

# 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.

### Property/Property Insured

Buildings, Contents, and other property belonging to the Insured or for which the Insured are responsible, as 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 (including foundations) at the Premises including the following all situate on in or at the Premises

- landlord's fixtures and fittings (including communal television and radio receiving aerials satellite dishes communication equipment and related fittings on or in a Residential Property), fixed glass fixed sanitary ware in on or pertaining to the buildings
- tenant's improvements comprising fixtures and fittings (but excluding moveable contents) formerly the property of tenants but relinquished to the Insured at the time of the surrender of the lease
- furnishings and other contents of common parts of the buildings including seasonal items introduced to shopping centres
- building management and security systems
- gangways pedestrian malls and pedestrian access bridges
- walls gates fences and Services
- fuel tanks and their ancillary equipment and pipe work
- car parks roads pavements forecourts tennis courts and similar hard surfaced areas all being constructed of solid materials
- landscaping (including trees shrubs plants turf and other forms of vegetation) including garden furniture street furniture ornaments and statues but excluding external ponds and lakes.

## Contents

Fitted carpets, furnishings and other contents of reception and storage areas and other communal parts of the buildings at the Premises, including

- the contents of fuel tanks at the Premises
  - portable communal property in the open grounds of and used in connection with the buildings at the Premises
  - Money, belonging to the Insured at the Premises 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 £25,000 in total
- and so far as they are not otherwise insured

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

## 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

Temporary or permanent works executed or in the course of execution at the Premises by or on behalf of the Insured for the purposes of alterations or improvements to the Premises including unfixed site materials for use in connection therewith.

## Services

Telephone gas electricity water mains drains gutters and sewers electrical instruments meters piping cabling and the accessories thereto providing services to or from the Buildings.

## Day One Rebuilding Value

Total of the costs described within paragraphs a., b., c., d. and e. of the Basis of Settlement (at the level of costs applying at the commencement of the Period of Insurance) in rebuilding the Buildings or replacing the Contents to a condition substantially the same as their condition when new.

## Stipulations

European Union legislation or Building Regulations or public authority or other statutory requirements.

## Declared Value

The base value shown in brackets in the Schedule below the Sum Insured excluding any provision for inflation.

## Residential Property

The flat or a block of flats apartment block maisonette or house situate at the Premises.

## 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.

## Local Policy

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

### **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 details logged with the Insurer.

# Cover

If the Property Insured or any part of such Property at the Premises suffers Damage in connection with the Business conducted by the Insured from Premises within the Defined Territories during the Period of Insurance the Insurer will pay to the Insured for Damage to Property Insured or any part of such Property 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** subsidence, ground heave or landslip, unless resulting from Events 1, 2, 6, 9 or 15
  - ii** normal settlement or bedding down of new structures
  - iii** 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 (other than as provided under Contents)
  - 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 (other than as provided under Contents), bonds or securities of any descriptionbut 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 or growing crops

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, paved areas, forecourts, 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.

Provided that unless the Insurer agrees in writing cover shall be avoided where demolition construction ground work's or excavation on the same Premises or on any adjoining site increases the risk of Damage.

#### **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 to the Insured the value of the Property Insured or the amount of the Damage at the time of its loss destruction or damage in respect of each item specified in the Schedule.

The Insurer will pay the following amounts, subject to the Basis of Settlement Adjustments, in respect of Property Insured which has suffered Damage

### a. the cost of reinstatement being

- where the Property Insured is lost or destroyed: the cost incurred in rebuilding the property if a building or in the case of other property its replacement by similar property
- where the Property Insured is Damaged: the cost incurred in the repair of the Damage and the restoration of the Damaged portion of the Property Insured

to a condition equal to but not better or more extensive than its condition when new, provided that no payment beyond the amount the Insurer would have paid will be made

- unless such work of reinstatement commences and proceeds without unreasonable delay
- until the cost of such work of reinstatement has actually been incurred
- where the 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

or if the Insured elects not to rebuild or restore the Property Insured (and provided that the Insurer does not exercise its option allowed by the Insurer's Option to Rebuild Basis of Settlement Adjustment)

the loss of market value being the reduction in the market value of the Property Insured immediately following the Damage solely as a result of the Damage but not exceeding the amount which would have been payable under the cost of reinstatement as described in a. above

or if the Insured are required to rebuild or restore the Property Insured solely as a result of the Damage in a manner different from that immediately before the Damage solely to comply with the Stipulations (subject to agreement by the Insurer that such compliance is unavoidable)

the loss of market value being the reduction in market value of the Property Insured immediately following Damage and the amount payable shall be the cost of reinstatement as described in a. above and a cash settlement representing the reduction in market value, provided that

