

Association of British Insurers(ABI)

SECTION I - ACCIDENTAL DAMAGE (PROPERTY) INSURANCE

The Insurer agrees (subject to the terms, conditions and exclusions contained herein or endorsed or otherwise expressed hereon which shall so far as the nature of them respectively will permit be deemed to be conditions precedent to the right of the Insured to recover hereunder) that if after payment of the first premium any of the property insured be accidentally physically lost destroyed or damaged other than by an excluded cause at any time during the period of insurance stated in the schedule or any subsequent period in respect of which the Insured shall have paid and the Insurer shall have accepted the premium required for the renewal of this policy

the Insurer will pay to the Insured the value of the property at the time of the happening of its accidental physical loss or destruction or the amount of such accidental physical damage (accidental physical loss destruction or damage being hereinafter termed Damage) or at its option reinstate or replace such property or any part thereof

provided that the liability of the Insurer in respect of any one loss or in the aggregate in any one period of insurance shall in no case exceed

- (1) in respect of each item the sum expressed in the schedule to be insured thereon or in the whole the total sum insured hereby
- (2) any limit of liability shown in the schedule

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

EXCLUSIONS

A. EXCLUDED CAUSES

This policy does not cover

1. Damage to the property insured caused by:

- (a) **(1) faulty or defective design materials or workmanship
inherent vice latent defect gradual deterioration deformation
or distortion or wear and tear**

- (2) interruption of the water supply gas electricity or fuel systems or failure of the effluent disposal systems to and from the Premises.**

unless Damage by a cause not excluded in the policy ensues and then the Insurer shall be liable only for such ensuing Damage.

- (b) (1) collapse or cracking of buildings**

- (2) corrosion, rust, extremes or changes in temperature, dampness, dryness, wet or dry rot, fungus, shrinkage, evaporation, loss of weight, pollution, contamination, change in colour, flavour, texture or finish, action of light, vermin, insects, marring or scratching**

unless such loss is caused directly by Damage to the property insured or to premises containing such property by a cause not excluded in the policy

- (c) (1) theft except from a building and then only if there is violent or forcible entry to or exit from such building**

- (2) acts of fraud or dishonesty**

- (3) disappearance unexplained or inventory shortage, misfiling or misplacing of information, shortage in supply or delivery of materials or shortage due to clerical or accounting error**

- (4) cracking, fracturing, collapse or overheating of boilers, economizers, vessels, tubes or pipes, nipple leakage or the failure of welds of boilers**

- (5) bursting, overflowing, discharging or leaking of water tanks, apparatus or pipes when the premises are empty or disused**

unless

- (i) Damage by a cause not excluded in the policy ensues and then the Insurer shall be liable only for such ensuing Damage**

- (ii) such loss is caused directly by Damage to the property insured or to premises containing such property by a cause not excluded in the policy**

- (d) (1) coastal or river erosion
- (2) subsidence, ground heave or landslide
- (3) normal settlement or bedding down of new structures
- (4) wind, rain, hail, frost, snow, flood, sand or dust to movable property in the open or in open sided buildings or to fences and gates
- (5) the freezing, solidification or inadvertent escape of molten material

2. Damage caused by or arising from:

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

3. Damage occasioned directly or indirectly by or through or in consequence of any of the following occurrences, namely:

- (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 organization. This Exclusion A3 (c) shall not apply to Damage by Fire

For the purpose of this Exclusion A3 (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) (1) permanent or temporary dispossession resulting from confiscation nationalization commandeering or requisition by any lawfully constituted authority

- (2) permanent or temporary dispossession of any building resulting from the unlawful occupation of such building by any person

provided that the Insurers are not relieved of any liability to the Insured in respect of Damage 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 Exclusions A3 (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.

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

- (a) nuclear weapons material
- (b) ionizing radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel.

Solely for the purpose of this Exclusion A4 (b) combustion shall include any self-sustaining process of nuclear fission.

