a maximum limit specified in the schedule

Memoranda to Loss of Rent

- (i) If during the Indemnity Period goods will be sold or services will be rendered elsewhere than at the Insured Locations for the benefit of the Business either by the Insured or by any authorized person of the Insured, the money paid or payable in respect of such sales of goods or services will be taken into account in calculating at the Rent payable during the Indemnity Period.
- (ii) Any particulars or details contained in the Insured's books of account or other business books or documents which may be required by the Insurer for the purpose of investigating or verifying any claim hereunder shall be produced and certified by the Insured's professional accountants or auditors, and their certificate shall be prima facie evidence of the particulars and details to which certificate relates.
- (iii) This Policy does not cover loss or damage occasioned by or happens arising out of or in consequence of the Insured being deprived of the use of any part of the electrical plant installation or apparatus in consequence of ignition or over-heating in such part as a result of electrical currents however arising whether by lightning or failure of supply of electricity or otherwise.
In respect of the above extension, the following clauses, exclusions and conditions are applied therein:

Special Exclusions – Loss of Rent

This Loss of Rent extension does not cover any Loss, damage or expenses more specifically insured by any other insurance Damage caused by cessation of work. This Policy shall be avoided if:

- (i) The Insured's interest ceases otherwise than by death, or Any alteration be made either in the Business or in the Insured Locations or Insured Property therein whereby the risk of damage is increased.
- (ii) at any time after commencement of this Insurance unless its continuance be admitted by any endorsement or memorandum signed by or on behalf of the Insurer.

Special Conditions – Loss of Rent

- (i) On the happening of any loss or damage in consequence of which a claim is or may be made under this Policy, the Insured shall forthwith give written notice to the Insurer and shall with due diligence and dispatch do and concur in doing and permit to be done all things which may be reasonably practicable to minimize or check any interruption of or interference with the business or to avoid or diminish the loss or damage, and in the event of a claim being made under this Policy, shall not later than thirty days after the resumption of operations or further time as the Insurer in writing may allow, at his own expenses deliver to the Insurer in writing a statement certified by an accountant setting forth particulars of his claim, together with details of all other insurances covering the losses or damages or any part of it or consequential loss of any kind resulting therefrom.

Property All Risks

- (ii) The Insured shall at his own expense also produce and furnish to the Insurer such books of account and other business books, vouchers, invoices, balance, sheets and other documents, proofs, information, explanation and other evidence as may be required by the Insurer for the purpose of investigating or verifying the truth of the claim and any matter connected therewith. No claim under this Policy shall be payable unless the terms of the condition have been complied with and in the event of non-compliance herewith in any respect, any payment on account of the claim already made shall be repaid to the Insurer forthwith.
- (iii) The Average Condition under this Section does not apply to this extension.

7.3 Professional Clause/Architects' Surveyors' and Consultant Engineers' Fees

The Sum Insured by each item of this Policy includes an amount in respect of Architects', Surveyors' and Consulting Engineers' Fees necessarily incurred in the reinstatement of the property specified consequent upon its destruction or damage but not for preparing any claim, it being understood that the amount payable for such fees shall not exceed those authorized under the Scale of Professional

Charges of the Royal Institute of British Architects and/or of the Schedule of Professional Charges of the Royal Institution of Chartered Surveyors and/or of the Association of Consulting Engineers as the case may be, or of the respective equivalent local body subject to a maximum limit as specified in the schedule

7.4 Money & Securities

The Insurer will indemnify the Insured for loss of:

- (a) Money & Securities caused by robbery, burglary or theft only up to a maximum limit of liability specified in the schedule
 - i) Inside the Insured Locations during office hours, locked in safe or strong room and 50% of Sum Insured during non office hours but not locked in safe or strong room subject to amounts specified in the Schedule.
 - ii) Outside the Insured Locations while being conveyed by a messenger during normal business hours and within the territory of Hong Kong.
The limit of the Insurer's liability for loss shall not exceed the stated limit of liability.
 - iii) Seasonal/Public Holiday Increase
The amount of money is automatically increased by a percentage as specified in the schedule for the period of 1st November to 1st March and Sundays, Public Holidays and the day after such holidays.
- (b) Crossed cheque and credit card sales voucher (provided that these instruments are crossed to the effect of "Payable to the account payee only") caused by robbery, burglary or theft up to a maximum limit of HK\$500,000.

- (c) Counterfeit Notes- Loss due to acceptance of counterfeit currency notes that are not paid upon presentation to the legal tender notes issuers. The acceptance of counterfeit currency notes must be in exchange for merchandise, money or services and as part of a normal business transaction. This cover is limited to counterfeit Hong Kong Dollar Notes &/or Renminbi Notes only and subject to a maximum limit of HK\$15,000 (or Hong Kong Dollar equivalent) during the Period of Insurance.

Notwithstanding the foregoing, it is further provided that

- i) the loss must be reported to the Hong Kong Police Force and certified counterfeit notes by the competent authority in Hong Kong,
and
- ii) the loss must be reported to the Insurer within seven days of discovery of receipt of such counterfeit notes.

Exclusions

The Insurer shall not be liable for:

- (i) any losses which are more specifically insured.
- (ii) loss due to (1) the giving or surrendering of money or securities in any exchange or purchase, or (2) accounting or arithmetical errors or omissions;
- (iii) loss of manuscripts, books of accounts or records;
- (iv) loss of money contained in coin operated amusement devices or vending machines, unless the amount of money deposited within the device or machine is recorded by a continuous recording instrument therein.
- (v) loss of or damage to Insured Property caused by the theft whilst in unattended vehicle.
- (vi) electrical equipment or wiring caused by electrical current (other than lightning).
- (vii) Theft or attempted theft unless it involves entry to or exit from the Locations by forcible and violent means or follows a robbery accompanied by violence or threat of violence at the Insured Locations.

Definitions

For the purposes of this optional cover only,

"Insured Locations"

means the interior of that portion of the building at the location specified in the Schedule which is occupied by the Insured in conducting the Business, but shall not include (1) showcases or windows not opening directly into the interior of the Locations, or (2) public entrances, halls or stairways.

