

# Property Damage Events Section

## Definitions

### Damage/Damaged

Loss or destruction of or damage to Property Insured.

### Premises

The Buildings at the address or addresses shown in the Schedule including their grounds all within the boundaries for which the Insured are responsible and being unless more specifically described in the Schedule occupied by the Insured for the purpose of the Business

### Property/Property Insured

Buildings, Contents, Stock and other items shown and/or described in the Schedule.

The Insurer agrees to accept the heading under which any Property or other item has been entered in the books of the Insured.

### Buildings

The buildings shown in the Schedule including

- landlord's fixtures and fittings, fixed glass and fixed sanitary ware in or on or pertaining to the buildings
- walls, gates and fences

and so far as they are not otherwise insured

- small outside buildings annexes gangways conveniences and other structures
- extensions communicating with the buildings
- roads car parks yards paved areas pavements and footpaths
- building management and security systems
- fuel tanks and their ancillary equipment and pipe work
- wind turbines and solar panels attached to the buildings
- landscaping and recreational features including ornaments and statues

## Contents

Machinery, plant and all other contents belonging to the Insured or held by the Insured in trust and for which the Insured are responsible (other than landlord's fixtures and fittings, Stock and other Property specifically described in the Schedule) whilst in or on the buildings, including

- tenants' improvements, alterations and decorations
- contents in the open yards
- Money, for an amount not exceeding £ 1,000 in total
- deeds, documents, manuscripts and business books, but only for the cost of the materials and clerical labour expended in reproducing such records
- computer systems records, but only for the cost of the materials and of clerical labour and computer time expended in reproducing such records
- rare books or works of art for an amount not exceeding £5,000 any one article or £10,000 in total
- tobacco, wines and spirits held for business entertainment purposes for an amount not exceeding £1,000 in total
- the contents of fuel tanks at the Premises for an amount not exceeding £2,000

and so far as they are not otherwise insured

- partners', directors', and employees' personal effects of every description (other than motor vehicles), for an amount not exceeding £1,000 for any one person

## Stock

Stock and materials in trade belonging to the Insured or held by the Insured in trust and for which the Insured are responsible, whilst in the Buildings or in the open yards.

## Money

Cash, bank and currency notes, cheques, crossed bankers drafts, postal orders, luncheon vouchers, current postage stamps, trading stamps, National Insurance stamps, Holiday with Pay stamps, National Savings stamps, National Savings certificates, Premium Bonds, credit sales vouchers or receipts, VAT purchase invoices, unexpired units in franking machines, gift tokens and consumer redemption vouchers belonging to the Insured or for which the Insured are responsible.

## Unoccupied

Any building or part of any building that is unfurnished untenanted empty or no longer in active use for a period exceeding 30 consecutive days

## Contract Works

The permanent and temporary works undertaken by or on behalf of the Insured for the purpose of alteration or improvement to the Premises including all unfixed materials and goods, for which the Insured are responsible and whether supplied free of charge or not, delivered to or placed on or adjacent to the permanent and temporary works and intended for incorporation in them in performance of the contract at the Premises specified in the Schedule, excluding any tools, contractors plant and equipment, site huts and other temporary accommodation and their contents belonging to the Insured or hired by them under a hiring agreement, hire purchase, lease agreement or on a free loan.

## Earth Movement

Shall mean any movement of earth whether natural or man-made including but not limited to earthquake (including Flood as defined herein or overflow of the sea occasioned thereby) volcanic action landslide or subsidence regardless of any other cause or event contributing concurrently or in any other sequence to the Damage.

## Windstorm

Shall mean all Damage caused by or arising out of a storm or tempest excluding Damage

**a** caused by the escape of water from the normal confines of any natural or artificial water course or lake canal or dam or any water tanks apparatus or pipes

**b** caused by inundation from the ocean or the sea

whether resulting from storm tempest or otherwise

**c** caused by frost subsidence or landslip

**d** attributable solely to change in water table level

**e** as a result of damage to awnings blinds signs or other outdoor fixtures and fittings gates and fences and moveable property in the open

**f** as a result of damage to premises in course of construction alteration or repair except when all outside doors windows and other openings are complete and protected against storm or tempest

**g** caused by water or rain other than by water or rain entering the building through openings made in its fabric by the direct force of the storm or tempest

regardless of any other cause or event contributing concurrently or in any other sequence to the Damage.

## Tenants Liability

Liability which the Insured incurs as tenant under the articles of any Napoleonic or similar civil code, because of Damage to real or personal property by fire or explosion

## Neighbours Liability

Liability which the Insured incurs under the articles of any Napoleonic or similar civil code, for Damage to real or personal property from fire or explosion spreading from the Insured's Premises to the premises of neighbours and co-tenants

## Tenants Claims against the Insured as Landlord

Liability which the Insured incurs as a landlord under articles of any Napoleonic or similar civil code for Damage to personal property of tenants by fire or explosion as a result of constructional defects or lack of maintenance.

## Defined Territories

The United Kingdom or any other country specified in the Schedule.

## Local Policy

A policy issued outside of the United Kingdom to the Insured in accordance with the details lodged with the Insurer.

# Cover

The Insurer will pay the Insured for Damage to the Property Insured at the Premises described in the Schedule in connection with the Business conducted by the Insured from Premises within the Defined Territories by the following Events, except for the Excluded Events specified in the Schedule

## Events

### 1 Fire (whether resulting from explosion or otherwise) excluding Damage

- a caused by earthquake volcanic eruption or other convulsion of nature or subterranean fire
- b occasioned by its own spontaneous fermentation or heating
- c occasioned by its undergoing any process involving the application of heat

#### Lightning

#### Explosion

- a of boilers  
or
- b of gas

used for domestic purposes only but excluding Damage caused by earthquake volcanic eruption or other convulsion of nature

### 2 Explosion excluding Damage caused by or consisting of the bursting by pressure of a boiler economiser or other vessel machinery or apparatus in which pressure is used or to their contents resulting from their explosion

### 3 Aircraft and other aerial devices and/or articles dropped from them

### 4 Riot Strikers locked out workers

Damage directly caused by

- a The act of any person taking part with others in any disturbance of the public peace (whether in connection with a strike or lock out or not) not being an occurrence mentioned in paragraphs i. or ii. below
- b The action of any lawfully constituted authority in suppressing or attempting to suppress any such disturbance or in minimising the consequences of any such disturbance
- c The wilful act of any striker or locked out worker done in furtherance of a strike or in resistance to a lock out
- d The action of any lawfully constituted authority in preventing or attempting to prevent any such act or in minimising the consequences of any such act

excluding Damage occasioned by or through or in consequence directly or indirectly

- i of civil commotion assuming the proportions of or amounting to a popular rising
- ii of the malicious act of any person (whether or not such act is committed in the course of disturbance of the public peace) not being the wilful act of any rioter striker or locked out worker in furtherance of a riot or strike or in resistance to a lock out
- iii of deliberate erasure loss distortion or corruption of information on computer systems or other records programs or software

- iv resulting from total or partial cessation of work or the retarding or interruption or cessation of any process or operation
- v by permanent or temporary dispossession resulting from confiscation commandeering or requisition by any lawfully constituted authority
- vi by permanent or temporary dispossession of any building resulting from the unlawful occupation by any person or group of persons of such building

Provided nevertheless that the Insurer is not relieved under 4v. or 4vi. above of any liability to the Insured in respect of physical damage to the Property Insured occurring before dispossession or during temporary dispossession

The Insurer shall not be liable for the amount of any Excess specified in the Schedule in respect of the first part of each and every loss at each separate Premises after the application of all other terms and conditions of the Section and the Policy including any Underinsurance (Average) Basis of Settlement Adjustment.

## 5 Malicious Damage

Damage directly caused by the malicious act of any person (whether or not such act is committed in the course of a disturbance of the public peace) excluding Damage occasioned by or through or in consequence directly or indirectly

- a of civil commotion assuming the proportions of or amounting to a popular rising
- b of deliberate erasure loss distortion or corruption of information on computer systems or other records programs or software
- c resulting from total or partial cessation of work or the retarding or interruption or cessation of any process or operation
- d by permanent or temporary dispossession resulting from confiscation commandeering or requisition by any lawfully constituted authority
- e by permanent or temporary dispossession of any building resulting from the unlawful occupation by any person or group of persons of such building
- f by theft or burglary or any attempt thereat or caused by any person taking part therein

The Insurer shall not be liable for the amount of any Excess specified in the Schedule in respect of the first part of each and every loss at each separate Premises after the application of all other terms and conditions of the Section and the Policy including any Underinsurance (Average) Basis of Settlement Adjustment.