B. EXCLUDED PROPERTY

This Policy does not cover:

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

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

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

- 3. (a) vehicles licensed for road use (including accessories thereon) caravans trailers railway locomotives or rolling stock watercraft aircraft spacecraft or the like**
- (b) property in transit other than within the premises specified in the Schedule**
- (c) property or structures in course of demolition construction or erection and materials or supplies in connection therewith**
- (d) land (including top-soil back fill drainage or culverts driveways pavements roads runways railway lines dams reservoirs canals rigs wells pipelines tunnels bridges docks piers jetties excavations wharves mining property underground off-shore property**
- (e) livestock growing crops or trees**
- (f) property damaged as a result of its undergoing any process**
- (g) machinery during installation removal or resiting (including dismantling and re-erection) if directly attributable to such operations**
- (h) property undergoing alteration repair testing installation or servicing including materials and supplies therefor if directly attributable to the operations of work being performed thereon unless Damage by a cause not otherwise excluded unsues and then the Insurer will be liable only for such ensuing loss**
- (i) property more specifically insured**

4. **Damage to property which at the time of the happening of such Damage is insured by or would but for the existence of this policy be insured by any marine policy or policies except in respect of any excess beyond the amount which would have been payable under the marine policy or policies had this insurance not been effected**
5. **Damage to boilers economisers turbines or other vessels machinery or apparatus in which pressure is used or their contents resulting from their explosion or rupture**

UNDER INSURANCE

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

DEDUCTIBLES

This policy does not cover the amounts of the deductibles stated in the schedule in respect of each and every loss as ascertained after the application of all other terms and conditions of the policy including any condition of Average.

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

GENERAL CONDITIONS

1. IDENTIFICATION

This Policy and the Schedule (which forms an integral part of this Policy) shall be read together as one contract and words and expressions to which specific meanings have been attached in any part of this Policy or of the Schedule shall bear such specific meanings wherever they shall appear.

2. MISDESCRIPTION

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

this Policy for the property affected by any such misdescription, misrepresentation or omission.

3. CANCELLATION

This insurance may be terminated at any time at the request of the Insured, in which case the Insurer will retain the customary short period rate for the time the Policy has been in force. This insurance may also be terminated at the option of the Insurer on notice to that effect being given to the Insured, in which case the Insurer shall be liable to repay on demand a rateable proportion of the premium for the unexpired term from the date of the cancellation.

4. FORFEITURE

All benefit under this Policy shall be forfeited.

(a) if any claim made under this Policy be in any respect fraudulent or if any false declaration be made or used in support thereof, or if any fraudulent means or devices are used by the Insured or any one acting on his behalf to obtain any benefit under this Policy

or

(b) if any claim be made and rejected and an action or suit be not commenced within three months after such rejection, or (in the case of an arbitration taking place in pursuance of Condition No.7 of this Policy) within three months after the arbitrator or arbitrators or umpire shall have made their award.

5. SUBROGATION

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

6. CONTRIBUTION

If at the time of any loss or damage happening to any property hereby insured, there be any other subsisting insurance or insurances whether effected by the Insured or by any other person or persons, covering either such loss or any part

of it or the same property the Insurer shall not be liable to pay or contribute more than its rateable proportion of such loss or damage.

7. *ARBITRATION*

If any difference shall arise as to the amount to be paid under this Policy such difference shall independently of all other questions be referred to the decision of an arbitrator, to be appointed in writing by the parties in difference, or, if they cannot agree upon a single arbitrator, to the decision of two disinterested persons as arbitrators, of whom one shall be appointed in writing by each of the parties within two calendar months after having been required to do so in writing by the other party. In case either party shall refuse or fail to appoint an arbitrator within two calendar months after receipt of notice in writing requiring an appointment, the other party shall be at liberty to appoint a sole arbitrator; and in case of disagreement between the arbitrators the decision shall be referred to the decision of an umpire who shall have been appointed by them in writing before entering on the reference and who shall sit with the arbitrators and preside at their meetings. The death of any party shall not revoke or affect the authority or powers of the arbitrator, arbitrators or umpire respectively; and in the event of the death of an arbitrator or umpire, another shall in each case be appointed in his stead by the party or arbitrators (as the case may be) by whom the arbitrator or umpire so dying was appointed. The costs of the reference and of the award shall be in the discretion of the arbitrator, arbitrators or umpire making the award. And it is hereby expressly stipulated and declared that it shall be a condition precedent to any right of action or suit upon this Policy that the award by such arbitrator or umpire of the amount of the loss or damage if disputed shall be first obtained.