"Messenger"

means the insured, a partner, director, proprietor, office or any employee who is in the regular service of and duly authorized by the Insured to have the care and custody of the Insured Property outside the Insured Locations. For the avoidance of doubt, Messenger shall exclude any professional courier or security escort service engaged by the Insured to have care and custody of any Insured Property outside the Insured Locations.

Property All Risks

Conditions

A Key Clause

The key of the safe/strongroom/drawers/cabinet containing the money insured and record of the combination numbers, if any must be removed from the Insured's premises after business hours or when the premises are left unattended. The applicable limit of liability is the total limit of the Insurer's liability with respect to all loss of property of one or more persons or organizations arising out of any fraudulent, dishonest or criminal act or series of related acts at the premise, whether committed by one or more persons, shall be deemed to arise out of one occurrence.

Extensions

A Damage to Safes

In the event of loss of or damage to safes or strongrooms, or cases, bags or waistcoats when they are used for the carriage of Money directly associated with any theft or attempted theft therefrom, then the Insurer will indemnify the Insured against such loss or damage to the extent that the Insured is not otherwise insured, but the Insurer's liability under this Extension shall not exceed HK\$20,000 any one occurrence of loss or damage.

B Personal Assault Extension

If the Insured's employee sustains accidental bodily injury as a result of robbery, hold-up or armed robbery whilst undertaking Business on the Insured Premise during the Period of Insurance which within two years solely and independently of any other cause results in death or disablement, the Insurer will pay the Insured on trust for the Insured's employee the percentage amount appropriate of the Benefit as follows and the receipt of the said amount by the Insured is a full discharge and release of the Insurer's liability under this Extension benefit:

Benefit Sum Insured: HK\$50,000 per person

Event(s) – Loss Of % of Benefit Sum Insured:

Life 100%

Both Hands of Both Feet: 100%

Either Hand or Foot and Sight of One Eye 100%

One Hand and One Foot 100%

Sight of Both Eyes 100%

Either Hand or Foot 50%

Sight of One Eye 50%

Thumb and Index Finger of Same Hand 25%

If more than one Event of Loss results from any one accidental bodily injury, only one amount, the largest, will be paid. The maximum amount the Insurer will pay in the aggregate under this Policy in the same accident or series of accidents contributed to, caused by, or consequent upon the same original cause, event or circumstance is HK\$500,000. If there are more than one injured Insured's employees and the total amount of benefit for all injured Insured's employees is more than HK\$500,000, the Insurer will pay every injured Insured's employee the benefit, but the amount payable to each injured Insured's employee will be reduced proportionally. If a claim exceeds this amount, the Insurer will pay an amount which is proportionately reduced until the total does not exceed HK\$500,000.

"Loss" for the purpose of this Extension means Loss with regard to hand or foot means actual severance through or above the wrist or ankle joints respectively; eye means entire and irrevocable loss of sight; thumb and index finger means actual severance through or above the joint that meets the hand at the palm. Loss shall not include any civil or criminal fines or penalties.

General Conditions – Personal Assault

Claims Evidence – The Insured must provide at their own expense any evidence in support of a Loss. An injured Insured's employee must attend medical examination(s) in connection with any claim if requested by the Insurer which will bear such cost(s).

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1 Covers

Coverage shall be provided under this Section in accordance with either Subsection 1.1, 1.2, 1.3, 1.4 or 1.5 as specified in the Schedule.

The cover provided under this section shall in all cases be subject to the Exclusions, Definitions and Conditions set out at sections 2, 3 and 4 below.

Provided that

At the time of the happening of the Damage there shall be in force an insurance covering the interest of the Insured in the property at the locations against such Damage and that Payment shall have been made or liability admitted therefore, or Payment would have been made or liability admitted therefore but for the operation of a provision in such insurance excluding liability for losses below a specific amount.

1.1 Gross Profit

In the event of the Business of the Insured at the Premises being interrupted or interfered as a result of loss of or Damage to the Insured Property which are indemnifiable under Property Section of the Policy, the Insurer will, subject to the terms, the exclusions and the conditions, indemnify the Insured in respect of loss of Gross Profit (as defined herein) caused by the interruption or interference up to the Sum Insured listed in the Schedule.

The insurance under this Section is limited to loss of Gross Profit due to (a) Reduction in Turnover, and (b) increase in cost of working and the amount payable as indemnity thereunder will be,

- a) in respect of Reduction in Turnover : the sum produced by applying the Rate of Gross Profit to the amount by which the Turnover during the Indemnity Period will, in consequence of the Loss or Damage, fall short of the Standard Turnover,
- b) in respect of increase in cost of working : the additional expenditure (subject to the provisions of 4.2) 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 Loss or Damage, but not exceeding the sum produced by applying the Rate of Gross Profit to the amount of the reduction thereby avoided,

less any sum saved during the Indemnity Period in respect of such of the charges and expenses of the Business payable out Gross Profit as may cease or be reduced in consequence of the Loss or Damage to the Insured Property provided that if the Sum Insured by this Item be less than the sum produced by applying the Rate of Gross Profit to the Annual Turnover, the amount payable will be proportionately reduced.

Special Extensions

Failure of Public Utilities

The Insurer will, subject to the terms, the exclusions and the conditions, pay for the loss of Gross Profit resulting from interruption of or interference with the Business in consequence of Accidental physical damage to

- (1) generating station or sub-station of the public electricity supply undertaking from which the Insured obtains electricity;
- (2) land based premises of the public gas supply undertaking from which the Insured obtains gas;
- (3) water works or pumping station of the public water supply undertaking from which the Insured obtains water.

Provided that

- (a) the Insurer will not be liable for any loss of Gross Profit for the first 48 hours of any interruption of or interference with the Business;
- (b) the maximum liability of the Insurer under the Extension is HK\$300,000.00

Professional Accountant's Charges

The Insurer will, subject to the terms, the exclusions and the conditions, pay for the professional accountant's charges necessarily and reasonably incurred by the Insured for producing and certifying any particulars required by the Insurer in connection with the investigation and verification of claim. Provided that the maximum amount payable by the Insurer will not exceed HK\$50,000 for any one accident.