## 6 Earthquake or Volcanic Eruption including flood or overflow of the sea occasioned thereby and Subterranean Fire

## 7 Storm and Tempest

excluding Damage

- a caused by the escape of water from the normal confines of any natural or artificial water course or lake canal or dam or any water tanks apparatus or pipes
- b caused by inundation from the ocean or the sea  
whether resulting from storm tempest or otherwise
- c caused by frost subsidence or landslip

- d attributable solely to change in water table level
- e as a result of damage to awnings blinds signs or other outdoor fixtures and fittings gates and fences and moveable property in the open
- f as a result of damage to premises in course of construction alteration or repair except when all outside doors windows and other openings are complete and protected against storm or tempest
- g caused by water or rain other than by water or rain entering the building through openings made in its fabric by the direct force of the storm or tempest

The Insurer shall not be liable for the amount of any Excess specified in the Schedule in respect of the first part of each and every loss at each separate Premises after the application of all other terms and conditions of the Section and the Policy including any Underinsurance (Average) Basis of Settlement Adjustment.

## 8 Storm Tempest and Flood

excluding Damage

- a caused by frost subsidence or landslip
- b as a result of damage to awnings blinds signs or other outdoor fixtures and fittings gates and fences and moveable property in the open
- c as a result of damage to premises in course of construction alteration or repair except when all outside doors windows and other openings are complete and protected against storm or tempest
- d caused by rain except rain entering the building through openings made in its fabric by the direct force of the storm or tempest
- e resulting from the escape of water from any tank apparatus or pipe
- f attributable solely to change in water table level

The Insurer shall not be liable for the amount of any Excess specified in the Schedule in respect of the first part of each and every loss at each separate Premises after the application of all other terms and conditions of the Section and the Policy including any Underinsurance (Average) Basis of Settlement Adjustment.

## 9 Escape of water from any tank apparatus or pipes

excluding Damage

- a caused by water discharged or leaking from an installation of automatic sprinklers
- b as a result of damage to any building which is Unoccupied

The Insurer shall not be liable for the amount of any Excess specified in the Schedule in respect of the first part of each and every loss at each separate Premises after the application of all other terms and conditions of the Section and the Policy including any Underinsurance (Average) Basis of Settlement Adjustment.

## 10 Impact by any road vehicle or animal

The Insurer shall not be liable for the amount of any Excess specified in the Schedule in respect of the first part of each and every loss at each separate Premises after the application of all other terms and conditions of the Section and the Policy including any Underinsurance (Average) Basis of Settlement Adjustment.

## 11 Sprinkler Leakage

Accidental escape of water from any automatic sprinkler installation in the Premises not caused by

- a freezing whilst the building in so far as it is in the Insured's ownership or tenancy is Unoccupied
- b explosion, earthquake, subterranean fire or heat caused by fire.

The Insurer shall not be liable for the amount of any Excess specified in the Schedule in respect of the first part of each and every loss at each separate Premises after the application of all other terms and conditions of the Section and the Policy including any Underinsurance (Average) Basis of Settlement Adjustment.

## 12 Accidental Damage, excluding

- a Damage caused by or consisting of or arising from or attributable to

- i any of the Events
- ii any of the exclusions to the Events

specified in Events 1-11 and 13-15, whether Events 1-11 and 13-15 are insured or not

- b Damage caused by or consisting of

- i inherent vice, latent defect, gradual deterioration, wear and tear, frost, its own faulty or defective design or materials

but this shall not exclude Damage which itself results from a cause not otherwise excluded

- ii faulty or defective workmanship by the Insured or any employee of the Insured
- iii operational error or omission by the Insured or any employee of the Insured

but this shall not exclude such Damage which itself results from other Damage and is not otherwise excluded, or subsequent Damage which itself results from a cause not otherwise excluded

- iv acts of fraud or dishonesty by any partner, director or employee of the Insured

but this shall not exclude such Damage not otherwise excluded which itself results from Events 1-11 and 13-15

- c Damage caused by or consisting of

- i corrosion, rust, wet or dry rot, shrinkage, evaporation, loss of weight, dampness, dryness, marring, scratching, vermin or insects
- ii change in temperature, colour, flavour, texture or finish
- iii theft or attempted theft

Damage consisting of

- iv joint leakage, failure of welds, cracking, fracturing, collapse or overheating of boilers, economisers, super heaters, pressure vessels or any range of steam and feed piping connected to them

- v mechanical or electrical breakdown or derangement in respect of the particular machine, apparatus or equipment in which such breakdown or derangement originates

but this shall not exclude such Damage not otherwise excluded which itself results from an Event which is not otherwise excluded, or subsequent Damage which itself results from a cause not otherwise excluded

- d loss, destruction or damage caused by pollution or contamination, but this shall not exclude such destruction of or damage to Property Insured not otherwise excluded, caused by pollution or contamination which itself results from other Damage or caused by other Damage which itself results from pollution or contamination
- e Damage caused by
  - i normal settlement or bedding down of new structures
  - ii disappearance, unexplained or inventory shortage or the misfiling or misplacing of information
- f destruction of or damage to any Building or structure caused by its own collapse or cracking, but this shall not exclude Damage resulting from an insured Event in so far as it is not otherwise excluded
- g Damage in respect of fences, gates and moveable Property in the open caused by wind, rain, hail, sleet, snow or dust
- h Damage to any Property resulting from its undergoing any process of production, packing, treatment, testing, commissioning, service or repair
- i Damage in respect of
  - i jewellery, precious stones or precious metals, bullion, furs, curiosities, works of art or rare books unless such property is specifically described in the Schedule
  - ii Property in transit
  - iii glass (other than fixed glass), sanitary ware (other than fixed sanitary ware), china, earthenware, marble or other fragile or brittle objects
  - iv Money, bonds or securities of any description

but this shall not exclude other Damage by an insured Event in so far as it is not otherwise excluded
- j Damage to
  - i vehicles licensed for road use (including accessories on them), caravans, trailers, railway locomotives, rolling stock, watercraft or aircraft
  - ii Property or structures in course of construction or erection and materials or supplies in connection with all such Property or structures
  - iii land, piers, jetties, bridges, dams, dykes (dikes), culverts or excavations
  - iv underground mines, caverns, tunnels and any property contained within
  - v offshore property, except that structures and their contents extending from land or shore, and floating docks permanently moored to docks, river banks or shore shall not be considered offshore



**vi** overhead transmission and distribution lines, including wire, cables, poles, pylons, standards, towers or other supporting structures which may be attendant to the transmission and/or distribution of electrical power and/or communications, but this Exclusion shall not apply to such property which is located on the Insured's Premises

**vii** livestock growing crops or trees

but the Insurer will pay for such property specifically described in the Schedule.

**k** the amount of any Excess specified in the Schedule in respect of the first part of each and every loss at each separate Premises after the application of all other terms and conditions of the Section and the Policy including any Underinsurance (Average) Basis of Settlement Adjustment.

### 13 Theft or attempted theft involving

**a** forcible and violent entry to or exit from the Premises

**b** assault or violence or threat thereof to the Insured or any partner, director, employee of the Insured or members of their families or any other person who has a legal right to be on the Premises

excluding Damage

**i** expedited or in any way brought about by the Insured or any partner, director or employee of the Insured or any other person who has a legal right to be on the Premises

**ii** to Money, deeds, securities, jewellery, precious stones or precious metals, bullion, furs, curiosities, works of art or rare books unless such property is specifically described in the Schedule

**iii** to property in the open or in open sided or fronted buildings or in buildings not on permanent foundations unless such buildings are specifically described in the Schedule

**iv** to any building or property in any building whilst the Premises are closed for Business or are left unattended unless all points of access are closed and secured by all locks and other protections fitted to them

**v** to any building or property in any building which is Unoccupied

**vi** after the application of all other terms and conditions of this Section and the Policy including the Underinsurance (Average) Basis of Settlement Adjustment, and in respect of each separate Premises, the amount of the Excess specified in the Schedule.

### 14 Subsidence or Ground Heave

of any part of the site on which the building stands, or landslip, excluding:

**a** Damage in respect of walls, gates, fences, roads, car parks, yards, forecourts, patios, pavements, footpaths and similar hard surfaced areas unless covered by this Section and a building covered by this Section is Damaged by the same cause at the same time

**b** Damage resulting from

**i** the settlement or movement of made-up ground

**ii** coastal or river erosion

**iii** defective design or workmanship or the use of defective materials

**c** Damage caused by

**i** subsidence, ground heave or landslip resulting from Events 1, 2, 6, 9 or 15

**ii** normal settlement or bedding down of new structures

- d Damage which commenced prior to the inception of this Event
- e Damage occurring as a result of demolition, construction, structural alteration or repair of any Property, or as a result of ground works or excavation, at the same Premises
- f after the application of all other terms and conditions of this Section and the Policy including the Underinsurance (Average) Basis of Settlement Adjustment, and in respect of each separate Premises, the amount of the Excess specified in the Schedule.