- the Insured have made every effort to regain the original planning consent
- the Insured shall not have nor had any reason to be aware of any Stipulations which could result in the Property Insured not being rebuilt or restored in their original form
- the amount payable shall be reduced by any compensation received or allowance made to the Insured as a result of such Stipulations being imposed
- the total payment made is no greater than the amount that would have been payable had the Property Insured been rebuilt or restored in an identical manner to their condition immediately before the Damage
- the total amount recoverable under any Item shall not exceed its Sum Insured

#### **b. European Union & Public Authorities Stipulations (including Undamaged Portions)**

the cost of complying with the Stipulations being such additional cost of rebuilding or repair as may be incurred with the Insurer's consent in complying with Stipulations first imposed upon the Insured following the Damage provided that the work of rebuilding or repair be commenced and carried out without unreasonable delay

The liability of the Insurer shall not exceed in respect of any one claim

- i. in respect of complying with Stipulations relating to undamaged portions of the Buildings (other than foundations) 15% of the amount the Insurer would have been liable to pay to reinstate the Buildings had they been wholly destroyed
- ii. in respect of the property suffering Damage the Sum Insured applicable to each separate Premises

Provided that the Insurer will not be liable for

- the costs incurred in respect of Damage occurring prior to the granting of this cover or Damage not insured by this Section
- the costs incurred where 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
- the costs incurred in respect of undamaged portions of the Property; any property entirely undamaged by any loss destruction or damage as insured by this Section
- 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 Stipulations not arisen
- increases in costs attributable to unreasonable delays in rebuilding or restoring or complying with Stipulations unless such delays are wholly outside the control of the Insured
- any rate tax duty development or other charge or assessment which may arise out of capital appreciation as a result of complying with any of the Stipulations

#### **c. removal of debris**

the cost of removing debris being the cost incurred with the Insurer's consent in

- removing debris dismantling demolishing shoring up and propping portions of the Property Insured
- clearing cleaning or repairing Services as a result of Damage

but excluding any costs or expenses

- i. incurred in removing debris from outside the site of the Premises other than from the surface area immediately adjacent to the perimeter of the Premises
- ii. incurred or arising from pollution or contamination howsoever caused of property not covered by this insurance
- iii. in respect of Damage which occurred prior to the granting of cover under this insurance

#### **d. professional fees**

the cost of professional fees being those necessarily and reasonably incurred in the rebuilding or restoration of the Property Damaged but not for preparing any claim

#### **e. landscaping**

the cost of replanting trees shrubs plants and turf used in landscaping being the cost incurred in restoring any such item of landscaping to its appearance when first planted but excluding any cost arising from the failure of these items to germinate or become established.

## Limit of Liability

The most the Insurer will pay for any one claim in any one Period of Insurance 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 the 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.

## Basis of Settlement Adjustments

### 1. Automatic Reinstatement

Following Damage as insured by this Section the Sums Insured or limits of liability shall not be reduced by the amount of any claim 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.

### 2. Buildings awaiting Demolition

If at the time of Damage any Buildings are awaiting demolition the liability of the Insurer shall be limited to the additional cost of removing debris (as detailed in The Basis of Settlement paragraph c.) which is incurred by the Insured solely as a result of such Damage.

### 3. Buildings awaiting refurbishment redevelopment or renovation

If at the time of the Damage any Buildings or Property is awaiting refurbishment redevelopment or renovation the Insurer shall not be liable for any costs which would have been incurred by the Insured in the absence of such Damage.