1.2 Loss of Rent

In the event of the Insured Locations are unfit for occupation as a result of loss of or damage to the Insured Property which are indemnifiable under Property Section of the Policy, the Insurer will, subject to the terms, conditions and exclusions, indemnify the Insured for Rent (as defined herein) up to the Limit of Indemnity stated hereunder. The amount payable shall be the Rent payable or receivable during the time the Insured Locations are unfit for occupation in consequence of its destruction or damage, subject to the Indemnity Period specified in the schedule, except Deductible specified in the schedule, subject to the Sum Insured specified in the schedule

Memoranda to Loss of Rent

- (i) If during the Indemnity Period goods will be sold or services will be rendered elsewhere than at the Insured Locations for the benefit of the Business either by the Insured or by any authorized person of the Insured, the money paid or payable in respect of such sales of goods or services will be taken into account in calculating at the Rent payable during the Indemnity Period.
- (ii) Any particulars or details contained in the Insured's books of account or other business books or documents which may be required by the Insurer for the purpose

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of investigating or verifying any claim hereunder shall be produced and certified by the Insured's professional accountants or auditors, and their certificate shall be prima facie evidence of the particulars and details to which certificate relates.

- (iii) This Policy does not cover loss or damage occasioned by or happens arising out of or in consequence of the Insured being deprived of the use of any part of the electrical plant installation or apparatus in consequence of ignition or over-heating in such part as a result of electrical currents however arising whether by lightning or failure of supply of electricity or otherwise.

In respect of the above extension, the following clauses, exclusions and conditions are applied therein:

Special Exclusions – Loss of Rent

This Loss of Rent extension does not cover any Loss, damage or expenses more specifically insured by any other insurance Damage caused by cessation of work. This Policy shall be avoided if :

- (i) The Insured's interest ceases otherwise than by death, or Any alteration be made either in the Business or in the Insured Locations or Insured Property therein whereby the risk of damage is increased.
- (ii) at any time after commencement of this Insurance unless its continuance be admitted by any endorsement or memorandum signed by or on behalf of the Insurer.

Special Conditions – Loss of Rent

- (i) On the happening of any loss or damage in consequence of which a claim is or may be made under this Policy, the Insured shall forthwith give written notice to the Insurer and shall with due diligence and dispatch do and concur in doing and permit to be done all things which may be reasonably practicable to minimize or check any interruption of or interference with the business or to avoid or diminish the loss or damage, and in the event of a claim being made under this Policy, shall not later than thirty days after the resumption of operations or further time as the Insurer in writing may allow, at his own expenses deliver to the Insurer in writing a statement certified by an accountant setting forth particulars of his claim, together with details of all other insurances covering the losses or damages or any part of it or consequential loss of any kind resulting therefrom.
- (ii) The Insured shall at his own expense also produce and furnish to the Insurer such books of account and other business books, vouchers, invoices, balance, sheets and other documents, proofs, information, explanation and other evidence as may be required by the Insurer for the purpose of investigating or verifying the truth of the claim and any matter connected therewith. No claim under this Policy shall be payable unless the terms of the condition have been complied with and in the event of non-compliance herewith in any respect, any

payment on account of the claim already made shall be repaid to the Insurer forthwith.

- (iii) The Average Condition under Property Section does not apply to this extension.

1.3 Standing Charges

In the event of the Business of the Insured at the locations being interrupted or interfered as a result of loss of or Damage to the Insured Property which are indemnifiable under Section I of the Policy, the Insurer will, subject to the terms, the exclusions and the conditions, indemnify the Insured in respect of loss of Standing Charges (as defined herein) caused by the interruption or interference up to the Sum Insured listed in the Schedule.

The insurance under this Section is limited to loss of Insured Standing Charges due to (a) Reduction in Turnover, and (b) increase in cost of working and the amount payable as indemnity thereunder will be,

- (a) in respect of Reduction in Turnover : the sum produced by applying the Rate Payable to the amount by which the Turnover during the Indemnity Period will, in consequence of the Loss or Damage, fall short of the Standard Turnover,
- (b) in respect of increase in cost of working : the additional expenditure (subject to the provisions of 4.2) 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 Loss or Damage, but not exceeding the sum produced by applying the Rate Payable to the amount of the reduction thereby avoided, less any sum saved during the Indemnity Period in respect of such of the Insured Standing Charges as may cease or be reduced in consequence of the Loss or Damage to the Insured Property provided that if the Sum Insured by this Item be less than the sum produced by applying the Rate Payable to the Annual Turnover, the amount payable will be proportionately reduced.

1.4 Wages Only

The insurance under the Loss of Wages and Salaries cover is limited to loss in respect of wages and the amount payable as indemnity shall be:-

- (a) in respect of reduction in turnover:
the sum produced by applying the rate of wages to the shortage in turnover resulting from the damage.

Less any saving during the indemnity period through reduction in consequence of a damage in the amount of the wages paid
- (b) in respect of increase in cost of working:
so much of the additional expenditure described in

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clause (b) of the gross profit item as exceeds the amount payable thereunder.

But not more than the additional amount which would have been payable in respect of reduction in turnover had such expenditure not been incurred.

Provided that:

- (i) the liability of the Insurer in respect of this item shall in no case exceed the sum insured by this item.
- (ii) the sum insured by this item shall not be reduced by the amount of any loss and the Insured shall pay an appropriate additional premium in respect of the period from the date of the damage giving rise to such loss to the expire date of the current period of insurance.
- (iii) if the sum insured by this item be less than the sum produced by applying 100% of the rate of wages to the annual turnover the amount payable under this item shall be proportionately reduced.

