

# 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, 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.

## Cover

The Insurer will pay the Insured for damage to **Property Insured** at the **Premises** described in the **Schedule** by the following Events, except for the Excluded Events specified in the **Schedule**.

## Events

1. **Fire**, excluding **Damage** caused by
  - a. explosion resulting from fire
  - b. earthquake or subterranean fire
  - c. its own spontaneous fermentation or heating, or its undergoing any heating process or any process involving the application of heat

**Lightning**

**Explosion**

  - a. of boilers
  - b. of gas

used for domestic purposes only, but excluding any **Damage** caused by earthquake or subterranean fire.
2. **Explosion**, excluding **Damage**
  - a. caused by or consisting of the bursting by steam pressure of a boiler (not being a boiler used for domestic purposes only), economiser or other vessel, machine or apparatus belonging to **the Insured** or under the control of **the Insured**, in which internal pressure is due to steam only
  - b. in respect of and originating in any vessel, machinery 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
  - c. by pressure waves caused by aircraft or other aerial devices travelling at sonic or supersonic speeds.
3. **Aircraft** or other aerial devices or articles dropped from them, excluding **Damage** by pressure waves caused by aircraft or other aerial devices travelling at sonic or supersonic speeds.
4. **Riot, Civil Commotion, strikers, locked out workers, persons taking part in labour disturbances or Malicious Persons**, excluding:
  - a. **Damage** arising from nationalisation, confiscation, requisition, seizure or destruction by the Government or any public authority
  - b. **Damage** arising from cessation of work
  - c. **Damage**
    - i. by theft or attempted theft
    - ii. in respect of any building which is **Unoccupied** directly caused by malicious persons not acting on behalf of or in connection with any political organisation, but **the Insurer** will pay for such **Damage** caused by fire or explosion
  - d. 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 the **Schedule**.
5. **Earthquake**
6. **Subterranean Fire**

7a. **Storm**, excluding

- a. **Damage** caused by **Flood** whether resulting from Storm or otherwise
- b. **Damage** attributable solely to change in the water table level
- c. **Damage** caused by lightning, frost, subsidence, ground heave or landslip
- d. **Damage** in respect of fences and gates and moveable property in the open or in transit
- e. after the application of all other terms and conditions of this **Section** and the **Policy** including any Underinsurance (Average) Basis of Settlement, and in respect of each separate **Premises**, the amount of the **Excess** specified in the **Schedule**

7b. **Flood**

Flood, being

1. the escape of water from the normal confines of any natural or artificial water course, lake, reservoir, canal, drain or dam
2. inundation from the sea
3. inundation by rainwater induced runoff, other than where such inundation results solely from the ingress of water through or via the roof of a building

whether resulting from Storm or otherwise, excluding

- a. **Damage** caused by **Escape of Water from any tank, apparatus or pipe** or **Sprinkler Leakage**
- b. **Damage** attributable solely to change in the water table level
- c. **Damage** caused by lightning, frost, subsidence, ground heave or landslip
- d. **Damage** in respect of fences and gates and moveable property in the open or in transit
- e. after the application of all other terms and conditions of this **Section** and the **Policy** including any Underinsurance (Average) Basis of Settlement, and in respect of each separate **Premises**, the amount of the **Excess** specified in the **Schedule**

8. **Escape of Water from any tank, apparatus or pipe**, excluding:

- a. **Damage** by water discharged or leaking from any automatic sprinkler installation
- b. **Damage** in respect of any building **which is Unoccupied**
- c. 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 the **Schedule**.

9. **Impact** by any road vehicle or animal, excluding in respect of **Damage** by any road vehicle or animal belonging to or under the control of the **Insured** or any occupier of the **Premises** or their respective employees whilst acting in the course of their employment, 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 the **Schedule**'

10. **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.

11. **Any other Event**

**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 Eventsspecified in Events 1 - 10 and 12 - 14, whether Events 1 - 10 and 12 - 14 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 - 10 and 12 - 14

- 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 finishor **Damage** consisting of
  - iii. joint leakage, failure of welds, cracking, fracturing, collapse or overheating of boilers, economisers, superheaters, pressure vessels or any range of steam and feed piping connected to them
  - iv. mechanical or electrical breakdown or derangement in respect of the particular machine, apparatus or equipment in which such breakdown or derangement originatesbut this shall not exclude such **Damage** which itself results from other **Damage** or from any other accidental loss, destruction or damage and 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 such destruction or **Damage** resulting from other **Damage** 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
  - ii. works of art or rare books (other than in respect of **Damage** to such property defined as **Contents**, provided that **Contents** are specifically stated as insured in the **Schedule** and the **Damage** is not otherwise excluded)
  - iii. property in transit
  - iv. glass (other than fixed glass), sanitaryware (other than fixed sanitaryware,), china, earthenware, marble or other fragile or brittle objects
  - v. **Money** (other than in respect of **Damage** to such property defined as **Contents**, provided that **Contents** are specifically stated as insured in the **Schedule** and the **Damage** is not otherwise excluded) bonds or securities of any descriptionbut the **Insurer** will pay for such **Damage** caused by a **Specified 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, culverts or excavations
  - iv. livestock, growing crops or treesbut this shall not exclude such **Property** specifically described in the **Schedule**
- k. 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 the **Schedule**.