### 4. Capital Additions

To the extent that they are not otherwise insured, Buildings and Contents items include alterations additions and improvements (but not appreciation in value in excess of Sums Insured) within the United Kingdom or member countries of the European Union



Provided that

- a. the maximum liability of the Insurer for any one claim shall not exceed
  - i. 20% of the Declared Value Sum Insured for each item covered, or
  - ii. £5,000,000 in respect of any one Premises occupied solely for office, retail or residential purposes
  - iii. £2,000,000 in respect of any one Premises occupied for any other purposeswhichever is the less at any one Premises
- b. the Insured shall give details of such alterations and additions to the Insurer within 6 calendar months of the commencement date of the Insured's responsibility, effect specific cover retrospective to such date and pay the appropriate additional premium
- c. this Basis of Settlement Adjustment shall not apply in addition to any cover provided under the Newly Acquired Buildings or Inadvertent Omission to Insure Basis of Settlement Adjustments.

## 5. Contractors Interest

When the Insured is required by the terms or conditions of any contract to effect insurance within the European Union on Buildings 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.

## 6. Contract Works

Cover for each Buildings item extends to include Contract Works within the European Union 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 (unless stated otherwise in the Schedule) 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.

## 7. 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 purchaser shall be entitled on completion of the purchase to benefit under this Section in respect of such Damage until completion to the extent that such Buildings are not otherwise insured by the purchaser or on their behalf.

## 8. 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.

## 9. Contribution and Underinsurance (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 Underinsurance (Average), this Section if not already subject to Underinsurance (Average) shall be subject to Underinsurance (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.

## 10. Delays in Rebuilding

The Insurer shall not be liable for increases in costs attributable to unreasonable delays in rebuilding or restoring or complying with Stipulations unless such delays are wholly outside the control of the Insured.

## 11. Exhibitions and Models

The item on Buildings extends to include exhibition or display models and similar promotional equipment whilst being used or stored within any Premises insured which have suffered Damage provided that

- a. such equipment is the property of the Insured or the Insured has accepted responsibility for the equipment at the time of Damage
- b. the maximum liability of the Insurer any one claim and in the aggregate any one Period of Insurance shall not exceed £25,000
- c. no other more specific insurance has been arranged.

## 12. 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.

## 13. Fire Brigade

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

Provided that the liability of the Insurer in respect of any one claim shall not exceed 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.

#### 14. Fire Extinguishers and Sprinklers

The Insurer will pay the reasonable costs incurred by the Insured in re-filling fire extinguishers, local or fixed fire suppression or gas flooding systems or sprinkler installation, replacing sprinkler heads, and having any fire and/or intruder alarms and closed circuit television equipment re-set solely in consequence of Damage by a Specified Event

Provided that

- a. the Insurer shall not be liable in respect of any costs and expenses recoverable from the maintenance company or fire service
- b. the liability of the Insurer in respect of any one claim shall not exceed £50,000.

#### 15. Fixed Glass & Sanitary ware

Cover under this Section extends to include Damage to fixed glass, (including shelves, showcases and mirrors), fixed sanitary ware and neon and illuminated signs.

Cover is extended to include the reasonable 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 framework and Contents 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

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

#### 16. Fly Tipping

The insurance by each item on Buildings extends to include costs necessarily and reasonably incurred in clearing and removing any property illegally deposited in on or around the Premises provided that

- a. the liability of the Insurer shall not exceed £10,000 any one claim and £25,000 in aggregate in respect of all claims in any one Period of Insurance
- b. the Insurer shall not be liable for the amount of the Excess shown in the Schedule or £500 whichever is the greater.

## 17. Freeholders, Lessees and Mortgagees

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.

## 18. 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 the Insurer will pay the reasonable costs incurred by the Insured with the Insurer's prior consent in establishing whether or not such Damage has occurred

The Insurer will also pay the reasonable costs incurred by the Insured in establishing whether or not other Buildings in the immediate vicinity 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 respect of any one claim shall not exceed £5,000 (unless specified otherwise in the Schedule) or 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.

## 19. Gardening Equipment

Cover extends to indemnify the Insured in respect of Damage to gardening equipment owned by the Insured and used in connection with the Business at the Premises

Provided that the liability of the Insurer in respect of any one claim shall not exceed £10,000.

## 20. General Interests & Hire Agreements

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.

## 21. 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 or member countries of 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 shall not exceed
  - i. £5,000,000 in respect of any one Building occupied solely for office, retail or residential purposes
  - ii. £2,000,000 in respect of any one Building occupied for any other purposes or
  - iii. £1,000,000 in respect of any one Unoccupied Building

- 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 Newly Acquired Buildings or Capital Additions Basis of Settlement Adjustments or in respect of any appreciation in value
- f. the value of the property which has been inadvertently omitted shall for the purpose of Underinsurance (Average) 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.