1.5 Increase Cost of Working Only

The additional expenditure (including cost of moving to and from, and the additional Rent of, temporary locations, any compensation or premium necessary to obtain use of same, additional Rates and Taxes thereon and expenses incurred in installing and/or hiring such furniture, fixture and fittings as may be required to render said locations suitable for occupation by the Insured for the Business; additional cost in respect of lightning, heating and water additional cost in respect of telephone, stationery, advertising, printing and travelling expenses, additional cost in respect of additional staff and overtime and allowances for meals to existing staffs, additional cost of obtaining, owing to the Damage, the necessary information for the replacement of all documents, plans, drawings, specifications, valuations, card indices and books of account) reasonably incurred in order to minimise any interruption of or interference as aforesaid with the Business during the Indemnity Period but not exceeding the amount of the reduction in Gross Profit thereby avoided during such Indemnity Period,

Less any sum saved during the Indemnity Period in respect of such of the Working Expenses and/or Standing Charges of the Business as may cease or be reduced in consequence of the Damage,

2 Exclusions

The following exclusions apply to all cover under this Section.

2.1 This Section does not cover any

- 1) interruption or interference whilst the Business is wound up, carried on by a liquidator or receiver, or permanently discontinued at any time after the commencement of the Policy.

- 2) Additional Expenditure or expenses more specifically insured by any other insurance.
- 3) Damage caused by cessation of work

2.2 This Policy shall be avoided if:

- (a) The Insured's interest cease otherwise than by death, or
- (b) Any alteration be made either in the business or in the locations or property therein whereby the risk of damage is increased.

at any time after commencement of this Insurance unless its continuance be admitted by memorandum signed by or on behalf of the Insurer.

3 Definitions

The following definitions apply to all cover under this Section.

3.1 Annual Turnover

means the Turnover during the twelve (12) months immediately before the date of Loss or Damage to which such adjustments will be made as may be necessary to provide for the trend of the Business and for variations in or special circumstances affecting the Business either before or after the Loss or Damage or which would have affected the Business had the Loss or Damage not occurred, so that the figures thus adjusted will represent as nearly as may be reasonably practicable the results which but for the Loss or Damage would have been obtained during the relative period after the Loss or Damage.

3.2 Gross Profit

means the amount by which

- a) the sum of the amount of the Turnover and the amount of the closing stock will exceed
- b) the sum of the amount of the opening stock and the amount of the Specified Working Expenses.

For the purposes of this definition, the amounts of the opening stock and closing stock will be arrived at in accordance with the Insured's usual accounting methods, due provision being made for depreciation.

3.3 Indemnity Period

means the duration beginning with the occurrence of Loss or Damage and ending not later than the number of months or the period specified in the Schedule thereafter during which the results of the Business will be affected in consequence of the occurrence.

3.4 Insured Standing Charges

means the amount of the Insured Standing Charges, or if the business is showing a net trading loss, the amount of the said Insured Standing Charges less such a proportion of any net trading loss as the amount of the Insured Standing Charges bears to all the Standing Charges of the business.

Consequential Loss

3.5 Net Profit

means the net profit (exclusive of all capital receipts and accretions, and all outlay properly chargeable to capital) resulting from the business of the insured at the locations after due provision has been made for all Standing and other charges including depreciation but before the deduction of any taxation chargeable on profits.

3.6 Rate of Gross Profit

means the rate of Gross Profit earned on the Turnover during the financial year immediately before the date of Loss or Damage to which such adjustments will be made as may be necessary to provide for the trend of the Business and for variations in or special circumstances affecting the Business either before or after the Loss or Damage or which would have affected the Business had the Loss or Damage not occurred, so that the figures thus adjusted will represent as nearly as may be reasonably practicable the results which but for the Loss or Damage would have been obtained during the relative period after the Loss or Damage.

3.7 Rate Payable

means the percentage that the Insured Standing Charges bears to the Turnover during the financial year immediately before the date of the damage to which such adjustments will be made as may be necessary to provide for the trend of the Business and for variations in or special circumstances affecting the Business either before or after the Loss or Damage or which would have affected the Business had the Loss or Damage not occurred, so that the figures thus adjusted will represent as nearly as may be reasonably practicable the results which but for the Loss or Damage would have been obtained during the relative period after the Loss or Damage.

3.8 Rent

means the periodic payment made by the Insured for lease of the Insured Premise.

3.9 Specified Working Expenses

means purchases (less discounts received), bad debts, discount allowed, carriage, package and beverage. The words and expressions used in this definition will have the meaning usually attached to them in the books and accounts of the Insured unless otherwise defined in this specification.

3.10 Standard Turnover

means the Turnover during that period in the twelve (12) months immediately before the date of Loss or Damage which corresponds with the Indemnity Period to which such adjustments will be made as may be necessary to provide for the trend of the Business and for variations in or special circumstances affecting the Business either before or after the Loss or Damage or which would have affected the Business had the Loss or Damage not occurred, so that the figures thus adjusted will represent as nearly as may be

reasonably practicable the results which but for the Loss or Damage would have been obtained during the relative period after the Loss or Damage.

3.11 Turnover

means the money (less discounts allowed) paid or payable to the Insured for goods sold and delivered and for services rendered in the course of the Business at the Locations.

4 Conditions

- 4.1 If during the Indemnity Period goods will be sold or services will be rendered elsewhere than at the Locations for the benefit of the Business either by the Insured or by others on the Insured's behalf, the money paid or payable in respect of such sales or services will be brought into account in arriving at the Turnover during the Indemnity Period.
- 4.2 Any particulars or details contained in the Insured's books of account or other business books or documents which may be required by the Insurer under the conditions of this Policy for the purpose of investigating or verifying any claim hereunder may be produced and certified by the Insured's professional accountants or auditors, and their certificate may be prima facie evidence of the particulars and details to which certificate relates.
- 4.3 If any standing charges of the Business be not insured by this Section then in computing the amount recoverable hereunder as increase in cost of working that proportion only of the additional expenditure will be brought into account which the sum of the net profit and the insured standing charges bears to the sum of the net profit and all the standing charges.
- 4.4 This insurance does not cover loss occasioned by or happening through or in consequence of the Insured being deprived of the use of any part of the electrical plant installation or apparatus in consequence of ignition or over-heating in such part as a result of electrical currents however arising whether by lightning or failure of supply of electricity or otherwise.
- 4.5 In the event of the Gross Profit earned during the financial year most nearly concurrent with any Period of Insurance as certified by the Insured's accountants or auditors, being less than the respective Sum Insured thereon, a pro rata return of Premium not exceeding fifty percent (50%) of the Premium paid on such Sum Insured for such Period of Insurance will be made in respect of the difference. If any Loss or Damage will have occurred giving rise to a claim under this Section, such return will be made in respect only of so much of the said difference as is not due to such Loss or Damage.
- 4.6 On the happening of any damage in consequence of which a claim is or may be made under this Policy, the Insured shall forthwith give written notice to the Insurer and shall with