#### **15 Escape of Oil from any fixed heating installation, excluding:**

- a Damage in respect of any building or property in any building which is Unoccupied
- b Damage unless caused by a sudden, identifiable, unintended and unexpected incident which has taken place in its entirety at a specific time and place during the Period of Insurance
- c the value of the oil lost
- d after the application of all other terms and conditions of this Section and the Policy including the Underinsurance (Average) Basis of Settlement Adjustment, and in respect of each separate Premises, the amount of the Excess specified in the Schedule.

## Section Exclusions

The Insurer will not pay for

- 1 Property which at the time of the happening of Damage is insured by or would but for the existence of this Section be insured by any marine policy or policies, but the Insurer will pay for any excess beyond that amount which would have been payable under such marine policy or policies had this Section not been effected
- 2 any Property more specifically insured by or on behalf of the Insured
- 3 consequential loss or damage of any kind or description, except loss of rent when such loss is insured by this Section
- 4 Damage directly or indirectly caused by or consisting of or arising from the failure of any computer or other equipment or system for processing, storing or retrieving data, whether the property of the Insured or not, to achieve any or all of the purposes and consequential effects intended by the use of any number to denote a date, including the failure
  - i correctly to recognise any date as its true calendar date
  - ii to recognise, capture, save, retain, restore and/or correctly to manipulate, interpret, calculate or process any data or information or command or instruction as a result of treating any date otherwise than as its true calendar date
  - iii to recognise, capture, save, retain, restore and/or correctly to manipulate, interpret, calculate or process any data or information as a result of the operation of any command which has been programmed into any computer software or firmware, being a command which caused the loss of data or the inability to recognise, capture, save, retain, restore or correctly to manipulate, interpret, calculate or process any data on or after any date

but the Insurer will pay for subsequent Damage which is not otherwise excluded and which itself results from Events 1-11 and 13-15

- 5 Damage to the Property Insured situate in The Netherlands and/or Belgium caused by flood inundation from the ocean or sea or the failure or overflowing of dykes (dikes) quays sluices banks floodgates or other water retaining structures or similar works regardless of whether or not such flood was caused by a storm and regardless of any other cause or event contributing concurrently or in any other sequence to the Damage
- 6 Damage to the Property Insured situate in Schleswig-Holstein, Niedersachsen, Mecklenburg-Vorpommern, Bremen and Hamburg, in Germany, due to "sturmflut".

For the purpose of this Exclusion "sturmflut" shall mean a general and temporary condition of partial or complete inundation of dry land areas caused by or resulting from the overflow of river, lake, bay, estuary or tidal water because of the rapid accumulation of runoff or surface waters from any source or from wind driven storm surge tidal wave high tide flood tide wave wash or tsunami

- 7 Damage (and/or related costs) to the Property Insured situate in France or upon French Territory
- i resulting from a peril or event as defined in the French Law Article No. 82-600 of 13th July 1982 as amended by the Law of 25th June 1990, the Law of 16th July 1992 and subsequent legislation
  - ii of whatsoever nature directly or indirectly caused by resulting from or in connection with an attack or act of terrorism as defined in articles L 421-1 and L 421-2 of the French Penal Code and any subsequent regulations or legislation regardless of any cause or event contributing concurrently or in any other sequence to the Damage

Conditions of payment or delays in payment shall not nullify this Exclusion.

- 8 Damage to the Property Insured situate in Spain or upon Spanish Territory
- i resulting from a peril or event which has been declared a "Calamidad Nacional" by the Spanish Government
  - ii resulting from damage covered by the State insurance compensation scheme "Consortio de Compensacion de Seguros"

Conditions of payment or delays in payment by the "Consortio de Compensacion de Seguros" or by the Spanish Government in the case of "Calamidad Nacional" shall not nullify this Exclusion.

- 9 Damage to the Property Insured situate in Norway or Sweden resulting directly or indirectly from hydroelectric dam breakthrough.

- 10 Loss or damage or consequential loss which can be covered by any government voluntary or compulsory insurance scheme official obligatory pool or natural catastrophe insurance scheme or similar pool or scheme

- 11 Loss destruction of or damage to any property or any loss or expense that is directly or indirectly occasioned by or happening through or in consequence of:
- a permanent or temporary dispossession resulting from confiscation requisition nationalisation seizure detention or destruction by any government de jure or de facto or public municipal local or customs authority
  - b permanent or temporary dispossession of any building resulting from the unlawful occupation by any person or group of persons of such building

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 and which is otherwise covered under this Section

- 12 Loss destruction or damage arising in respect of Tenants Liability, Neighbours Liability or Tenants Claims against the Insured as Landlord
- 13 Expenses fines penalties or costs incurred or sustained by the Insured or imposed on the Insured at the order of any government agency court or other authority in connection with any kind or description of environmental impairment including seepage pollution or contamination arising from any cause whatsoever

## Basis of Settlement

The Insurer will pay the Insured the value of the Property Insured at the time of its loss or destruction, or the amount of the Damage, or at the Insurer's option will reinstate or replace such Property or any part of such Property.

The most the Insurer will pay for any one claim is

- A** the Total Sum Insured, or for each item its individual Sum Insured, or any other limit of liability in this Section whichever is the less at the time of Damage
- B** the amount of the Sum Insured or limit of liability remaining after deduction for any other Damage occurring during the same Period of Insurance, unless the Insurer agrees to reinstate any such Sum Insured or limit of liability.

Irrespective of the number of insured parties the total liability of the Insurer to all of the insured parties collectively in respect of the cover insured by this Section shall not exceed the Total Sum Insured or in respect of any item its Sum Insured or any other stated limit of liability.

Any payment or payments by the Insurer to any one or more insured party shall reduce to the extent of that payment the liability of the Insurer to all parties arising from any one event giving rise to a claim under this Section.

The Sums Insured or limits of liability shall not be reduced by the amount of any claim following Damage as insured under this Section provided that

- a** the Insurer does not give written notice to the contrary within 30 days of the notification of any Damage
- b** the Insured pays the appropriate additional premium on the amount of the claim from the date of the Damage to the expiry of the Period of Insurance
- c** the Insured agrees to comply with any security recommendations or other measures the Insurer may require to reduce the risk of Damage.

## Basis of Settlement Adjustments

In calculating the most the Insurer will pay for any one claim, adjustments shall be made in accordance with the following clauses.

### 1 Index Linking

Unless the Insured requests to the contrary, the Sums Insured and/or Declared Values in respect of property within the United Kingdom will be adjusted to take into account movements in the appropriate index and renewal premiums will be based on the adjusted Sums Insured and/or Declared Values.

For Buildings, the General Building Cost Index issued by the Building Cost Information Service of the Royal Institution of Chartered Surveyors or for Residential Property the Household Rebuilding Cost Index issued by the Association of British Insurers (or some other suitable index the Insurer decides upon) will be used.

For Contents and other Property shown and/or described in the Schedule, the Retail Price Index (or some other suitable index the Insurer decides upon) will be used.

The above percentage changes will continue to be applied between the date of any Damage and the date when replacement or repair has been completed provided that the work of rebuilding or repair be commenced and carried out without unreasonable delay.

### 2 Average (Underinsurance)

The Sums Insured by

- a any items for Buildings or Contents subject to the Reinstatement (Day One Basis) clause are declared to be separately subject to Average as described in Special Condition 2 of such clause
- b any other items of Property Insured (other than any Sum Insured applying solely to rent, fees, removal of debris or private dwellings) are declared to be separately subject to Average. This means if at the time of Damage the Sum Insured for any item is less than the value of the item covered by such Sum Insured, the amount payable by the Insurer will be proportionately reduced.

### 3 Contribution and Average

If at the time of Damage any other insurance has been effected by or on behalf of the Insured covering any of the Property Damaged, the Insurer's liability under this section shall be limited to the Insurer's rateable proportion of such Damage.

If such other insurance is subject to Average (Underinsurance), this Section if not already subject to Average shall be subject to Average in like manner.

If such other insurance is subject to any provision which excludes it from ranking concurrently with this Section, either in whole or in part, or from contributing rateably, the liability of the Insurer under this Section shall be limited to that proportion of the Damage which the Sum Insured for this Section bears to the value of the Property.

## 4 Reinstatement (Day One Basis)

- A Subject to the Special Conditions set out below, the basis on which the amount payable for Buildings, Contents and any other Property for which a Declared Value is specified in the Schedule is to be calculated will be the reinstatement of the Property lost, destroyed or damaged.

For this purpose "reinstatement" means

- i the rebuilding or replacement of Property lost or destroyed which, provided the Insurer's liability is not increased, may be carried out
  - a in any manner suitable to the requirements of the Insured
  - b on another site
- ii the repair or restoration of Property damaged

in either case to a condition equivalent to, or substantially the same as, but no better or more extensive than its condition when new.

- B The Declared Value (shown in brackets below the Sum Insured), having been stated in writing by the Insured, has been used to calculate the premium.