## 22. 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.

## 23. Insurance Premiums

Cover extends to include the cost of any insurance premiums, or in respect of inherent defects policies technical agents fees, necessarily and reasonably incurred by the Insured with the consent of the Insurer as a result of Damage, in arranging contract works policies with the Insurer or in continuing with any pre-existing inherent defects policies

Provided that the Insurer's liability in respect of all losses arising out of one occurrence and in the aggregate in any one Period of Insurance shall not exceed £25,000 (unless amended otherwise in the Schedule).

## 24. Insurer's Option to Rebuild

The Insurer may at its option rebuild repair reinstate or restore the Property destroyed or portions damaged but without it being bound to rebuild repair reinstate or restore the Property in exactly or completely the same form as immediately prior to the Damage and only where circumstances permit and in reasonably sufficient manner. If the Insurer exercises such option the Insured shall at their own expense (unless otherwise provided for in this Section) produce and give to the Insurer all such plans documents books and information as the Insurer may reasonably require.

## 25. Leased and Rented Premises

Cover includes Buildings situated within the United Kingdom or member countries of the European Union owned by the Insured for which (by the terms of an agreement with the Insured) the tenant lessee or other occupier of the building has an obligation to insure but has inadvertently failed to maintain such insurance in force

Provided that

- a. a valid and enforceable agreement is in force
- b. the Insured has obtained written confirmation from the tenant lessee or occupier and their Insurers at the inception of any such agreement that insurance is in force providing at least the extent of cover provided by this Section and carry out at not less than twelve month intervals a check to ensure that effective insurance is in force for all such Buildings
- c. the Insured advise the Insurer immediately in writing they become aware of any Buildings inadvertently left uninsured and within 30 days of discovery of the failure to insure the Insured will provide the Insurer with the sums insured to apply, arrange insurance with the Insurer and pay the appropriate premium due from the date the liability of the Insurer commenced
- d. this insurance shall apply in respect of claims arising directly from a contingency specified in the agreement but only in so far as such contingencies are also insured by this Section and not otherwise excluded
- e. 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
- f. The Insurer shall not be liable
  - for the amount of any Excess
  - where the lessee's policy fails due to any breach of any condition or warranty contained within the lessee's policy and as a result of the action of the landlord
  - where any Damage has been declined by any Insurer or made the subject of requirements which have not been completed
  - due to the failure of the lessee to make or pursue a legitimate insurance claim
- g. this Basis of Settlement Adjustment shall not apply in addition to any cover provided under the Capital Additions or Inadvertent Omission to Insure Basis of Settlement Adjustments

- h. the maximum liability of the Insurer for any one claim shall not exceed
  - i. £2,000,000 in respect of any one Building occupied solely for office, retail or residential purposes
  - or
  - ii. £1,000,000 in respect of any one Building occupied for any other purposes
  - or
  - iii. £500,000 in respect of any one Unoccupied Building or Buildings undergoing or awaiting refurbishment or redevelopment

but in no case shall the liability of the Insurer exceed the difference between the amount payable under the insurance effected by the landlord or lessee or other party or any other insurance on the premises and the total cost of reinstatement as provided by this Section.

## 26. Loss Minimisation and Prevention Expenditure

Cover extends to include costs and expenses necessarily and reasonably incurred by the Insured 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. such costs and expenses are incurred with the Insurer's consent
- v. the liability of the Insurer shall not exceed £5,000 in respect of any one Period of Insurance and shall be subject to an Excess of 10% in respect of any one claim or £350 whichever is the greater
- vi. the total liability of the Insurer in respect of any one claim shall not exceed 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.

## 27. Managing Agents – Professional Fees

The Basis of Settlement Paragraph d. is extended to include professional fees necessarily and reasonably incurred in the rebuilding or repair of the Property Insured payable to the Insured's managing agents when acting as professional advisers but not for any costs or fees incurred in preparing a claim. The use of such advisers will be accepted as necessary where the Insured would have employed them in respect of reinstatement or other work of an equivalent nature in the normal course of their Business. The cost of professional fees shall include the reasonable fees of managing agents where

- they are in respect of work of benefit to the Insurer
- they relate to work which is necessary for repair or reinstatement
- they have been agreed with the Insurer in advance but shall not include fees which are incurred as part of the managing agent's general administrative handling of a claim

Provided that the liability of the Insurer does not exceed for each item its individual Sum Insured or the Total Sum Insured or any other limit of liability in this Section whichever is the less at the time of any Damage.