Consequential Loss

due diligence and dispatch do and concur in doing and permit to be done all things which may be reasonably practicable to minimize or check any interruption of or interference with the business or to avoid or diminish the loss, and in the event of a claim being made under this Policy, shall not later than thirty days after the resumption of operations or further time as the Insurer in writing may allow, at his own expenses deliver to the Insurer in writing a statement certified by an accountant setting forth particulars of his claim, together with details of all other insurances covering the damages or any part of it or consequential loss of any kind resulting therefrom, where such notification is made later than thirty days from the date of the resumption of operations, the Insurer reserves right to decline any claims arisen from such loss.

- 4.7 The Insured shall at his own expense also produce and furnish to the Insurer such books of account and other business books, vouchers, invoices, balance, sheets and other documents, proofs, information, explanation and other evidence as may be required by the Insurer for the purpose of investigating or verifying the truth of the claim and any matter connected therewith. No claim under the policy shall be payable unless the terms of the condition have been complied with and in the event of non-compliance herewith in any respect, any payment on account of the claim already made shall be repaid to the Insurer forthwith.

5 Extensions

No Extensions apply to this Section of the Policy.

6 Additional Clauses and Warranties

6.1 Automatic Reinstatement of Loss Amount

In the event of loss or damage recoverable under this insurance, the sum insured by this Policy shall, in the absence of written notice by the Insurer or the Insured to the contrary, be immediately reinstated in consideration of which the Insured undertakes to pay the appropriate additional premium

6.2 Additional Expenditure

Additional Expenditure incurred resulting directly from Damage to Property Insured hereunder for the length of time which would be required to rebuild, repair or replace the damaged property beginning with the date of Damage during the term of this Insurance but not exceeding the Indemnity Period.

The additional coverage is limited to the additional expenditure necessarily and reasonably incurred by the Insured during the Indemnity Period, up to HK\$500,000 in annual aggregate in consequence of the Damage for the sole purpose of avoiding or diminishing a reduction in Turnover or for the purpose of resuming or maintaining business operation.

The Insurer shall have the benefit of any savings in charges and expenses of the business as the same may cease or be reduced during the Indemnity Period in consequence of the Damage.

6.3 Cost of Compiling Records and Claims Preparation Cost

This policy extends to include,

- (a) the cost of compiling records, but only for the value of the materials used together with the cost of clerical labour expended in producing such records and,
- (b) reasonable charges incurred by the Insured for producing and certifying any information as may be required by the Insurer under the terms of the policy.

This Clause is subject to a maximum limit of HK\$250,000 or 5% of the claim amount, whichever is the lesser, which is part of and not in addition to the Total Sum Insured of this Policy and shall be payable only if such loss is admitted by the Insurer as a valid claim.

6.4 Payment on Account

In the event of the occurrence of a loss covered under this Policy the Insurer may approve an advance payment of account in respect of such loss at the request of the Insured and with the loss adjuster's recommendation.

6.5 Departmental Clause

If the business be conducted in Departments, the independent trading results of which are ascertainable the provisions of clauses (a) and (b) of Item 1 shall apply separately to each department affected by the damage, except that if the Sum Insured by Item 1 be less than the aggregate of the sums produced by applying the rate of Gross Profits (as defined) for each department of the business (whether affected by the damage or not) to the relative Annual Turnover thereof (or to a proportionately increased multiple thereof where the maximum indemnity period exceeds twelve months) the amount payable under Item No. 1 shall be proportionately reduced.

Remarks : Item 1 is Gross Profit

Clause (a) is Reduction in Turnover

Clause (b) is Increase in Cost of Working

Subject to maximum limit shown in schedule of this Policy

6.6 New Business Clause

For the purpose of any claim arising from damage occurring before the completion of the first year's trading of the Business at the Locations, the Terms "Rate of Gross Revenue", "Annual Turnover", "Standard Turnover" and "Rate of Wages" shall bear the following meanings and not as within stated:

RATE OF GROSS REVENUE - the Rate)
of Gross Revenue earned on the)
turnover during the period between)
the date of the commencement of the)
Business and the date of the damage.)

Consequential Loss

ANNUAL TURNOVER - the Proportional)
Equivalent for a period of twelve)
months of the turnover realised during)
the period between the commencement)
of the business and the date of the damage.)

STANDARD TURNOVER - the proportional)
equivalent for a period equal to the)
Indemnity Period of the Turnover realised)
during the period between the)
commencement of the Business and)
the date of the damage)

RATE OF WAGES - the Rate of Wages)
to Turnover during the Period between)
the Date of the Commencement of)
the Business and the Date of the Damage.)

to which such adjustment 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 damage or which would have affected the Business had the damage not occurred so that the figures thus adjusted shall represent as nearly as may be reasonably practicable the result which but for the damage would have been obtained during the relative period after the damage.

6.7 Waiver of Excess Clause

It shall not be a condition precedent to liability in respect of interruption or interference in consequence of destruction or damage by any peril insured by this Policy that payment shall be made or liability admitted under the insurance covering the interest of the Insured in the property at the locations against such destruction or damage if no such payment shall have been made nor liability admitted solely owing to the operation of a proviso in such insurance excluding liability for loss below a specified amount

7 Optional covers are applicable only if specified in the Policy Schedule

7.1 Policy Floater

Warranted that the aggregate liability of the Insurer in respect of this sum insured floating on locations herein described shall not in any case exceed the Sum Insured thereon. Further declared and agreed that if the aggregate value of the property insured floating on locations herein described shall, at all time of any loss or 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 rate able proportion of loss accordingly.