"Declared Value" means the assessment by the Insured of the cost of reinstatement of Property Insured arrived at in accordance with paragraph A.i. at the level of costs applying at inception of the Period of Insurance (ignoring inflationary factors which may subsequently operate), together with, to the extent that cover provides, due allowance for

- i any additional cost of reinstatement to comply with Public Authorities regulations, bye-laws or stipulations
- ii professional fees
- iii removal of debris costs.

### Special Conditions

- 1 At inception of each Period of Insurance, the Insured shall notify the Insurer of the Declared Value of Property Insured. In the absence of such declaration the last amount declared by the Insured will be taken as the Declared Value for the new Period of Insurance, appropriately adjusted if Index Linking applies.
- 2 If at the time of Damage the Declared Value of the Property is less than the cost of reinstatement (as defined in paragraph A. i.) at inception of the Period of Insurance, the amount payable by the Insurer will be proportionately reduced.
- 3 The Insurer's liability for the repair or restoration of Property damaged in part only, shall not exceed the amount which would have been payable if such Property had been wholly destroyed.
- 4 No payment beyond the amount the Insurer would have paid in the absence of this clause will be made
  - a unless reinstatement commences and proceeds without unreasonable delay
  - b until the cost of reinstatement has actually been incurred
  - c where Property Insured at the time of Damage is covered by any other insurance effected by the Insured, or on behalf of the Insured, which is not on the same basis of reinstatement.
- 5 All the terms and conditions of this Section and the Policy shall apply
  - a to any claim payable under the provisions of this clause, other than where they are expressly varied by the terms of this clause

- b where claims are payable as if this clause had not been incorporated, except that Sums Insured will be limited to 115% of Declared Values.

## 5 European Union and Public Authorities Regulations including Undamaged Property

Subject to the Special Conditions as set out below, cover for Buildings and Contents includes an amount in respect of any additional cost of reinstatement which is incurred solely by reason of the necessity to comply with building or other regulations under or framed in pursuance of any Act of Parliament, with Bye-Laws of any public authority, or to comply with the stipulations of European Union legislation, in consequence of Damage, in respect of

- lost destroyed or damaged Property
- undamaged portions of such property

excluding

- A the cost incurred in complying with such regulations, bye-laws or stipulations
  - i in respect of Damage occurring prior to the granting of this cover
  - ii in respect of Damage not insured by this Section
  - iii under which notice has been served upon the Insured before the date of the Damage or where an existing requirement must be completed within a stipulated period
  - iv in respect of undamaged portions of the Property any property which has not sustained loss destruction or damage as insured by this Section or the Policy
- B the additional cost that would have been required to make good the Property Damaged to a condition equal to its condition when new, had the necessity to comply with such regulations bye-laws or stipulations 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 by reason of compliance with any such regulations bye-laws or stipulations.

### Special Conditions

- 1 The work of reinstatement be commenced and carried out without unreasonable delay, and may be carried out upon another site (if such regulations bye-laws or stipulations so necessitate) subject to there being no resulting increase in the liability of the Insurer
- 2 If the liability of the Insurer is reduced by the application of any of the terms and conditions of this Section or the Policy (other than as a result of this clause) the liability of the Insurer under this clause will be reduced in like proportion
- 3 The liability of the Insurer shall not exceed in respect of any one claim
  - i in respect of undamaged portions of property (other than foundations) 15% of the total amount the Insurer would have been liable to pay to reinstate the property if the Property Insured by the item at the Premises where Damage occurred had been wholly destroyed
  - ii in respect of the property suffering Damage the Sum Insured applicable to each separate premises
  - iii the Total Sum Insured or any other limit of liability in this Section whichever is the less at the time of any Damage in any one Period of Insurance



- 4 All the terms and conditions of this Section and the Policy shall apply to any claim payable under the provisions of this clause other than where they are expressly varied by the terms of this clause.

## 6 Services

Cover includes telephone, gas, water and electric instruments, meters, piping, cabling and the like and their accessories, including similar property in adjoining yards or roadways or underground, all pertaining to Buildings or Contents insured by this Section, being the property of the Insured or for which the Insured are responsible.

## 7 Alterations and Additions

To the extent that they are not otherwise insured, Buildings and Contents items include

- A. alterations, additions and improvements (but not appreciation in value in excess of Sums Insured) to Buildings, machinery and plant
- B. any newly acquired or newly erected buildings, machinery or plant

within the European Union, for no more than 10% of the Sum Insured for each item covered, or £1,000,000 in total, whichever is the less, at any one Premises or at any one newly acquired address elsewhere than at the Premises, provided that the Insured shall give details of such alterations and additions to the Insurer within 90 days of the commencement date of the Insured's responsibility, effect specific cover retrospective to such date and pay the appropriate additional premium.

This Basis of Settlement Adjustment does not apply to any loss outside of the United Kingdom which results from Events 6, 7, 8, 12, 13, 14 or 15, other than in respect of such alterations or additions which have already been declared to and accepted by the Insurer.

## 8 Professional Fees

Sums Insured and/or Declared Values for Buildings and Contents include an amount in respect of architects', surveyors', legal and consulting engineers' fees, other than where an item covering such fees is specifically described in the Schedule.

Cover applies only to those fees necessarily and reasonably incurred in consequence of Damage, in the reinstatement or repair of Property Insured.

## 9 Removal of Debris Costs

Sums Insured and/or Declared Values for Buildings, Contents and Stock include an amount in respect of removal of debris costs, other than where an item covering such costs is specifically described in the Schedule.

Cover applies only to those costs necessarily and reasonably incurred in consequence of Damage in,

- A removing debris
- B dismantling and demolishing
- C shoring up or propping, or boarding up

The Insurer will not pay for any costs or expenses

- A incurred in removing debris other than from the site of such Property Damage and the area immediately adjacent to such site
- B arising from pollution or contamination of Property not insured by this Section

## 10 Temporary Removal

Property Insured (other than Stock) is covered whilst temporarily removed for cleaning, renovation, repair or similar purposes to any address elsewhere than at the Premises, including whilst in transit, within the European Union.

The Insurer will not pay for

- A such Property more specifically insured
- B Damage to vehicles licensed for road use, in so far as they are insured by this Section, occurring elsewhere than at the Premises from which such vehicles are removed
- C more than 10% of the Sum Insured for each item covered for Damage occurring elsewhere than at the Premises.

## 11 Temporary Removal – Documents

If deeds and other documents (including stamps on them), manuscripts, plans and writings of every description, books and other business records are included in the Property Insured, such items are covered whilst temporarily removed to any address elsewhere than at the Premises, including whilst in transit within the European Union.

The Insurer will not pay for

- A such items more specifically insured
- B more than 10% of the figure stated within the definition of contents for computer systems records
- C more than 10% of the total value of such items.

## 12 Contract Price

In respect only of goods sold but not delivered, for which the Insured remain responsible under the terms of a contract of sale, where such contract of sale is cancelled following Damage by reason of its conditions, either wholly or to the extent of the Damage, cover will be based on the contract price.

For the purpose of this clause the value of all goods to which this basis of settlement could apply in the event of Damage will also be ascertained on this basis.

## 13 Electrical Apparatus

If any electrical apparatus or fittings are damaged by fire due to self ignition, over-running, excessive pressure, short circuiting, self heating or leakage of electricity, the Insurer shall not be liable for Damage to the particular piece of apparatus or fitting which has caused the fire, but the Insurer shall be liable for Damage to any other apparatus or fittings in consequence of such fire.

## 14 Customers' Goods

If the Insured have represented to customers that they will accept responsibility for Damage to the goods of customers or to goods for which such customers may be legally responsible, the Insurer agrees that all such goods in the Premises will be covered as Stock except in so far as they are more specifically insured.

## 15 Data Processing and Ancillary Equipment

Cover includes Damage to data processing and ancillary equipment caused by dryness or dampness of atmosphere, extremes of temperature, corrosion or rust, if directly resulting from Damage to any air conditioning facilities.

## 16 Rent

Where an item covering rent is specifically described in the Schedule, cover applies only if a Building in respect of which rent is payable by or to the Insured, or any part of it, is unfit for occupation in consequence of Damage. The Insurer will not pay for more than the proportion of the Sum Insured on rent that the period necessary for reinstatement bears to the term of rent covered.

## 17 Dismantling and Re-erection Costs

Cover includes the cost of dismantling, re-erection, fitting and fixing of Contents following Damage.

## 18 Glass and Neon/Illuminated Signs

Cover extends to include Damage to fixed glass, glass shelves, showcases and counter cases, mirrors, and neon/illuminated signs.