8. *ALTERATIONS AND REMOVALS*

Under any of the following circumstances the insurance ceases to attach as regards the property affected unless the Insured, before the occurrence of any 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 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 for containing the insured property becomes unoccupied and so remains for a period of more than 30 days.

- (c) if the property insured be removed to any building or place other than that in which it is stated herein to be insured.
- (d) if the interest in the property insured passes from the Insured otherwise than by will or operation of law.

9. CLAIMS

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

- (a) immediately
 - (1) take steps to minimize the loss or damage and recover any missing property.
 - (2) give notice in writing to the Insurer and
 - (3) give notice to the police if the event be theft or suspected theft or wilful or malicious damage
- (b) within 30 days or such further time as the Insurer may in writing allow deliver to the Insurer
 - (1) a claim in writing for the loss or damage containing as particular an account as may be reasonably practical of all the several articles or items of property lost or damaged and the amount of loss or damage thereto respectively, having regard to their value at the time of the loss or damage.
 - (2) particulars of all other insurances if any.

The Insured shall at all times at his own expense produce, procure and give to the Insurer all such further particulars, plans, specifications, books, vouchers, invoices, duplicates or copies thereof, documents, proofs and information with respect to the claim and the origin and cause of the loss or damage and the circumstances under which the loss or damage occurred, and any matter touching the liability or the amount of liability of the Insurer as may be reasonably required by or on behalf of the Insurer together with a declaration on oath or in other legal form of the truth of the claim and any matters connected therewith.

10. INSURERS' RIGHTS

On the happening of any loss or damage to any of the property insured by this

Policy 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 it any property of the Insured in the buildings 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 for account of 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 he makes 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 rights to rely upon any of the Conditions of this Policy in answer to any claim.

If the Insured or any person acting on his behalf shall not comply with the requirements of the 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.

11. REPAIR AND REPLACEMENT

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

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

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

12. TIME LIMIT

In no case whatever shall the Insurer be liable for any loss or damage after the expiration of twelve months from the happening of the loss or damage unless the claim is the subject of pending action or arbitration.

13. REASONABLE PRECAUTIONS

The Insured shall maintain the property in a proper state of repair and take all reasonable precautions to prevent Damage thereto.

SECTION II - ACCIDENTAL DAMAGE
(BUSINESS INTERRUPTION) INSURANCE

The Insurer agrees (subject to the terms, conditions and exclusions contained herein or endorsed or otherwise expressed hereon which shall so far as the nature of them respectively will permit be deemed to be conditions precedent to the right of the Insured to recover hereunder) that if after payment of the first premium any building or other property or any part thereof used by the Insured at the premises for the purpose of the business be accidentally lost destroyed or damaged (such accidental loss destruction or damage being hereinafter termed damage) other than by an excluded cause at any time during the period of insurance stated in the schedule or of any subsequent period in respect of which the Insured shall have paid and the Insurer shall have accepted the premium required for the renewal of this policy and the business carried on by the Insured at the premises be in consequence thereof interrupted or interfered with

then the Insurer will pay to the Insured in respect of each item in the schedule hereto the amount of loss resulting from such interruption or interference in accordance with the provisions therein contained.

provided that

- (a) 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 premises against such Damage and that

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

or

- (2) payment would have been made or liability would have been admitted therefor but for the operation of a proviso in such insurance excluding liability for losses below a specified amount

or

- (3) payment would have been made or liability would have been admitted therefor but for an agreement which makes a party or parties other than the Insured responsible for all or part of the material damage loss.

- (b) the liability of the Insurer in any one period of insurance shall in no case exceed

- (1) in respect of each item the sum expressed in the schedule to be insured thereon or in the whole the total sum insured hereby

- (2) any limit of liability shown in the schedule

or such other sum or sums as may be substituted therefor by memorandum hereon or attached hereto signed by or on behalf of the Insurer.