7.2 Additional Increase Cost of Working

This insurance hereby covers additional increased cost of working reasonably incurred by the Insured in consequence of loss or damage at the Insured's locations for any of the following purposes:

- (a) Avoiding or diminishing a reduction in turnover that would, but for the additional increased costs being incurred, have taken place during the Indemnity Period.
- (b) Resuming or maintaining any normal operation or service that the Insured operated during the Indemnity Period.

Subject to maximum limit shown in schedule of this Policy

7.3 Customer and Suppliers

Loss resulting from interruption of or interference with the Business in consequence of Damage to property at the suppliers' / customers' locations within Hong Kong (as per the list furnished by the Insured to the Insurer at the time of the application of the insurance) shall be deemed to be loss resulting from Damage to property used by the Insured at the Insured Locations.

It is understood and agreed that:

- (a) A supplier's premises is any locations from which the Insured obtains supplies of materials, components, goods or services and the premises of processors and the premises of manufacturers of plant and equipment for the Insured.
- (b) A customer's locations are any locations to which the Insured supplies or provides materials, components, goods or services.
- (c) The provision in the Policy relating to admission of liability or payment for loss by the Insurer insuring the Property at the Insured locations against Damage shall not apply in respect of this property, not belonging to the Insured, at the suppliers'/customers' locations within Hong Kong (as per the list furnished by the Insured to the Insurer at the time of the application of the insurance).

7.4 Infectious Disease Clause

Damage is extended to include loss resulting from:-

- (1) (a) any occurrence of a Notifiable Disease (as defined below) at the Locations or a Notifiable Disease attributable to food or drink supplied at the Locations,
(b) Any discovery of an organism at the Locations likely to result in the occurrence of a Notifiable Disease,
 - (2) The discovery of vermin or pests at the Locations,
 - (3) Any accident causing defects in the drains or other sanitary arrangements at the Locations,
 - (4) Any occurrence of murder or suicide at the Locations.
- which causes restrictions on the use of the Locations on the order or advice of the competent local authority.

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Special Provisions

- (a) Notifiable Disease shall mean illness sustained by any person resulting from
- (1) Food or drink poisoning, or
 - (2) an occurrence of a human infectious or human contagious disease which the competent local authority has stipulated shall be notified to them, with the exception of any occurrence, whether directly or indirectly, of Acquired Immune Deficiency Syndrome (AIDS) or an AIDS related condition, Severe Acute Respiratory Syndrome (SARS), Influenza A virus or any virus and/or conditions derived from the foregoing (including but not limited to H5N1, H1N1, H7N7) that manifests itself as a human infectious or human contagious disease which are all specifically excluded hereunder.
- (b) For the purpose of this Extension
- Indemnity Period shall mean the period during which the results of the Business shall be affected in consequence of the Damage, beginning with the date from which the restrictions on the Locations are applied (or in the case of 3. above, the date of the accident or discovery of the accident) and ending not later than the Maximum Indemnity Period thereafter.
- Maximum Indemnity Period shall mean 3 months.
- And provided always that the liability of the Insurer hereunder shall not exceed an amount as specified in the schedule any one occurrence and in the annual aggregate.
- Locations shall mean only those Insured locations as specified in the Schedule of this section ; in the event that the Material Damage or Business Interruption Sections include an extension which deems Damage at other locations to be Damage at the Locations such extension shall not apply to this Extension.
- (c) The Insurer shall not be liable under this Extension for any costs incurred in the cleaning, repair, replacement, and recall or checking of property.
- (d) The Insurer shall only be liable for loss arising at those Locations which are directly subject to the Damage.
- (e) The liability of the Insurer shall not exceed the Inner Limit of Liability stated in the Specification.
- (f) Notwithstanding Special Provision (c), the insurance by this Extension extends to include the costs and expenses necessarily incurred with the consent of the Insurer in
- (1) Cleaning and decontamination of property used by the Insured for the purpose of the Business (other than stock in trade),
 - (2) Removal and disposal of contaminated stock in trade,

At or from the Locations, the use of which has been restricted on the order or advice of the competent local authority solely in consequence of the Damage as defined above.

7.5 Prevention of Access Clause

Loss resulting from interruption of or interference with the Business in consequence of damage to Insured Property within 1-km radius from the Insured Locations destruction of or damage to which shall prevent or hinder the use of the Insured Locations or access thereto whether the Insured Locations or Insured Property Insured shall be damaged or not shall be deemed to be loss resulting from Damage to the Insured Property used by the Insured at the Locations provided that the Limit of Liability of the Insurer under this Extension shall not exceed the maximum limit of 10% of Consequential Loss Sum Insured or HKD3 Million, whichever is lower in any one period of insurance

7.6 Auditors Fees

An amount in respect of the reasonable fees payable by the Insured to their accountants for producing and recertifying any particulars or details contained in the Insured's book of account or other business books or documents or such other proof, information or evidence as may be required by the Insurer under the terms of this Section. Provided that the Limit of Liability of the Insurer under this Extension shall not exceed the maximum limit shown in schedule of this Policy

7.7 Book Debts Cover

The Insurer will indemnify the Insured following an Event Insured by this policy during the Period of Insurance to the records of the account receivable kept at the Locations in respect of:

1. All sums due to the Insured from customers, provided the Insured is unable to effect collections thereof as the direct result of such Insured Event.
2. All interest charges on any loan to offset impaired the collections pending repayment of such sums made uncollectable by such Insured Event.
3. Any collection expense in excess of normal collection cost and made necessary because of such Insured Event.
4. Auditor's charges necessarily and reasonable incurred in substantiating any claim under this Section.

The Insurer's liability under this extension should not exceed that specified.