Following Damage to glass or neon/illuminated signs the Insurer will pay the cost of

- a any necessary boarding up or temporary glazing pending full replacement
- b replacing alarm foil, lettering, painting, embossing, silvering or other ornamental work on glass
- c Damage to Contents or Stock caused by broken glass
- d removing and re-fixing window fittings and other obstacles to replacing broken glass

The Insurer will not pay for Damage

- 1 in respect of neon/illuminated signs
  - i. arising from adjustment, repair, dismantling or erection of any part of the sign or whilst such sign is removed from its normal working position
  - ii. arising from mechanical breakdown of the sign or any part of the sign
  - iii. to any part of the sign by its own ignition, electrical breakdown or burn out
  - iv. to tubes unless the glass is fractured
- 2 existing prior to the inception of this Section.

## 19 Locks and Keys

The Insurer will pay the costs incurred as a result of the necessary replacement of locks at the Premises following theft (as insured by this Section) of keys or entry swipe cards from the Premises or from the home of any director, partner or employee authorised by the Insured to hold such keys or cards or following threat of or actual assault or violence to the Insured or any authorised employee, or if there is reasonable evidence that keys have been duplicated by an unauthorised person provided that the liability of the Insurer will not

- a include the cost of replacing the locks of any safe or strongroom if the keys to such locks are left on the Premises whilst the Premises are closed for Business
- b exceed £25,000 any one claim and in total during any one Period of Insurance.

## 20 Fire Extinguishers, Sprinklers and Security Equipment

The Insurer will pay the reasonable costs incurred by the Insured in

- A re-filling, recharging or replacing any fire extinguishers, local or fixed fire suppression or gas flooding systems, sprinkler installations and sprinkler heads
- B having any fire and/or intruder alarms and closed circuit television equipment re-set

solely in consequence of Damage by a Specified Event 1-11

Provided that

- i the Insured maintain all such equipment under contract and in accordance with the manufacturer's instructions with a maintenance company acceptable to the Insurer
- ii the Insurer shall not be liable in respect of any costs and expenses recoverable from the maintenance company or from the fire service
- iii the liability of the Insurer in respect of any one claim shall not exceed £25,000

## 21 Metered Utilities

Cover includes additional water, gas, electricity, oil or other metered supply charges incurred by the Insured up to an amount of £25,000 any one claim, in consequence of Damage, but the Insurer will not pay for such charges incurred in respect of any building which is Unoccupied.

The basis on which the amount payable is to be calculated will be the amount of the suppliers charges for the period during which Damage occurs, less the charge paid by the Insured for the corresponding period in the preceding year, adjusted for changes in the suppliers' charges and for variations affecting the supply consumption of the Insured during the intervening period.

## 22 Exhibitions

Property Insured is covered whilst at any exhibition site anywhere in the European Union, including whilst in transit to and from such exhibition, provided that such exhibition site is not under canvas or in the open.

Cover is extended to include non-recoverable Exhibition Expenses following abandonment by the Insured of any exhibition as a result of Damage by a Specified Event

- i to any building, stand or other property used by the Insured at such exhibition site
- ii to Property Insured whilst in transit to such exhibition

The most the Insurer will pay in respect of any one claim is £25,000.

For the purposes of this Basis of Settlement Adjustment the following definition applies:

Exhibition Expenses:

Costs directly incurred by the Insured in connection with the exhibition, including but not limited to advertising, printing, stationery, insurance premiums, charges for space and services, hire of stands, transport charges and the cost of installing stands fittings and exhibits.

## 23 Trace and Access

In the event of Damage in consequence of escape of water or fuel oil from any tank, apparatus or pipe, the Insurer will pay costs necessarily and reasonably incurred by the Insured in locating the source of such Damage, and in the subsequent making good of Damage caused as a consequence of locating such source, up to an amount of £25,000 any one claim.

## 24 Seventy Two Hours Clause

Damage occurring within 72 consecutive hours of and arising from Event 7 or 8 is deemed to be one claim.

The Insured have the right to select the moment from which the 72-hour period shall be deemed to have commenced within the terms of this Section, provided that such Damage occurred prior to expiry of the Period of Insurance.

## 25 Freeholders, Lessors and Mortgagees

- a The Insurer agrees that the interest of any Freeholder Lessee Under Lessee and/or Mortgagee in respect of Buildings insured by this Section and which attached before the happening of any Damage shall be automatically noted in this insurance if requested by the Insured but only to the extent that such interest is not otherwise insured and subject to their identity being disclosed in writing to the Insurer by the Insured in the event of Damage.
- b This insurance shall not be invalidated by any increase in risk of Damage resulting from an alteration act or omission which occurs without the authority or knowledge of any Freeholder and/or Lessor and/or Mortgagee but this shall only protect the interest of such Freeholder Lessor or Mortgagee and shall only apply if the Insurer is notified immediately on the party becoming aware of the increased risk and the payment of any reasonable additional premium is made.

## 26 Landscaped Grounds

Cover includes costs incurred by the Insured in consequence of Damage to Property Insured at the Premises, up to the amount of £25,000 any one claim, in restoring landscape grounds to their original appearance when first laid out and planted, but the Insurer will not pay for costs arising due to the failure of trees, shrubs, plants, turf and the like to germinate or become established.

## 27 Theft Damage to Buildings

Cover includes loss destruction of or damage to a building or part of a building at the Premises within the European Union, whether such building or part of a building is insured by this Section or not, but for which the Insured are responsible, caused by theft or attempted theft excluding

- A loss destruction or damage
  - i of or to any Unoccupied building unless agreed otherwise by the Insurer in writing
  - ii expedited or in any way brought about by the Insured or any partner director or employee of the Insured or any other person who has a legal right to be on the Premises, unless such theft or attempted theft involves the threat of or assault or violence to the Insured or any partner director or employee of the Insured or any other person who has a legal right to be on the Premises
  - iii of or to property
    - a in respect of which the Insured is not liable for repair costs
    - b in respect of which the Insured is able to recover repair costs from another source
    - c which is more specifically or otherwise insured
- B after the application of all other terms and conditions of this Section and the Policy including any Underinsurance (Average) Basis of Settlement Adjustment, and in respect of each separate Premises, the amount of the Excess specified in this Schedule or £500 whichever is the greater.

Cover also includes the cost of any temporary boarding-up and making good in consequence of such loss, destruction or damage necessary to keep the Premises secure.

Exclusion 2. c. i. of this Section does not apply to this Basis of Settlement Adjustment.

## 28 Leased and Rented Premises – Difference in Conditions & Difference in Limits

Cover extends to include Damage to buildings and fixtures and fittings within the European Union which are insured under a more specific insurance but for which the Insured are legally liable as tenant and not as owner in accordance with the requirements of a lease (other than where the Insured contract to arrange the insurance) but only when the insured perils and/or definitions and/or conditions set forth in this Section are broader in meaning or scope than those of such more specific insurance.

Should such more specific insurance by virtue of its terms, conditions or limits of liability fail to indemnify the Insured in whole or in part, to the extent that such indemnity is not provided by such more specific insurance but which would have been had such more specific insurance followed the terms, conditions, exclusions and limits of the Cover under this Section and this Policy, then subject to all of the terms, conditions, exclusions and limits applicable to this Section and this Policy the Insurer will indemnify the Insured against Damage as defined in this Section and this Policy, provided that

- a the Insurer shall not be liable for more than £1,000,000 any one claim in respect of Damage within the United Kingdom or £250,000 any one claim in respect of Damage outside of the United Kingdom
- b this Extension shall not provide an indemnity in respect of any deductible or excess applicable to such more specific insurance
- c the sums insured under such more specific insurance represent the full replacement cost, or where applicable the full indemnity value
- d if the Insured become aware that the buildings at any Premises are not insured by the landlord, the Insured shall arrange specific insurance thereon
- e any claim for Damage must first be submitted to the insurer of such more specific insurance.

Unless the Insurer has confirmed that this Section and this Policy would indemnify the Insured in such circumstances, the Insurer shall not be liable and no amount shall be recoverable under this Extension

- i for any Damage to the extent and up to the amount that such Damage is insured under such more specific insurance
- ii for any Damage arising from a contingency which is specified in the lease which is to be insured by the landlord
- iii where such more specific insurance has been cancelled, lapsed or avoided as a result of an act or omission on the part of the Insured
- iv where such more specific insurance fails due to the breach of any condition or warranty contained therein

The Insurer shall not be liable and no amount shall be recoverable under this Extension

- i in respect of any shortfall in the indemnity provided by such more specific insurance due solely to the operation of any Average (Underinsurance) condition
- ii in respect of any Damage of whatsoever nature directly or indirectly caused by resulting from or in connection with any act of Terrorism.

## 29 Reinstatement to Match – Computer Equipment

Where computer equipment has suffered Damage to the extent that repair is impractical and replacement by similar property in a condition equal to but not better or more extensive than when new is impossible then the Insured may replace repair or restore the property with equivalent property which employs current technology and replacement repair or restoration with such property for the purposes of this Section shall not be regarded as being better or more extensive than when new.