This policy does not cover loss resulting from

1. Damage caused by :

- (a) (1) **faulty or defective design materials or workmanship inherent vice latent defect gradual deterioration deformation or distortion or wear and tear**

- (2) **interruption of the water supply gas electricity or fuel systems or failure of the effluent disposal systems to or from the Premises**

unless Damage by a cause not excluded in the policy ensues and then the Insurer shall be liable only for such ensuing Damage

- (b) (1) **collapse or cracking of buildings**

- (2) **corrosion rust extremes or changes in temperature dampness dryness wet or dry rot fungus shrinkage evaporation loss of weight pollution contamination change of colour flavour texture or finish action of light vermin insects marring or scratching**

unless such Damage is caused directly by Damage to the property insured or to premises containing such property by a cause not excluded in the policy

- (c) (1) **theft except from a building and then only if there is violent or forcible entry to or exit from such building**

- (2) **acts of fraud or dishonesty**

- (3) **disappearance unexplained or inventory shortage misfiling or misplacing of information shortages in supply or delivery of materials or shortage due to clerical or accounting error**

- (4) **cracking fracturing collapse or overheating of boilers economisers vessels tubes or pipes nipple leakage or the failure of welds of boilers**

(5) bursting overflowing discharging or leaking of water tanks apparatus

or pipes when the premises are empty or disused

unless

(1) Damage by a cause not excluded in the policy ensues and then the Insurer shall be liable only for such ensuing Damage

(2) such Damage is caused directly by Damage to the property insured or

to premises containing such property by a cause not excluded in the policy

(d) (1) coastal or river erosion

(2) subsidence ground heave or landslide

(3) normal settlement or bedding down of new structures

(4) wind rain hail frost snow flood sand or dust to movable property in the open or in open sided buildings or to fences and gates

(5) the freezing solidification or inadvertent escape of molten material

2. Damage to:

(a) property as a result of its undergoing any process

(b) property in transit other than within the premises specified in the Schedule

3. Damage resulting from erasure or distortion of information on computer systems or other records:

(a) whilst mounted in or on any machine or data processing apparatus

or

(b) due to the presence of a magnetic flux

unless caused by Damage to the machine or apparatus in which the records are mounted.

4. Damage to:

- (a) fixed glass**
- (b) glass (other than fixed glass) china earthenware marble or other fragile or brittle objects**
- (c) electronic installations computers and data processing equipment**
- (d) vehicles licensed for road use (including accessories thereon) caravans trailers railway locomotives or rolling stock watercraft or aircraft spacecraft or the like**
- (e) property or structures in course of demolition construction or erection and materials or supplies in connection therewith**
- (f) plant machinery or equipment during installation removal or resiting (including dismantling and re-erection) if directly attributable to such operations**
- (g) property undergoing alteration repair testing installation or servicing including materials and supplies therefor if directly attributable to the operations or work being performed thereon**

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

5. Damage to:

- (a) land (including top-soil back-fill drainage or culverts) driveways pavements roads runways railway lines dams reservoirs canals rigs wells pipelines tunnels bridges docks piers jetties excavations wharves mining property underground off-shore property**
- (b) livestock growing crops or trees**

6. Damage caused by or arising from

- (a) any wilful act or wilful negligence on the part of the Insured or any person acting on his behalf**
- (b) cessation of work**

7. Damage occasioned directly or indirectly by or through or in consequence of any of the following occurrences namely

- (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 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 organization. This Exclusion 7(c) shall not apply to Damage by Fire**

For the purpose of Exclusion 7(c) above, “terrorism” means the use of violence for political ends includes any use of violence for the purpose of putting the public or any section of the public in fear

- (d) (1) permanent or temporary dispossession resulting from confiscation nationalization commandeering or requisition by any lawfully constituted authority**
- (2) permanent or temporary dispossession of any building resulting from the unlawful occupation of such building by any person**

Provided that the Insurers are not relieved of any liability to the Insured in respect of 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 Exclusions 7(a) (b) and (c) above any accidental loss destruction or damage is not covered by this insurance the burden of proving that such accidental loss destruction or damage is covered shall be upon the Insured

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

- (a) nuclear weapons material**

(b) ionizing radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel. Solely for the purpose of this Exclusion 8(b) combustion shall include any self-sustaining process of nuclear fission

9. Damage to boilers economisers turbines or other vessels machinery or apparatus in which pressure is used or their contents resulting from their explosion or rupture.