## 28. Metered Supplies

Cover includes additional water, gas, electricity or other metered supply charges incurred by the Insured in consequence of Damage and for which the Insured are legally responsible up to an amount of £50,000 any one claim.

The basis on which the amount payable is to be calculated will be the amount of the suppliers' charges for the period following the Damage, 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 by the Insured.

The Insurer will not pay for such charges incurred in respect of any building which is Unoccupied.

## 29. Newly Acquired Buildings

This Section is extended to include Buildings situate within the United Kingdom or member countries of the European Union

- i. from the date of exchange of contracts for Buildings newly acquired by the Insured
- ii. from the date of practical completion for Buildings previously insured under a construction policy in the United Kingdom or member countries of the European Union to the extent that the Insured's interest is not protected by any other or more specific insurance

Provided that

- a. the Insured shall give details in writing of such premises as soon as reasonably practicable and shall effect specific cover retrospective to such date of exchange or date of practical completion and pay the appropriate additional premium
- b. this cover shall operate for a maximum period of 30 days from the date the Insured acquired their interest in the premises
- c. this insurance shall not apply in respect of any cause or cover otherwise excluded from this Section
- d. the maximum liability of the Insurer for any one claim shall not exceed
  - i. £5,000,000 in respect of any one Building occupied solely for office, retail or residential purposes
  - ii. £2,000,000 in respect of any one Building occupied for any other purposes  
or
  - iii. £1,000,000 in respect of any one Unoccupied Building
- e. 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
- f. this Basis of Settlement Adjustment shall not apply in addition to any cover provided under the Capital Additions or Inadvertent Omission to Insure Basis of Settlement Adjustments.



### 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. Privity of Contract

The insurance provided by this Section is extended to provide indemnity to the Insured in respect of premises in the United Kingdom

1. against legal liability as former landlord or tenant to any current landlord or tenant to insure repair or reinstate Damage to the Buildings of premises which
  - i. arises solely through the Landlord and Tenant (Covenant) Act 1995; and
  - ii. arises from a breach by any current landlord or tenant of its obligations under a lease to insure repair or reinstate Damage by any of the causes or covers insured by this Section to any Assigned Premises such that the Insured is also thereby in breach of those obligations; and
  - iii. arises out of any claim which is first made in writing to the Insured during the Period of Insurance and notified to the Insurer during or within 30 days after expiry of the same Period of Insurance
2. against legal liability for claimant's costs and expenses in connection with 1. above
3. In respect of
  - i. costs of legal representation at proceedings in any court arising out of any occurrence specified in 1. above which may be the subject of indemnity under this Basis of Settlement Adjustment
  - ii. all other costs and expenses in relation to any matter which may form the subject of a claim for indemnity under 1. above

incurred with the written consent of the Insurer

Provided that

- a. the indemnity shall not apply to legal liability arising from any cause happening before the retroactive date which shall be the inception date of this Section of the Policy unless stated otherwise in the Schedule
- b. the liability of the Insurer including the costs and expenses of the claimant and the costs and expenses (incurred with the written consent of the Insurer) of the Insured in respect of any one claim for Buildings shall not exceed in respect of any one premises or in the aggregate in any one Period of Insurance £2,000,000 or as specified in the Schedule

- c. notwithstanding proviso b. above in no case shall the liability of the Insurer exceed the lesser of
- (i) the difference between
    - (a) the amount payable under any insurance effected by any other landlord former landlord tenant former tenant or any other insurance of this type and
    - (b) the total cost of insurance repairs or reinstatement as provided by this Section

except that if at the date of the occurrence or event giving rise to such liability the Assigned Premises are undergoing or awaiting refurbishment redevelopment renovation or demolition, then the liability of the Insurer shall not exceed the lesser of