Cover also extends to include

- i the cost of replacement or modification of undamaged computer equipment insofar as it is necessary to adapt it to operate in conjunction with lost destroyed or damaged property which has been replaced repaired or restored
- ii the cost of replacement repair or modification of undamaged parts of computer equipment that form part of a matching set of articles, or suite of common design or function where the Damage is restricted to a clearly identifiable area or to a specific part.

Provided that

- a the total liability of the Insurer is not increased beyond the amount
  - i that would otherwise have been payable for the replacement repair or restoration of the property lost destroyed or damaged in its original form
  - ii that would have been payable for replacement repair or modification of the whole property forming a set of articles, or suite of common design or function if such property had been wholly destroyed
- b the Insurer shall be liable only for the amount sufficient to enable the Insured to resume operations in substantially the same manner as before the Damage
- c where the property is lost, destroyed or damaged in part only the Insurer will not pay more than the amount representing the cost which the Insurer would have paid for repair, restoration or replacement if such property had been wholly destroyed
- d if Damage to computer equipment results in undamaged computer records being incompatible with replacement computer equipment the Insurer will pay the costs of
  - i modifying the computer equipment  
or
  - ii replacing computer records with reinstatement of programmes and/or information (but not for the value of the information to the Insured)

whichever is the less.

## 30 Obsolete Building Materials

The Basis of Settlement in respect of Buildings extends to include the reasonable additional costs incurred in replacement of Damaged materials which given consideration to the scientific and technical knowledge at the time of installation construction or fitting were reasonably deemed to be fit for the purpose intended but require replacement with more suitable modern materials after the Damage

The Buildings shall not be regarded as being better or more extensive than when new provided that the Insurer's liability in respect of any one claim is limited to

- a 10% of the Declared Value of such Buildings in respect of such additional costs

or

- b** the Sum Insured at each separate premises or the Total Sum Insured or any other limit of liability in this Section

whichever is the less at the time of any Damage in any one Period of Insurance.

### 31 Loss Minimisation and Prevention Expenditure

Cover extends to include costs and expenses necessarily and reasonably incurred by the Insured with the consent of the Insurer in

- A** preventing or reducing imminent Damage which would have been insured under this Section
- B** reducing mitigating or otherwise alleviating Damage insured under this Section during and after the occurrence of such Damage

Provided that

- a** the impending Damage was not reasonably foreseeable earlier and would be the natural outcome if such costs and expenses were not incurred
- b** the impending Damage did not arise from any defect in the Property Insured
- c** the Damage is not more specifically insured under this or any other policy bond indemnity security or other legally binding contract
- d** the liability of the Insurer shall not exceed £25,000 in respect of any one claim

### 32 Further Investigation Expenses

Where any Buildings have suffered Damage and in the opinion of a competent construction professional there is a reasonable possibility of other Damage to portions of the same Buildings which is not immediately apparent, Cover extends to include the reasonable costs incurred by the Insured with the Insurer's prior consent in establishing whether or not such other Damage has occurred

The Insurer will also pay the reasonable costs incurred by the Insured in establishing whether or not other insured Buildings in the immediate vicinity for which the Insured are responsible have suffered Damage in the same incident but only if such Buildings are subsequently found to have suffered such Damage for which the Insurer is liable under this Section

Provided that the liability of the Insurer in any one Period of Insurance shall not exceed £5,000 (unless specified otherwise in the Schedule).

### 33 Inadvertent Omission to Insure

The Insured having notified the Insurer of their intention to insure all property which they own or for which they are responsible situate within the European Union with the Insurer (unless otherwise agreed in writing by the Insurer) from the inception date of this Section of the Policy and it being the Insured's belief that all such property is insured then the Insurer agrees to extend cover under this Section so that if subsequently any such property is found to have inadvertently been left uninsured by the Insured during the Period of Insurance then the Insurer will deem such property to be insured by this Section

Provided that

- a** the maximum liability of the Insurer for any one claim in respect of Buildings and Contents shall not exceed £1,000,000 any one premises
- b** the Insured carry out at not less than twelve monthly intervals a check to ensure that effective insurance is in force for all property owned or leased by the Insured or for which the Insured are responsible



- c the Insured shall give details in writing immediately an omission is discovered and within 30 days of the date of discovery shall provide the Insurer with the sums insured to apply for any such property and effect specific cover retrospective to such date and pay the appropriate additional premium
- d in respect of any buildings purchased for refurbishment or redevelopment the Basis of Settlement upon which the amount payable shall be calculated shall be the value of the Property Insured or the amount of the Damage at the time of the Damage less an appropriate deduction for wear and tear and prior depreciation and in respect of any premises due for demolition the Basis of Settlement shall be limited to the costs associated with clearing and securing the buildings
- e this Basis of Settlement Adjustment shall not apply in addition to any cover provided under the Alterations and Additions Basis of Settlement Adjustment or in respect of any appreciation in value
- f the value of the property which has been inadvertently omitted shall for the purpose of Average (Underinsurance) be added to the Sum Insured on the item to which the Property relates or in the case of Reinstatement (Day One Basis) the Declared Value
- g this Basis of Settlement Adjustment does not apply to any loss outside of the United Kingdom which results from Events 6, 7, 8, 12, 13, 14 or 15.

### 34 Property Stored

Cover extends to include Damage to property comprising Stock whilst elsewhere than at the Premises and within the European Union, excluding

- a property more specifically or otherwise insured
- b Damage to property in any yard car park or open space or contained within an open sided structure or open sided building
- c Damage caused other than by the Specified Events of fire, lightning, explosion, aircraft or other aerial devices or articles dropped from them, riot, civil commotion, strikers, locked-out workers, persons taking part in labour disturbances, malicious persons other than thieves, earthquake, escape of water from any tank apparatus or pipe or impact by any road vehicle or animal

Provided that the liability of the Insurer in respect of any one claim shall not exceed 10% of the Sum Insured on Stock or £250,000 whichever is the less.

### 35 Sprinkler Installation Upgrading Costs

If following Damage within the United Kingdom the Insurer requires the upgrading of any automatic sprinkler installation in order that at the time of its reinstatement such installation will conform to Loss Prevention Council Rules for Automatic Sprinkler Installations current at the time of reinstatement the Insurer will pay the costs incurred by the Insured provided that at the time of the Damage the installation conformed to the 28th or 29th Edition of such Rules when installed but did not conform to subsequent amendment to such Rules.

Provided that

- a the amount recoverable excludes any rate, tax, duty development or other charge or assessment arising out of capital appreciation as a result of complying with the requirements of the Insurer
- b the liability of the Insurer at the time of any Damage in respect of any one claim shall in no case exceed 20% of the Sum Insured for the item including such sprinkler installation, or any other limit of liability in this Section whichever is the less

### 36 Drains, Sewers and Gutters

Sums Insured and/or Declared Values for Buildings, Contents and Stock include an amount in respect of costs incurred for cleaning and/or clearing of drains, sewers and gutters, other than where an item covering such costs is specifically described in the Schedule.

Cover applies only to such costs necessarily and reasonably incurred by the Insured, and for which the Insured are responsible, in consequence of Damage.

The Insurer will not pay for any costs or expenses

- a incurred in cleaning and/or clearing other than from the site of such Property Damage and the area immediately adjacent to such site
- b arising from pollution or contamination of Property not insured by this Section.

### 37 Moulds, Tools and Dies

Cover includes moulds, tools, and dies belonging to the Insured or for which the Insured are responsible whilst at the Premises and whilst elsewhere than at the Premises or at any premises within the European Union not occupied by the Insured and whilst in transit thereto and therefrom by road rail or inland waterway.

Provided that the liability of the Insurer in respect of any one claim shall not exceed £250,000 (unless otherwise stated in the Schedule).

### 38 Branded Goods

In the event of a claim for Damage to branded or labelled merchandise covered by this Section, any salvage will not be disposed of by sale without the consent of the Insured. If such salvage is not disposed of by sale then the Damage will be assessed at the value agreed between the Insured and the Insurer and be taken into consideration at the settlement of the loss.

The Insured may at the expense of the Insurer stamp "salvage" on the merchandise or its containers or may remove or obliterate the brands or labels from such merchandise if such stamp removal or obliteration will not physically further Damage the merchandise provided that the Insured re-label the merchandise or containers in compliance with the requirements of the law.

### 39 Unauthorised Use of Supplies

Cover includes water, gas, electricity, oil or other metered supply charges incurred by the Insured and for which the Insured are legally responsible, due to unauthorised use by persons taking possession of, keeping possession of or occupying any Premises within the European Union without the written consent of the Insured

Provided that

- a the Insured shall take all practicable steps to terminate such unauthorised use as soon as it is discovered
- b the Insured has advised the Insurer of such unauthorised use immediately on becoming aware of it
- c Section Condition 3 Unoccupied Premises has been complied with by the Insured.
- d the liability of the Insurer shall not exceed £25,000 in respect of any one claim and in total during any one Period of Insurance.