DEDUCTIBLES

This policy does not cover the amount of the deductibles stated in the schedule in respect of each and every loss as ascertained after the application of all other terms conditions and provisions of this policy.

Warranted that during the currency of the policy the Insured shall not effect insurance in respect of the amounts of the deductibles in the schedule.

CONDITIONS

1. IDENTIFICATION

This Policy and the Schedule (which forms an integral part of this Policy) shall be read together as one contract and words and expressions to which specific meanings have been attached in any part of this Policy or of the Schedule shall bear such specific meanings wherever they shall appear.

2. MISDESCRIPTION

If there be any material misdescription of the business or premises to which this insurance refers or any misrepresentation as to any fact material to be known for estimating the risk or any omission to state such fact, the Insurer shall not be liable under this Policy.

3. CANCELLATION

This insurance may be terminated at any time at the request of the Insured, in which case the Insurer will retain the customary short period rate for the time the Policy has been in force. This insurance may also be terminated at the option of the Insurer on notice to that effect being given to the Insured, in which case the Insurer shall be liable to pay on demand a rateable proportion of the premium for the unexpired term from the date of the cancellation.

4. FORFEITURE

All benefit under this Policy shall be forfeited

- (a) if any claim made under this Policy be in any respect fraudulent or if any false declaration be made or used in support thereof, or if any fraudulent means or devices are used by the Insured or any one acting on his behalf to obtain any benefit under this Policy

or

- (b) if any claim be made and rejected and an action or suit is not commenced within three months after such rejection, or (in case of an arbitration taking place in pursuance of Condition No.7 of this Policy) within three months after the arbitrator or arbitrators or umpire shall have made their award.

5. SUBROGATION

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

6. CONTRIBUTION

If at the time of any loss or damage happening to any property hereby insured, there be any other subsisting insurance or insurances whether effected by the Insured or by any other person or persons, covering either such loss or any part of it or the same property the Insurer shall not be liable to pay or contribute more than its rateable proportion of such loss or damage.

7. ARBITRATION

If any difference shall arise as to the amount to be paid under this Policy such difference shall independently of all other questions be referred to the decision of an arbitrator, to be appointed in writing by the parties in difference, or, if they cannot agree upon a single arbitrator, to the decision of two disinterested persons as arbitrators, of whom one shall be appointed in writing by each of the parties within two calendar months after having been required to do so in writing by the other party. In case either party shall refuse or fail to appoint an arbitrator within two calendar months after receipt of notice in writing requiring an

appointment, the other party shall be at liberty to appoint a sole arbitrator; and in case of disagreement between the arbitrators the decision shall be referred to the decision of an umpire who shall have been appointed by them in writing before entering on the references and who shall sit with the arbitrators and preside at their meetings. The death of any party shall not revoke or affect the authority of powers of the arbitrator, arbitrators or umpire respectively; and in the event of the death of an arbitrator or umpire, another shall in each case be appointed in his stead by the party or arbitrators (as the case may be) by whom the arbitrator or umpire so dying was appointed. The costs of the reference and of the award shall be in the discretion of the arbitrator, arbitrators or umpire making the award. And it is hereby expressly stipulated and declared that it shall be a condition precedent to any right of action of suit upon the Policy that the award by such arbitrator or umpire of the amount of the loss or damage if disputed shall be first obtained.

