

# Loss of Rent Events Section – Declaration Linked

## Definitions

### Business Interruption

Loss resulting from interruption of or interference with the Business carried on by the Insured at the Premises in consequence of Damage.

### Damage/Damaged

Loss or destruction of or damage to property used by the Insured at the Premises for the purpose of the Business.

### 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.

### Unoccupied

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

### Indemnity Period

#### A. For occupied Premises or occupied parts of Premises

The period beginning with the occurrence of the Damage and ending not later than the Maximum Indemnity Period thereafter during which the results of the Business shall be affected in consequence of the Damage

#### B. For Unoccupied Premises

- i. which are not let but are tenantable and for which there is evidence of an agreement with a prospective tenant

The period beginning with the date upon which but for the Damage Rent would have commenced to be payable and ending not later than the Maximum Indemnity Period thereafter during which the results of the Business shall be affected in consequence of the Damage

- ii. which are not let but are tenantable but for which there is no evidence of an agreement with a prospective tenant

The period beginning with the date upon which but for the Damage it is anticipated that Rent would have commenced to be payable and ending not later than

- a. the date upon which the building or that part of the building Damaged is restored to its pre-damaged condition and is capable of direct occupation, or

- b. the Maximum Indemnity Period thereafter

whichever is the earlier during which the results of the Business shall be affected in consequence of the Damage.

## Maximum Indemnity Period

The period shown in the schedule.

## Rent

### A. For occupied Premises or occupied parts of Premises

being the money paid or payable to the Insured by tenants for accommodation provided and services rendered at the Premises in course of the Business

### B. For Unoccupied Premises

being the amount that it is reasonably anticipated that would have been paid or payable to the Insured by tenants for accommodation provided and services rendered at the Premises in course of the Business, provided that

- i. in respect of Premises which are not let but are tenantable and for which there is Evidence of an agreement with a prospective tenant such amount applying at the date upon which but for the Damage Rent would have commenced
- ii. in respect of Premises which are not let but are tenantable but for which there is no Evidence of an agreement with a prospective tenant such amount and the date upon which but for the Damage Rent would have commenced will be determined having regard
  - a. to actual negotiations with prospective tenants both before and after the date of the Damage
  - b. to the demand for and the general level of rents applying to similar accommodation in the locality at the date of the Damage

Evidence for the purpose of this definition shall mean leases to be signed or in course of negotiations and that such leases or negotiations are evidenced by exchange of contracts or exchange of legally binding letters of intent containing a specified completion date or similar legally binding documents.

If required the advice of a professional valuer acceptable to both the Insured and the Insurer will be sought and such fees will be included in the indemnity provided.

## Estimated Rent

The amount declared by the Insured to the Insurer as representing not less than the Rent which it is anticipated will be received by the Business during the financial year most nearly concurrent with the Period of Insurance or a proportionately increased multiple thereof where the Maximum Indemnity Period exceeds twelve months.

## Residential Property

The flat or a block of flats apartment block maisonette or house situate at the Premises occupied for domestic residential purposes.

## Cover

If property or any part of any property used by the Insured at the Premises for the purpose of the Business suffers Damage during the Period of Insurance by the following Events, except for the excluded Events specified in the Schedule, and in consequence the Business carried on by the Insured at the Premises be interrupted or interfered with, the Insurer will pay the Insured as indemnity the amount of the loss at the time of the Damage resulting from such interruption or interference in respect of each item specified in the Schedule

### Events

#### 1. **Fire** excluding Business Interruption caused by

- a. explosion resulting from fire
- b. earthquake or subterranean fire
- c. its own spontaneous fermentation or heating or its undergoing any heating process or any process involving the application of heat

#### **Lightning**

#### **Explosion**

- a. of boilers used for domestic purposes only
- b. of any other boiler or economiser on the Premises
- c. of gas used for domestic purposes only but excluding any Business Interruption caused by earthquake or subterranean fire.

#### 2. **Explosion** excluding Business Interruption

- a. caused by the bursting by steam pressure of any vessel, machine or apparatus (not being a boiler or economiser on the Premises) belonging to the Insured or under the control of the Insured, in which internal pressure is due to steam only
- b. by pressure waves caused by aircraft or other aerial devices travelling at sonic or supersonic speeds.