#### 40 Contract Works

Cover for each Buildings item extends to include Contract Works undertaken in performance of any contract within the European Union and for which the Insured are responsible under the terms of the contract, provided that

- i the Insurer's liability shall not exceed £250,000 in respect of any one contract in respect of all losses arising out of one occurrence
- ii this insurance shall only apply in so far as the Contract Works are not otherwise insured
- iii the Insurer shall not be liable for the first £1,000 of each and every claim.

#### 41 Contractors Interest Clause

When the Insured is required by the terms or conditions of any contract to effect insurance within the European Union on Buildings and Contents in the joint names of the Insured and of any contractor or sub-contractor named in such contract, the Insurer agrees to note such joint interests provided that the Insured shall notify the Insurer of details of any single contract valued at £250,000 or more, in advance of commencement of the work and pay any additional premium the Insurer may require.

#### 42 General Interests

The Insurer agrees to automatically note the interest of any other party if requested by the Insured in any of the Property Insured and which attached before the happening of any Damage but only to the extent that such interest is not otherwise insured and subject to their identity being disclosed in writing to the Insurer by the Insured in the event of Damage.

#### 43 Contracting Purchaser's Interest

The Insurer agrees that without prejudice to the rights and liabilities of the Insured or the Insurer, if at the time of Damage the Insured have contracted to sell their interest in any Building insured under this Section and the purchase has not been but is subsequently completed the purchasers shall be entitled on completion of the purchase to benefit under this Section until completion in respect of such Damage to the extent that such Buildings are not otherwise insured by the purchaser or on their behalf.

#### 44 Continuing Interest and Hire Charges

In the event of Damage at the Premises where the Insured are liable under contract for interest charges or continuing hire charges not recoverable under the terms of a lease or similar agreement in respect of property for which the Insured are responsible and which is not otherwise insured the Insurer will pay such charges actually and reasonably incurred subject to a limit of £10,000 any one claim and in total in any one Period of Insurance.

#### 45 Undamaged Stock

The Basis of Settlement for Stock includes any loss incurred less the value of any salvage

- a in the event of undamaged Stock deteriorating and/or being condemned or otherwise becoming unusable
- b in respect of Stock which the Insured is obliged under contract to accept from any other party but is unable to use

resulting solely from Damage as insured by this Section, provided that the liability of the Insurer in respect of any one claim shall not exceed 15% of the Sum Insured on Stock.

## 46 Fire Brigade

The Insurer will pay the reasonable costs charged by any Public Authority relating to the extinguishing or fighting of fire.

## 47 Value Added Tax (VAT)

To the extent that the Insured is accountable to the Tax Authorities for Value Added Tax all terms in this Section shall be exclusive of such tax. However this Section extends to include any additional liability for Value Added Tax that the Insured may incur in respect of the self supply of land in order to reinstate or repair property following Damage.

## 48 Pairs & Sets

In the event of Damage to any items insured consisting of one of a number of individual items forming part of a matching set of articles, or suite of common design or function, and where repair, replacement or restoration of undamaged portions of such Property is impractical, cover extends to include the cost of replacement, repair or modification of such Property which for the purposes of this Section shall not be regarded as being better or more extensive than when new

Provided that

- a Damage is restricted to a clearly identifiable area or to a specific part
- b the total liability of the Insurer is not increased beyond the amount
  - i that would have otherwise been payable for the replacement, repair or restoration of the property lost, destroyed or damaged in its original form
  - ii that would have been payable for replacement repair or modification of the whole property forming a set of articles, or suite of common design or function if such property had been wholly destroyed
- c the Insurer shall be liable only for the amount sufficient to enable the Insured to resume operations in substantially the same manner as before the Damage
- d where the property is lost destroyed or damaged in part only the Insurer will not pay more than the amount representing the cost which the Insurer would pay for if such property had been wholly destroyed.

## 49 Undamaged Tenants Improvements

In the event of Damage by a Specified Event to Buildings or Contents within the European Union in consequence of which the Insured's lease is terminated by the Lessor pursuant to a valid condition of the Insured's lease, cover extends to include the value of undamaged tenants fixtures, fittings, alterations installations or additions, made at the expense of the Insured and which cannot legally be removed, in or on a Building occupied but not owned by the Insured

Provided that

- i the Insurer shall not be liable for retaining walls, foundations or supports below the surface of the lowest floor or basement, or for outdoor trees shrubs plants or lawns
- ii the maximum liability of the Insurer for any one claim shall not exceed £100,000.

## 50 Motor Vehicles

Provided they are more specifically insured, this Section extends to indemnify the Insured for loss or destruction or damage to motor vehicles licensed for road use (including accessories on them) owned or leased by the Insured whilst parked at the Premises, in respect of any amount over and above that recoverable under such more specific insurance.

Basis of Settlement Adjustment 4 Reinstatement (Day One Basis) shall not apply to this clause.

## 51 Foundations

Sums Insured and/or Declared Values for each item on Buildings extend to include an amount in respect of foundations. If following Damage, re-building is carried out upon another site, the Insurer agrees to treat abandoned foundations as Damaged, whether or not such foundations are Damaged. Where abandoned foundations increase the resale value of the original building site, the increased value shall be regarded as salvage.

# Section Conditions

## 1 General Precautions

The Insured must

- a take all reasonable precautions to keep the Premises and the Property Insured secure
- b take all reasonable precautions to maintain the Property Insured in a good state of repair
- c remove all keys including duplicate keys relative to the security of the Premises and to any safe or strongroom on the Premises from such secured premises when they are closed for Business or are left unattended.

## 2 Alteration in Risk

The Insured must notify the Insurer as soon as possible if during the Period of Insurance there is any alteration in the ownership of the Insured, or if in respect of any of the Property Insured there is any alteration

- a due to its disposal or removal
- b in respect of which the interest of the Insured ceases except by will or operation of law
- c in respect of the risks of subsidence, ground heave or landslip where any demolition, construction, ground works or excavation work is being carried out on any adjoining site
- d to the facts or matters set out in the Schedule or otherwise comprising the risk presentation made by the Insured to the Insurer at inception, renewal or variation of the Policy

which materially increases the risk of Damage as insured by this Section.

Upon being notified of any such alteration, the Insurer may, at its absolute discretion

- a continue to provide cover under this Section on the same terms
- b restrict the cover provided by this Section
- c impose additional terms
- d alter the premium
- e cancel this Section and the Policy.

If the Insured fails to notify the Insurer of any such alteration, the Insurer may

- a treat this Section and the Policy as if it had come to an end as at the date of the alteration of the risk, returning a proportionate amount of the premium for the unexpired Period of Insurance, if the Insurer would have cancelled this Section and the Policy had it known of the increase in risk
- b treat this Section and the Policy as if it had contained such terms (other than relating to premium) or other restrictions (if any) from the date of the alteration in risk as the Insurer would have applied had it known of the increase in risk
- c reduce proportionately the amount paid or payable on any claim, the proportion for which the Insurer is liable being calculated by comparing the premium actually charged as a percentage of the premium which the Insurer would have charged had it known of the increase in risk.

### 3 Change of Occupancy and Unoccupied Buildings

Unless the Insurer agrees otherwise in writing it is a condition precedent to the liability of the Insurer that

- a the Insured must notify the Insurer in writing as soon as they become aware that
  - i any occupied buildings or occupied parts of any buildings become Unoccupied
  - ii any Unoccupied buildings or Unoccupied parts of any buildings become occupied

The Insurer will notify the Insured of the terms and conditions to apply to such buildings and the Insured may be required to pay an additional premium

- b in respect of any buildings or parts of any buildings that are Unoccupied or become Unoccupied after the commencement of cover under this Section, that until such buildings or parts of buildings again become occupied the Insured or their nominees must
  - i turn off electricity gas and water supplies at the mains and drain down all water systems except for those connected to automatic
    - fire alarm or intruder alarm installations
    - sprinkler installations or other fire suppression systems
  - ii maintain automatic sprinkler installations and other fire suppression systems and automatic fire and intruder alarm installations and keep them fully operational
  - iii maintain a level of heating sufficient to prevent freezing of automatic sprinkler installations
  - iv secure the buildings and the Premises and all points of access against entry by intruders and put all protective and locking devices and any intruder alarm installations into full and effective operation
  - v remove all waste, unfixed combustible materials and gas bottles, either within or outside the buildings, from the Premises
  - vi carry out an internal and external inspection of the buildings and the Premises at least once every 7 days and
    - maintain a record of such inspections
    - ensure that any defects in the condition or state of repair of the buildings including any walls, gates and fences pertaining to them or any defects in security, alarm or fire protection installations are rectified, remedied or repaired immediately
  - vii notify the Insurer immediately if the buildings and/or the Premises are to be occupied by contractors for renovation alteration or conversion purposes
  - viii complete any risk improvements put forward by the Insurer within the timescales specified by the Insurer.