Liability

1 Cover

- 1.1** In consideration of the premium payable by the Insured to the Insurer, the Insurer will indemnify the Insured against their liability to pay Damages within the limits defined by each insured sub-section of this Section of the Policy arising out of the Business specified in the Schedule, subject always to the terms, Conditions and Exclusions of such sub-section and of the Policy as a whole. Further, indemnity applies only to such liability arising from Business carried on within the territorial limits as specified in the Schedule.

2 Exclusions

The Insurer shall not be liable under this Section to make any payment for Damages:

- 2.1** Arising out of, based upon or attributable to bodily injury, property damage personal injury or advertising injury due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, invasion, act of foreign enemy, civil commotion, factional civil commotion, military or usurped power, rebellion or revolution.
- 2.2** Arising out of, based upon or attributable to bodily injury or property damage arising directly or indirectly as a result of or in connection with Terrorism including, but not limited to, any contemporaneous or ensuing bodily injury or property damage caused by fire, looting or theft.
- 2.3** Directly or indirectly caused by or alleged to be caused by or contributed to, in whole or in part, by or arising out of the manufacture of, mining of, use of, sales of, installation of, survey or investigation of, management of, removal of, distribution of, existence of or exposure to asbestos products, asbestos fibers or asbestos dust, or property or materials containing any of the foregoing, including without limitation all liability to pay claimants' or the Insured's legal costs and expenses or any other costs and expenses, howsoever incurred in the investigation, defense and/or settlement of any claim or Legal Proceeding against the Insured.
- 2.4** Directly or indirectly caused by or alleged to be caused by or contributed to, in whole or in part, by or arising out of the presence, ingestion, inhalation or absorption of or exposure to silica products, silica fibers, silica dust or silica in any form, or to any obligation of the insured to indemnify any party because of Bodily Injury or Property Damage arising out of the presence, ingestion, inhalation or absorption of or exposure to silica products, silica fibers, silica dust or silica in any form.
- 2.5** Arising out of, based upon or attributable to bodily Injury or Property Damage arising out of Offshore work
- 2.6** Directly or indirectly caused by or contributed to by or arising from:
- (i) nuclear weapons material;
 - (ii) ionizing radiation or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel and for the purposes of this Exception combustion shall include any self-sustaining process of nuclear fission;
- 2.7** For any liquidated or punitive or exemplary damages, civil or criminal fines or penalties
- 2.8** arising from the actual or alleged breach of any professional duty by the Insured
- 2.9** for any Financial Loss

The exclusions set out at each subsection following shall apply to the cover provided under the relevant subsection.

2.10 Absolute Cyber Exclusion

It is hereby declared and agreed that this insurance does not apply to:

Damages arising out of:

- (i) Any access to or disclosure of any person's or organization's confidential or personal information, including patents, trade secrets, processing methods, customer lists, financial information, credit card information, health information or any other type of nonpublic information; or
- (ii) The loss of, loss of use of, damage to, corruption of, inability to access, or inability to manipulate electronic data.

This exclusion applies even if damages are claimed for notification costs, credit monitoring expenses, forensic expenses, public relations expenses or any other loss, cost or expense incurred by you or others arising out of that which is described in Paragraph (1) or (2) above.

As used in this exclusion, electronic data means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

Liability

3 Definitions

- 31 **“Injury”**
means death, bodily injury, illness or disease of or to any person;
- 32 **“Damages”**
means any amount that an Insured shall be legally liable to pay to a Third Party in respect of judgments rendered against an Insured, or for settlements negotiated by the Insurer with the consent of the Insured in respect of any Claim, and shall include claimants’ costs, fees and expenses.
- 33 **“Off shore Work”**
means embarkation onto a conveyance until disembarkation from such conveyance onto land for the purpose of travel to or from transit between work on any offshore structure platform installation or accommodation vessel
- 34 **“Property Damage”**
means loss of possession or control of or actual damage to tangible property;
- 35 **“Pollution”**
means pollution or contamination of the atmosphere or of any water, land or other tangible property;
- 36 **“Product”**
means any property after it has left the custody or control of the Insured which has been designed, specified, formulated, manufactured, constructed, installed, sold, supplied, distributed, treated, serviced, altered or repaired by or on behalf of the Insured but shall not include food or drink supplied by or on behalf of the Insured primarily to the Insured’s employees as a staff benefit.
- 37 **“Terrorism”**
means the use or threatened use of force or violence against person or property, or commission of an act dangerous to human life or property, or commission of an act that interferes with or disrupts an electronic or communication system, undertaken by any person or group, whether or not acting on behalf of or in connection with any organization, government, power, authority or military force, when the effect is to intimidate or coerce a government, the civilian population or any segment thereof, or to disrupt any segment of the economy. Terrorism shall also include any act which is verified or recognized by the Government of Hong Kong as an act of terrorism
- 38 **“Financial Loss”**
means financial loss caused by the loss of money or securities owned by any third party
- 39 **“Asia”**
means Malaysia, Indonesia, Thailand, Philippines, Myanmar,

Vietnam, Cambodia, Laos, Brunei, China, Singapore, Macau, Taiwan, Korea, Japan, India, Sri Lanka and Mongolia

4 Conditions

In addition to the general terms and conditions, the following terms shall apply to the cover provided by this section of the policy only:

41 Indemnity to Others

The indemnity granted extends to:

- (i) at the request of the Insured, any party who enters into an agreement with the Insured for any purpose of the Business, but only with the express agreement of the Insurer as specified in the Schedule, and to the extent required by such agreement to grant such indemnity and subject always to Clause 5.2(iv);
- (ii) officials of the Insured in their business capacity for their liability arising out of the performance of the Business and/or in their private capacity arising out of their temporary engagement of the Insured’s employees;
- (iii) at the request of the Insured, any person or firm for their liability arising out of the performance of a contract to provide labour only services to the Insured;
- (iv) the officers committee and members of the Insured’s canteen, social, sports, medical, fire fighting and welfare organisations in their respective capacity as such;
- (v) the personal representatives of the estate of any person indemnified by reason of this Clause in respect of liability incurred by such persons;

provided always that all such persons or parties shall observe, fulfil and be subject to the terms, Conditions and Exclusions of this Policy as though they were the Insured.