12. **Theft or attempted theft**, excluding:

- a. **Damage** which does not involve entry to or exit from a building or a part of a building at the **Premises** by forcible and violent means or hold-up by violence or threat of 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**
- b. **Damage** 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**
- c. **Damage** to any building or property in any building
  - i. which is **Unoccupied**
  - ii. whilst the **Premises** are closed for business to customers or callers or are left unattended, unless all points of access are closed and secured by all locks and other protections fitted to them
- d. **Damage** to property in the open or in open fronted buildings or in buildings not on permanent foundations
- e. **Damage 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**
- f. 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 the **Schedule**.

13. **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, 5, 6, 8 or 14
  - 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 any Underinsurance (Average) Basis of Settlement Adjustment, and in respect of each separate **Premises**, the amount of the **Excess** specified in the **Schedule**.

14. **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 any Underinsurance (Average) Basis of Settlement Adjustment, and in respect of each separate **Premises**, the amount of the **Excess** specified in the **Schedule**.

## 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 the 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 causes 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 datebut **the Insurer** will pay for subsequent **Damage** which is not otherwise excluded and which itself results from Events 1 - 10 and 12 - 14.

## 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 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 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 any 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 must 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
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 **United Kingdom**, 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.

## 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 **United Kingdom**.

**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 **United Kingdom**.

**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 and 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. 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 in consequence of **Damage**, 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.

## 20. 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 charges in the suppliers' charges and for variations affecting the supply consumption of **the Insured** during the intervening period.

## 21. Exhibitions

**Property Insured** is covered whilst at any exhibition site anywhere in the **United Kingdom**, 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.

**22. 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.

**23. Seventy Two Hours Clause**

**Damage** occurring within 72 consecutive hours of and arising from Event 7 (Storm or Flood) 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**.

**24. 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 the 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.

**25. 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.

## 26. Theft Damage to Buildings

Cover includes loss, destruction of or damage to a building or part of a building at the **Premises**, 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 the **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 a. of Event 12 of this **Section** does not apply to this Basis of Settlement Adjustment.

## 27. Leased and Rented Premises - Difference in Conditions & Difference in Limits

Cover extends to include **Damage** to buildings and fixtures and fittings within the **United Kingdom** 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
- 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 or resulting from or in connection with any act of Terrorism.

## **28. 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 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.



### **29. 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**.

### **30. 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
  - i. the impending **Damage** was not reasonably foreseeable earlier and would be the natural outcome if such costs and expenses were not incurred
  - ii. the impending **Damage** did not arise from any defect in the **Property Insured**
  - iii. the **Damage** is not more specifically insured under this or any other policy, bond, indemnity security or other legally binding contract
  - iv. the liability of **the Insurer** shall not exceed £25,000 in respect of any one claim.

### **31. 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).

### 32. 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 **United Kingdom** 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** in total 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** at the time of the **Damage**, less an appropriate deduction for wear and tear and prior depreciation, and in respect of any buildings 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) to the Declared Value.

### 33. Property Stored

Cover extends to include **Damage to Stock** whilst elsewhere than at the **Premises** and within the **United Kingdom**, 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.

#### 34. Sprinkler Installation Upgrading Costs

If following **Damage** 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.

#### 35. 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**.

#### 36. 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** at any premises within the **United Kingdom** not occupied by **the Insured**, including 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**).

#### 37. 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.

### 38. 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** 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**.

### 39. Contract Works

Cover for each **Buildings** item extends to include **Contract Works** undertaken in performance of any contract 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.

### 40. Contractors Interest Clause

When **the Insured** is required by the terms or conditions of any contract to effect insurance 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.

### 41. 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**.

### 42. 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 on completion of the purchase shall be entitled to benefit under this **Section** until completion, to the extent that such building is not otherwise insured by the purchaser or on their behalf.

### 43. 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**.

#### 44. 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**.

#### 45. Fire Brigade

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

#### 46. 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**.

#### 47. Pairs & Sets

In the event of **Damage** to any item 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 have paid for repair, restoration or replacement if such property had been wholly destroyed.

#### 48. Undamaged Tenants Improvements

In the event of **Damage** by a **Specified Event** to **Buildings** or **Contents**, 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

- a. **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
- b. the maximum liability of **the Insurer** for any one claim shall not exceed £100,000.

#### **49. Motor Vehicles**

Notwithstanding Exclusion 11 j, and provided they are more specifically insured, this **Section** will 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.

#### **50. 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** is closed for **Business**
- b. exceed £25,000 any one claim and in total during any one **Period of Insurance**.

#### **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 installationduring 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 a person authorised by **the Insured** to be responsible for the security of the buildings and the **Premises**.

## 6. 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.**

## 7. 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**.

## 8. 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.**

## 9. 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**.

## 10. Arbitration

If any difference arises as to the amount to be paid under this **Section** (liability being otherwise admitted by **the Insurer**), such difference shall be referred to an arbitrator to be appointed by **the Insured** and **the Insurer** in accordance with statutory provisions.

Where any difference is referred to arbitration in accordance with this condition, the making of an award shall be a condition precedent to any right of action against **the Insurer**.