- (ii) the difference between
  - (a) the amount payable under any insurance effected by any other landlord former landlord tenant former tenant or any other insurance of this type and
  - (b) the amount payable calculated as being the value of the Property Insured or the amount of the Damage at the date 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 Assigned Premises

but in no case under c.(i) or (ii) above shall the Insurer's liability exceed the rateable portion of the Damage calculated according to the number of persons (whether or not insured) who have at the time held or who hold the reversion of the lease of the Assigned Premises

- d. the Insured must take all reasonable steps including but not limited to making or joining in any necessary application to court to obtain release from its liabilities as former landlord or tenant of the Assigned Premises following disposal
- e. the Insurer shall not be liable for the costs of remedying the presence of asbestos, asbestos dust or asbestos containing materials
- f. cover under this Basis of Settlement Adjustment shall cease upon any of the following events
  - the current landlord or tenant entering into a new lease with the successors in title
  - the existing lease being assigned to the new successors in title
  - the Buildings being in turn sold or disposed of by the successors in title

For the purposes of this Basis of Settlement Adjustment Assigned Premises shall mean Buildings formerly owned by or leased by or leased to the Insured which have been assigned to a successor landlord or tenant prior to an occurrence which may form the subject of a claim for indemnity under 1. above.

### 32. Partial Damage

Where Damage occurs to only part of a Building the Insurer's liability for all costs in total shall not exceed the amount which the Insurer would have been liable to pay to rebuild the building had it been totally destroyed.

### 33. Preservation of Undamaged Property

The insurance includes costs necessarily and reasonably incurred by the Insured in dismantling and or moving and or removing undamaged Property within and or to and or from suitable alternative premises including haulage and warehousing charges incurred. Provided that the liability of the Insurer shall not exceed the Sum Insured by any one item.

### 34. Reinstatement on another site

The work of reinstatement of the Property Insured may be wholly or partially carried out upon another site and in any manner suitable to the requirements of the Insured provided that it does not increase the liability of the Insurer.

### 35. Reinstatement to Match

Where the Property Insured has suffered Damage to the extent that repair is impractical and its replacement by similar property in a condition equal to but not better or more extensive than its condition 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 Property (other than Stock) 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 a Building 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 otherwise have been payable for replacement repair or modification of the whole property forming a set suite 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 pay for reinstatement if such property had been wholly destroyed
- d. the liability of the Insurer in respect of any one claim shall not exceed 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.

### 36. Removal of Wasp and Bee Nests

Cover includes costs incurred by the Insured, up to an amount of £500 any one claim, in removing wasp or bee nests from buildings at the Premises.

Provided that, the Insurer will not pay for the cost of removing nests already in buildings at the Premises, prior to inception of this cover.

### 37. Removal of Debris – Tenants Contents

To the extent that they are not otherwise insured, Cover includes irrecoverable costs necessarily incurred with the Insurers consent, in consequence of Damage in removing debris in respect of contents for which the Insured are not responsible, up to an amount of £5,000 any one claim.

The Insurer will not pay for any costs

- 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 covered by this Section.

### 38. Replacement of Locks and Keys

Any cover granted under this Section in respect of theft includes the reasonable expenses necessarily incurred in replacing locks and keys which provide entry to the Premises consequent upon theft of keys or reasonable evidence that keys have been duplicated by an unauthorised person provided that the Insurer's liability in respect of any one claim shall not exceed £5,000 (unless specified otherwise in the Schedule).

### 39. Residential Property – Rent and Alternative Accommodation

Where as a result of Damage the buildings of a Residential Property are rendered uninhabitable or access is prevented to such Residential Property the Insurer will indemnify the Insured in respect of

- a. the reasonable additional costs of comparable accommodation incurred by the owner lessee or tenant and temporary storage of residents furniture (including the reasonable costs of accommodation in kennels and/or catteries for residents dogs and/or cats if dogs and/or cats are not permitted in such residents alternative accommodation)
- b. the loss of rent paid or payable to the Insured by tenants for accommodation provided and services rendered including service and management charges at the Premises

during the period necessary to restore the Residential Property to a habitable condition or to make it accessible

Provided that

- i. cover for such costs and loss of rent shall only apply to the extent that such costs and loss of rent are not otherwise insured
- ii. the maximum period during which payment under this Extension will be made shall not exceed 24 calendar months from the date of the Damage unless agreed otherwise by the Insurer in writing
- iii. the liability of the Insurer under this Extension shall not exceed in total 20% of the Declared Value applying to the Residential Property or to the parts of the Residential Property Damaged.