Liability

42 Cross Liabilities

Each person or party specified as the Insured in the Schedule is separately indemnified in respect of claims made against any of them by any other, subject to the Insurer's total liability not exceeding the stated Indemnity Limits.

43 Defence Costs

The Insurer will pay all costs, fees and expenses incurred with their prior consent by the Insured ("Defence Costs")

- (i) in the investigation, defence or settlement of;
- (ii) as a result of representation at any inquest, inquiry or proceedings in respect of matters which have a direct relevance to;

any occurrence which forms or could form the subject of indemnity by this Policy.

44 Indemnity Limits

The Insurer's liability to pay damages (including, Defence costs, claimant's costs, fees and expenses) shall not exceed the sum stated in the Schedule against each Subsection in respect of any one occurrence or series of occurrences arising from one originating cause, but under Subsection Pollution Liability and Subsection Products Liability the Indemnity Limits represent the Insurer total aggregate liability in respect of all occurrences during the Policy Period.

Should liability arising from the same originating cause form the subject of indemnity by more than one subsection of this Policy Section, each subsection shall be subject to its own Indemnity Limit, provided always that the total amount of Insurer's liability shall not exceed the greatest Indemnity Limit available under any one of the subsections providing indemnity.

5 Subsection 1 - Public Liability

51 Indemnity

The Insured is indemnified by this subsection in accordance with the Operative Clause for Damages arising out of Injury and/or Property Damage occurring during the Period of Insurance but not against liability arising out of:-

- (i) Pollution
- (ii) or in connection with any Product

52 Exclusions

This sub-Section does not cover liability:

- (i) arising out of the ownership, possession or use of any motor vehicle or trailer by or on behalf of the Insured, other than claims:
 - (a) caused by the use of any tool or plant forming part of or attached to or used in connection with any motor vehicle or trailer;
 - (b) arising beyond the limits of any carriageway or

thoroughfare caused by the loading or unloading of any motor vehicle or trailer;

- (c) arising out of any motor vehicle or trailer temporarily in the Insured's custody or control for the purpose of parking and only if such cover is specified in the Schedule, and only to the limit specified therein; accepted responsibility;
- (ii) arising out of the ownership, possession or use by or on behalf of the Insured of any aircraft, watercraft or hovercraft (other than watercraft not exceeding five metres in length and then only whilst on inland waterways);
- (iii) for and/or arising out of Damage to property owned leased or hired by or under hire purchase or on loan to the Insured or otherwise in the Insured's care custody or control other than:
 - (a) premises (or the contents thereof) temporarily occupied by the Insured for work therein and/ or other property temporarily in the Insured's possession for work thereon (but no indemnity is granted for Damage to that part of the property on which the Insured is working and which arises out of such work);
 - (b) clothing and personal effects belonging to employees and visitors of the Insured;
 - (c) premises tenanted by the Insured to the extent that the Insured would be held liable in the absence of any specific agreement.
 - (d) If the Schedule specifies a sum insured for Goods in care, custody and control, and only to the limit as specified for any occurrence or series of occurrences arising from one event
- (iv) assumed under any contract or agreement unless and to the extent such liability would have attached in the absence of such agreement.
- (v) in respect of any customer goods covered under any Innkeepers' Liability Act or similar unless a sum insured is specified in the Schedule, and only to that sum insured any one occurrence and in the aggregate for one policy period.
- (vi) for which the insured or any carrier as his Insurer, may be held liable under any Employees' Compensation, unemployment compensation or disability benefits law or under any similar law.

53 Extensions

Business Trips

Notwithstanding anything to the contrary contained in this Policy, it is agreed that this insurance is extended to indemnify the non-manual employees of the Insured against their liability to third parties whilst on business trips abroad.

The territorial limit of this Sub Section but only with respect to incidental non-manual overseas business trips is amended to read as 'Worldwide excluding USA, Canada and US State Department Sanctioned Countries'.

Liability

6 Subsection 2 - Pollution Liability

61 Indemnity

The Insured is indemnified by this subsection in accordance with the Operative Clause for Damages arising out of Injury and/or Property Damage occurring during the Period of Insurance and arising out of Pollution, but only to the extent that the Insured can demonstrate that such Pollution:

- (i) was the direct result of a sudden, specific and identifiable event occurring during the Period of Insurance;
- (ii) was not the direct result of the Insured failing to take reasonable precautions to prevent such Pollution.

62 Exclusions

This subsection is subject to the Exclusions of subsections

5.2 and 7.2, and also does not cover liability for and/or arising out of:

- (i) Damage to premises which are presently or were at any time previously tenanted by the Insured;
- (ii) Damage to land or water within or below the boundaries of any land or premises which is presently or was at any time previously owned or leased by the Insured or otherwise in the Insured's care, custody or control.

(v) arising out of the faulty or negligent design, formula, specification, plan advertising material or printed instructions of or for the product;

(vi) arising out of Pollution

(vii) for which the insured or any carrier as his Insurer, may be held liable under any workmen's compensation, unemployment compensation or disability benefits law or under any similar law.

7 Subsection 3 - Products Liability

71 Indemnity

(i) The Insured is indemnified by this subsection in accordance with the Operative Clause for Damages arising out of Injury and/or Property Damage occurring during the Period of Insurance alleged to have been caused by any Product

(ii) If any Product from one prepared or acquired batch of Products causes Property Damage to property of or Injury to more than one person, all Property Damage and Injury resulting from that batch shall be considered as arising out of one originating cause ['CONNECTED CLAIMS'];

72 Exclusions

This Subsection does not cover liability:-

- (i) for and/or arising out of Property Damage to any Product or part thereof;
- (ii) for costs incurred in the repair, reconditioning, modification or replacement of any Product or part thereof and/or any financial loss consequent upon the necessity for such repair, reconditioning, modification or replacement;
- (iii) arising out of the recall of any Product or part thereof;
- (iv) In respect of any Products which with the knowledge of the Insured are incorporated into any aircraft or craft made or intended to be airborne



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