8. ALTERATION

The Insurance by this Policy shall cease if

- (a) the business be wound up or carried on by a Liquidator or Receiver or permanently discontinued, or
- (b) the Insured's interest cease otherwise than by death, or
- (c) any alteration be made either in the business or in the premises or property therein whereby the risk of Damage is increased

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

9. PROPERTY DAMAGE RATE OF PREMIUM

Notice shall be given to the Insurers and if required an additional premium paid if the rate of premium payable in respect of the insurance covering the interest of the Insured in the property at the premises against Damage shall be increased.

10. CLAIMS

On the happening of any damage in consequence of which a claim is or may be under this Policy, the Insured shall forthwith give notice thereof to the Insurer and shall with due diligence 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 Section shall, not later than thirty days after the expiry of the Indemnity Period or within such further time as

the Insurer may in writing allow, at his own expense deliver to the Insurer in writing a statement setting forth particulars of his claim, together with details of all other insurances (if any) covering the damage or any part of it or consequential loss of any kind resulting therefrom.

The Insured shall at his own expense produce, procure and give 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 reasonably required by or on behalf of the Insurer for the purpose of investigating or verifying the claim together with a declaration on oath or in other legal form of the truth of the claim and of any matters connected therewith.

No claims under this Policy shall be payable unless the terms of this condition have been complied with and in the event of non-compliance therewith in any respect, any payment on account of the claim already made shall be repaid to the Insurer forthwith.

11. REASONABLE PRECAUTIONS

The Insured shall maintain the property in a proper state of repair and take all reasonable precautions to prevent Damage thereto.

BUSINESS INTERRUPTION – GROSS PROFIT FORM

If any building or other property (or any part thereof) used by the Insured at the Premises for the purpose of the Business is lost, destroyed or damaged by any contingency insured by Section I of this Policy (such loss destruction or damage being termed “Damage” in Section II) during the Period of Insurance, and if the Business of the Insured at the premises is interrupted or interfered with as a result thereof, the Insurer will pay to the Insured in respect of each item in the Schedule the amount of the loss which results from such interruption or interference in accordance with the provisions of the Specifications Memoranda and Extensions to this Section II.

Provided that insurance is in force at the time of the occurrence of the contingency covering the interest of the insured in the property at the Premises against such Damage and that

(1) payment shall have been made or liability admitted for such Damage

or

(2) payment would have been made or liability would have been admitted therefor but for the operation a proviso in such insurance excluding liability for losses below a specified amount

or

(3) payment would have been made or liability would have been admitted therefor but for an agreement which makes a party or parties other than the Insured responsible for all or part of the material damage loss.

All claims for Damage arising from one occurrence shall be adjusted as one claim. From the amount of such claim (and after adjustment in accordance with the terms and conditions of this Policy) and after the application of the provisions of the Specifications Memoranda, there shall be deducted the amount of any Deductible detailed in the Schedule.

SPECIFICATIONS MEMORANDA

Interest	Sum Insured
Item 1 - Gross Profit	

Item 2 – Wages

Item No.1

The insurance under item 1 of this policy 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 shall 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 shall in consequence of the Damage, fall short of the Standard Turnover.
- (B) In respect of Increase in Cost of Working :The additional expenditure (subject to the provisions of memorandum) 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 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 of Gross Profit as may cease or be reduced in consequence of the Damage.

Provided that if the sum insured by this item be less than the sum provided by applying the Rate of Gross Profit to the Annual Turnover, (or its proportionately increased multiple thereof, where the Indemnity Period exceeds 12 months) the amount payable shall be proportionately reduced.

Item No.2

The insurance under Item No.2 of this policy is limited to loss in respect of Wages and the amount payable as indemnity thereunder shall be:

- (A) In respect of Reduction in Turnover
- (i) During the portion of the Indemnity Period beginning with the occurrence of the Damage and ending not later than 6months thereafter:

the sum produced by applying the Rate of Wages to the Shortage in Turnover during the said portion of the Indemnity Period

less any saving during the said portion of the Indemnity Period through reduction in consequence of the Damage in the amount of Wages paid.