### 4 Non Invalidation

This Section shall not be invalidated by

- a any act or omission or by any alteration unknown to or beyond the control of the Insured by which the risk of damage is increased, provided that the Insured shall give notice to the Insurer (and pay an additional premium if required) immediately they become aware of such act, omission or alteration.
- b workmen on the premises carrying out repairs, general maintenance work or minor structural or other alterations.

## 5 Intruder Alarm Condition

It is a condition precedent to the liability of the Insurer that where the buildings or any part of the buildings are protected by an Intruder Alarm Installation

- 1 such Intruder Alarm Installation
  - a must not be altered or amended in any way, unless such alteration or amendment has been approved in writing by the Insurer
  - b must be maintained under contract with the installers, or as otherwise approved in writing by the Insurer
- 2 all keys to the Intruder Alarm Installation must be removed from the Premises when the Premises are unattended
- 3 the Insured must
  - a maintain the secrecy of codes for the operation of the Intruder Alarm Installation and no details of such codes must be left on the Premises when the Premises are unattended
  - b immediately notify the Insurer upon receipt of any communication giving notice that the level of response to the Intruder Alarm Installation has been or will be reduced or delayed
  - c appoint at least two Keyholders and lodge written details (which must be kept up to date) with the alarm company and alarm receiving centre, and with the Police and/or the local authority if they so require
- 4 in the event of notification of
  - a activation of the Intruder Alarm Installation
  - b any fault in the Intruder Alarm Installation
  - c interruption of the means to transmit or receive signals to or from the Intruder Alarm Installation

during any period that the Intruder Alarm Installation is set, a Keyholder must attend the Premises as soon as possible in order to confirm the security of the buildings and the Premises and reset the Intruder Alarm System in its entirety

If the Intruder Alarm System cannot be reset in its entirety or all the means of communication used to transmit signals are not in full operation, a Keyholder must remain at the Premises unless the Insurer agrees otherwise in writing

- 5 the Premises must not be left without at least one Responsible Person in attendance without the agreement of the Insurer
  - a unless the Intruder Alarm Installation is set in its entirety and with the means to transmit or receive signals (including the signalling path or paths) in full and effective operation
  - b where the police have withdrawn their response to
    - i an alarm activation where the Intruder Alarm Installation does not include confirmed alarm activation technology
    - ii a confirmed alarm activation, where the Intruder Alarm Installation includes confirmed alarm activation technology.



For the purposes of this Condition the following definitions apply:

“Intruder Alarm Installation” shall mean all the component parts detailed in the alarm specification, and include the devices used to transmit and receive signals.

“Keyholder” shall mean the Insured or any person or keyholding company authorised by the Insured who

- A** is available at all times to
  - i** accept notification of alarm signals or faults relating to the Intruder Alarm Installation
  - ii** attend and allow access to the Premises and the buildings
- B** has been fully trained in the operation of the Intruder Alarm Installation, including but not limited to the setting/unsetting of the installation.

“Responsible Person” shall mean the Insured or any person authorised by the Insured to be responsible for the security of the buildings and the Premises.

## **6 Inspection Requirement**

The Insurer shall not be liable for Damage caused by explosion originating within any vessel, machine or apparatus or its contents, belonging to the Insured or under the control of the Insured which requires to be examined to comply with any statutory regulations, unless there is in force a policy of insurance or other contract providing the required inspection service.

## **7 Additional Claims Conditions**

In the event of damage, the Insured shall at their own expense deliver to the Insurer

- a** within 30 days after such Damage (28 days in the case of Damage by riot, civil commotion, strikers, locked-out workers, persons taking part in labour disturbances, malicious persons or theft) or such further time as the Insurer may allow in writing
  - i** full information in writing of the Property Insured Damaged, and the amount of Damage
  - ii** details of any other insurances on the Property Insured covered by this Section
- b** all such proof and information relating to the claim as may reasonably be required
- c** if required, a statutory declaration of the truth of the claim and of any matters connected with it.

The Insurer will not pay for any claim unless the terms of this condition have been complied with.

## **8 Reinstatement**

If any property is to be reinstated or replaced by the Insurer, the Insured shall at their own expense provide all plans, documents, books and information as may reasonably be required.

The Insurer shall not be bound to reinstate exactly, but only as circumstances permit, and in a reasonably sufficient manner and shall not in any case be bound to expend for any one item of this Section more than its Sum Insured.

## **9 The Insurer's Rights following a Claim**

In respect of Damage for which a claim is made, the Insurer and any person authorised by the Insurer may without incurring any liability or diminishing any of the Insurer's rights in respect of the cover under this Section, enter take or keep possession of the Premises where such Damage has occurred, and take possession of or require to be delivered to the Insurer any Property Insured, and to deal with such Property for all reasonable purposes and in any reasonable manner.

No Property may be abandoned to the Insurer, whether taken possession of by the Insurer or not.

The Insurer will not pay for any claim unless the terms of this condition have been complied with.

## **10 Subrogation**

Any claimant under this Section shall, at the Insurer's request and expense, take or permit to be taken all necessary steps for enforcing rights against any other party in the name of the Insured, before or after the Insurer makes any payment.

The Insurer agrees to waive any such rights to which the Insurer might become entitled by subrogation against any company standing in relation of parent to subsidiary (or subsidiary to parent) to the Insured or against any company which is a subsidiary of a parent company of which the Insured are themselves a subsidiary, in each case within the meaning of the Companies Act or Companies (Northern Ireland) Order current at the time of the Damage.

## Additional Clauses

### The following clauses apply only if reference to them is made to them being operative in the Schedule

The cover provided under these clauses is subject to the terms, conditions, exclusions, provisions, limitations and definitions of this Section and the Policy.

#### 1 Earth Movement Exclusion

The following Exclusion is added to this Section:

The Insurer will not pay for Damage caused by or consisting of Earth Movement to Property Insured situate in Belgium, Cyprus, Estonia, France (in the Cote d'Azur only), Greece, Hungary, Italy (the Regions of Abruzzo, Basilicata, Calabria, Campania, Lazio – Rieti province only, Apulia – Foggia province only and Sicily), Latvia, Lithuania, Norway, Portugal, Romania, Slovenia, Slovakia and Switzerland

#### 2 Flood Exclusion

The following Exclusion is added to this Section:

The Insurer will not pay for Damage caused by or consisting of Flood to Property Insured situate in Belgium, Czech Republic, Denmark, Finland, Germany, Hungary, The Netherlands, Norway, Romania, Slovakia and Sweden

For the purposes of this exclusion only Flood shall mean

- a storm surge rising waters surface waters waves tide or tidal wave rain accumulation runoff from natural or man made object; or
- b the release of water the rising overflowing or breaking of boundaries of natural or man made bodies of water or the spray therefrom; or
- c surface waters or sewer backup resulting from any of the foregoing

all whether driven by wind or not regardless of any other cause or event contributing concurrently or in any other sequence to the Damage

#### 3 Windstorm Exclusion

The following Exclusion is added to this Section:

The Insurer will not pay for Damage caused by or arising out of Windstorm to Property Insured situate in Czech Republic, Denmark, Estonia, Finland, Iceland, Norway, Latvia, Lithuania and Sweden regardless of any other cause or event contributing concurrently or in any other sequence to the Damage

## Additional Clauses

### The following clauses apply only if reference to them is made to them being operative in the Schedule

The cover provided under these clauses is subject to the terms, conditions, exclusions, provisions, limitations and definitions of this Section and the Policy.

#### 4 Tenants & Neighbours Liability Extension

This Section is extended to indemnify the Insured in respect of:

- a Tenants Liability;
- b Neighbours Liability; and
- c Tenants Claims against the Insured as Landlord.

The Insurer will in addition indemnify the Insured in respect of any costs, expenses and legal fees incurred by the Insured with the prior consent of the Insurer arising from the cover provided by this Clause.

This additional coverage extension applies only to liability incurred in those countries in which the Napoleonic or similar civil code applies.

The liability of the Insurer shall not exceed

- i The maximum amount which would otherwise be payable under the Local Policy  
or
- ii the sub limit specified in the Schedule as being applicable to this Extension

whichever is the lower.

#### 5 Increased Tax Liability Extension

This Section is extended to indemnify the Insured in the event that Damage covered by this Section cannot be paid in the country where the Damage as insured under this Section has occurred.

The Insurer will pay any additional tax liability incurred by the Insured as a result of receiving the loss payment in a country other than where the Damage occurred.

The additional tax liability shall be that tax over and above the amount that would have been payable (had no Damage occurred) in the country the situation of the Damage.

Should the effective local tax rate where the Damage occurs be equal or greater than the effective tax rate in the country where the loss payments are to be received, then no additional payment shall be made.

The tax rates applicable shall be the respective corporate tax rates in effect for the fiscal year where the Damage occurred.

The liability of the Insurer shall not exceed the sub limit specified in the Schedule as being applicable to this Extension.