Terms to the contrary elsewhere in this Section are over-ridden as follows in respect of those costs and such rent to which this Extension applies:

The liability of the Insurer may exceed in the whole the Total Sum Insured where such excess is solely in respect of Rent or Alternative Accommodation payable under this Basis of Settlement Adjustment.

#### 40. Seventy Two Hours Clause

Damage occurring within 72 consecutive hours of and arising from the Specified Events of 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.

#### 41. 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 additional costs solely as imposed by the Insurer and incurred by the Insured in upgrading an automatic sprinkler installation to the current LPC rules solely as imposed upon the Insured by the Insurer following Damage to the Buildings provided that at the time of Damage the installation conformed to the 28th or 29th Edition Rules or to the LPC rules current at the time of installation but did not conform to subsequent amendments to those 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 in respect of any one claim shall in no case exceed
  - i. 20% of the Sum Insured on the item including such sprinkler installation or the Sum Insured at each separate premises; or
  - ii. the Total Sums 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.

#### 42. Temporary Removal

Property Insured 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 or member countries of 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.

#### 43. 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 or member countries of the European Union.

The Insurer will not pay for

- a. such items more specifically insured
- b. more than 10% of the total value of such items.

#### 44. Theft Damage to Buildings

Cover includes loss destruction or damage within the European Union of or to the Buildings or parts of the Buildings covered by this Section (or of or to buildings or parts of buildings not covered by the Section but for which the Insured are responsible), including the cost of any temporary boarding-up and making good necessary to keep the Premises secure, caused by theft or attempted theft but excluding

- a. loss destruction or damage of or to any Unoccupied Building unless agreed otherwise by the Insurer in writing
- b. loss destruction or damage within the European Union 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 by theft or attempted theft involving entry to or exit from the Premises by forcible or violent means or following 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)
- c. loss destruction or damage of property for which the Insured is not liable for repairing such loss destruction or damage or which the Insured is able to recover from another source or which is more specifically or otherwise insured
- d. loss destruction or damage caused by or consisting of disappearance or unexplained shortage
- e. the amount of the Excess shown in the Schedule or £500 whichever is the greater.

#### 45. 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 the 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 £50,000 any one claim.

#### 46. Tree Felling and Lopping

Cover includes costs incurred by the Insured, up to an amount of £10,000 any one claim, in removing or lopping trees which are an immediate threat to the safety of life or of Damage to the Property Insured.

The Insurer will not pay for

- a. Legal or Local Authority costs involved in removing trees
- b. costs incurred solely to comply with a Preservation Order.

#### 47. Unauthorised Use of Supplies

Cover includes the cost of water, gas, electricity, or other metered supply charges incurred by the Insured and for which the Insured are legally responsible, up to an amount of £50,000 any one claim, 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 practical 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 has been complied with by the Insured.

#### 48. Underinsurance (Average)

The Sums Insured by

- a. any items for Buildings or Contents are declared to be separately subject to Average.

This means that if the Declared Value at each separate premises is less than the Day One Rebuilding Value at the time of the Damage the Insurer's liability for any loss shall be limited to that proportion of the amount otherwise payable which the Declared Value bears to the Day One Rebuilding Value. If the loss is settled under an indemnity basis of settlement the Declared Value shall be 115% of the base value shown or if no base value is shown it shall be deemed to be the Sum Insured.

- b. any other items of the Property Insured (other than any Sum Insured or Limit of Liability applying solely to Rent, Fees or Removal of Debris) are declared to be separately subject to Underinsurance (Average).

This means that if at the time of Damage the Sum Insured for any item at each separate premises is less than the value of the item covered by such Sum Insured, the amount payable by the Insurer will be proportionally reduced.