- (ii) During the remaining portion of the Indemnity Period: the sum produced by applying the Rate of Wages to the Shortage in Turnover during the said remaining portion of the Indemnity Period

less any saving during the said remaining portion of the Indemnity Period through reduction in consequence of the Damage in the amount of Wages paid; but not exceeding the sum produced by applying the percentage of the Rate of Wages specified in the Schedule to the Shortage in Turnover during the said remaining portion of the Indemnity Period, increased by such amount as is deducted for savings under the terms of Clause (A) (i.).

Note:

At the option of the Insured the number of months referred to in Clause (A) (i.) above may be increased to the number of months specified in the Schedule under the heading 'Consolidated Period'; provided that the amount arrived at under the provisions of Clause (A) (ii.) shall not exceed such amount as is deducted under Clause (A) (i.) for savings effected during the said increased number of months.

(B) In respect of Increase in Cost of Working

So much of the additional expenditure described in Clause (B) of Item 1 as exceeds the amount payable thereunder, but not more than the additional amount which would have been payable in respect of Reduction in Turnover under the provisions of the Clause (A) (i.) and (ii.) of this Item had such expenditure not been incurred

Provided that if the sum insured by this Item be less than the sum produced by applying the Rate Wages to the Annual Turnover (or its proportionately increased multiple thereof, where the Indemnity Period exceeds 12 months) the amount payable shall be proportionately reduced.

DEFINITIONS

Gross Profit

The amount by which

- (I) The sum of the amount of the Turnover and the amount of the Closing Stock shall exceed
- (II) The sum of the Opening Stock and the amount of the Specified Working Expenses

Note the amounts of the Opening and Closing Stocks shall be arrived at in accordance with the Insured's normal accountancy methods, Due provision being made for depreciation

Specified Working Expenses

- 1. 100% of purchases (less discount received)
- 2. 100% of wages
- 3. 100% of the following expenses

Non-continued Expense

Note the words and expressions used in this definition shall have the meaning usually attached to them in the books and accounts of the insured

Wages

The remuneration (including but not limited to National Insurance, bonuses, holiday pay, staff retirement, medical expenses and the like) of all employees

Turnover

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

Indemnity Period

The period beginning with the occurrence of the Damage and ending not later than the number of months specified in the Schedule thereafter during which the results of the Business shall be affected in consequence of the Damage.

Rate of Gross Profit

The rate of gross profit earned on the Turnover during the financial year immediately before the date of the Damage

)
)
)
) To which such adjustments shall be made as
) may be necessary to provide for the trend of

Rate of Wages

The rate of wages to Turnover during the financial year immediately before the date of the damage

) the Business and for variations in or special
) circumstances affecting the Business either
) before or after the Damage or which would
) have affected the Business had the Damage

Annual Turnover

The Turnover during the twelve months Immediately before the date of Damage

) not occurred. So that the figures thus adjusted
) shall represent as nearly as may be reasonably
) practicable the results which but for the
) Damage would have been obtained during the
) relative period after the Damage

Standard Turnover

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

Shortage in Turnover

The amount by which the Turnover during a period shall in consequence of the damage, fall short of the part of the Standard Turnover which relates to that period

Memorandum 1

If during the indemnity period goods shall be sold or services shall be rendered elsewhere than or the premises for the benefit of the business either by the Insured or by others on his behalf the money paid or payable in respect of such sales or services shall be brought into account in arriving at the turnover during the indemnity period.

Memorandum 2

If any standing charge of the business be not insured by this policy (having been deducted in arriving at the gross profit as defined herein) then in computing the amount recoverable thereunder as increase in cost of working that proportion only of the additional expenditure shall 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 standing charges.

Net profit is hereby defined as follows:

The net trading profit (exclusive of all capital receipts and accretions and all outlay properly chargeable to capital) resulting from the business of the insured at the premises after due provision has been made for all standing and other charges including depreciation

Memorandum 3

In the event of 100% of the gross profit earned

During the financial year most nearly concurrent with any period of insurance, as certified by the Insured's auditors being less than the respective sum insured thereon, a pro rate return of premium not exceeding 50 percent of the premium paid on such sum insured for such period of insurance will be made in respect of the difference.

If any damage shall have occurred, giving rise to a claim under this policy, such return shall be made in respect only of so much of the said difference as is not due to such damage.