#### 49. Value Added Tax

The insurance on each item on Buildings extends to include Value Added Tax paid by the Insured and which is not subsequently recoverable

Provided that

- a. the Insured's liability for such tax arises solely as a result of the reinstatement or repair of the Buildings to which such item relates following Damage
- b. the Insurer has paid or has agreed to pay for such Damage
- c. if any payment made by the Insurer in respect of the reinstatement or repair of such Damage shall be less than the actual cost of the reinstatement or repair of the Damage, any payment under this clause resulting from that Damage shall be reduced in like proportion
- d. the Insured's liability for such tax does not arise from the replacement building having a greater floor area than or being better or more extensive than the destroyed or Damaged Buildings
- e. where an option to rebuild on another site is exercised, that the Insurer's liability under this clause shall not exceed the amount of tax that would have been payable had the Buildings been rebuilt on its original site
- f. the Insurer's liability under this clause shall not include amounts payable by the Insured as penalties or interest for non payment or late payment of tax
- g. the Insured has taken all reasonable precautions to insure adequately for Value Added Tax liability from the inception of this insurance and at each subsequent Renewal Date

Terms to the contrary elsewhere in this Section are over-ridden as follows in respect of those items to which this Extension applies

- i. for the purpose of any condition of Underinsurance (Average) rebuilding costs shall be exclusive of Value Added Tax
- ii. the liability of the Insurer may exceed the Sum Insured by an individual item on Buildings or in the whole the Total Sum Insured where such excess is solely in respect of Value Added Tax.



## Section Conditions

### 1. Precautions

The Insured must take all reasonable precautions to keep the Property Insured secure and in a good state of repair.

### 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. Unoccupied Buildings

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 any buildings or parts of any buildings are or are to become Unoccupied. 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 until such buildings or parts of buildings again become occupied the Insured or their nominees must
  - a. turn off electricity gas and water supplies at the mains and drain down all water systems except for those
    - i. connected to automatic fire alarm or intruder alarm installations
    - ii. connected to automatic sprinkler installations or other fire suppression systems
  - b. maintain automatic sprinkler installations and other fire suppression systems automatic fire alarm and intruder alarm installations and keep them fully operational
  - c. maintain a level of heating sufficient to prevent freezing of automatic sprinkler installations
  - d. secure the buildings 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
  - e. remove all waste unfixed combustible materials and gas bottles from the interior of the buildings including any communal parts and from any external areas owned by the Insured
  - f. carry out an internal and external inspection of the buildings at least once every 14 days and
    - i. maintain a record of such inspections
    - ii. ensure that any defects in the condition or state of repair of the buildings or defects in security or alarm or fire protection installations are rectified remedied or repaired immediately
  - g. notify the Insurer immediately if the buildings are to be occupied by contractors for renovation alteration or conversion purposes
  - h. complete any risk improvements put forward by the Insurer within the timescale specified unless the Insurer agrees otherwise in writing.

### 4. Non Invalidation

This insurance shall not be invalidated

- a. by repairs, structural and other alterations of a minor nature and general maintenance work being undertaken at the Premises
- b. by any increase in risk of Damage resulting from an alteration act or omission which occurs without the authority or knowledge of the freeholder mortgagee or lessor

but this shall only protect the interest of the freeholder mortgagee or lessor and shall only apply if the Insurer be notified immediately on the party becoming aware of the increase in risk and the payment of any reasonable additional premium.

## 5. Additional Claims Conditions

In the event of Damage, in consequence of which the Insured make or may make a claim under this Section, 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, and any payment on account already made shall be repaid to the Insurer.

## 6. 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.

## 7. 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.

## 8. Subrogation

Any claimant under this insurance shall at the request and the expense of the Insurer take and permit to be taken all necessary steps in the name of the Insured for enforcing rights against any other party before or after any payment is made by the Insurer

The Insurer shall not enforce any rights against

- a. a tenant or lessee in respect of Damage to the part of the Premises in the demise of that tenant or lessee or to common parts of the Premises unless the Damage arises out of a criminal fraudulent or malicious act
- b. any Company being a parent of or Subsidiary to the Insured or 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 Section 736 and 744 of the Companies Act 1985 or Articles 2 and 4 of the Companies (Northern Ireland) Order 1986.

## **9. Change of Occupancy**

The Insured must notify the Insurer in writing as soon as they become aware that any Unoccupied buildings or Unoccupied parts of any buildings are or are due to 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.

## **10. Declaration**

At inception of each Period of Insurance, the Insured shall notify the Insurer of the Declared Value of the Property Insured. In the absence of such declaration the last amount declared by the Insured will be taken as the Declared Value for the forthcoming Period of Insurance, appropriately adjusted if Index Linking applies.

## 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 there from; 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.