#### 3. **Aircraft** or other aerial devices or articles dropped from them, excluding Business Interruption by pressure waves caused by aircraft or other aerial devices travelling at sonic or supersonic speeds.

#### 4. **Riot, Civil Commotion, strikers, locked out workers, persons taking part in labour disturbances or Malicious Persons**, excluding Business Interruption

- a. arising from nationalisation, confiscation, requisition, seizure or destruction by the Government or any public authority
- b. arising from cessation of work
- c. in respect of any building which is Unoccupied, caused by malicious persons not acting on behalf of or in connection with any political organisation, but the Insurer will pay for such Business Interruption caused by fire or explosion
- d. arising from deliberate erasure, loss, distortion or corruption of information on computer systems or other records, programs or software.

## 5. Earthquake.

## 6. Subterranean Fire.

### 7a. Storm

Storm, excluding Business Interruption

- a. caused by Flood whether resulting from Storm or otherwise
- b. attributable solely to change in the water table level
- c. caused by lightning, frost, subsidence, ground heave or landslip
- d. in respect of fences and gates and moveable property in the open or in transit.

### 7b. Flood

Flood, being

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

whether resulting from Storm or otherwise, excluding Business Interruption

- a. caused by Escape of Water from any tank, apparatus or pipe or Sprinkler Leakage
- b. attributable solely to change in the water table level
- c. caused by lightning, frost, subsidence, ground heave or landslip
- d. in respect of fences and gates and moveable property in the open or in transit

## 8. Escape of Water from any tank, apparatus or pipe, excluding Business Interruption

- a. caused by water discharged or leaking from any automatic sprinkler installation
- b. in respect of any building which is Unoccupied.

## 9. Impact by any road vehicle or animal.

## 10. Sprinkler Leakage

Accidental escape of water from any automatic sprinkler installation in the Premises, excluding Business Interruption caused by

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

## 11. Accidental Damage

Business Interruption, excluding

- a. Business Interruption caused by or arising from or attributable to
  - i. any of the Events
  - ii. any of the exclusions to the Events

specified in Events 1-10, 12-14 whether Events 1-10, 12-14 are insured or not

- b. Business Interruption 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 subsequent Business Interruption which itself results from a cause not otherwise excluded

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

but this shall not exclude such Business Interruption not otherwise excluded which itself results from Events 1-10, or subsequent Business Interruption 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 Business Interruption not otherwise excluded which itself results from Events 1-10

- c. Business Interruption 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 (but this shall not exclude theft or attempted theft of a building or part of a building where insured under the Property Damage Section of this Policy) or Business Interruption consisting of
  - iv. joint leakage, failure of welds, cracking, fracturing, collapse or overheating of boilers, economisers, superheaters, pressure vessels or any range of steam and feed piping connected to them
  - v. mechanical or electrical breakdown or derangement in respect of the particular machine, apparatus or equipment in which such breakdown or derangement originates or Business Interruption caused by
  - vi. the deliberate act of a supply undertaking in withholding the supply of water, gas, electricity, fuel or telecommunications services

but this shall not exclude such Business Interruption not otherwise excluded which itself results from Events 1-10 or from any other accidental loss, destruction or damage, or subsequent Business Interruption which itself results from a cause not otherwise excluded

- d. loss resulting from pollution or contamination, but this shall not exclude loss resulting from destruction of or damage to property used by the Insured at the Premises for the purpose of the Business, not otherwise excluded, caused by
  - i. pollution or contamination at the Premises which itself results from Events 1-10
  - ii. any of Events 1-10 which itself results from pollution or contamination
- e. Business Interruption caused by or consisting of
  - i. subsidence, ground heave or landslip, unless resulting from Events 1, 2, 5, 6 or 8
  - ii. normal settlement or bedding down of new structures
- f. Business Interruption arising directly or indirectly from
  - i. disappearance unexplained or inventory shortage or the misfiling or misplacing of information
  - ii. erasure, loss, distortion or corruption of information on computer systems or other records, programs or software caused deliberately by rioters, strikers, locked out workers, persons taking part in labour disturbances or civil commotion, or malicious persons
  - iii. other erasure, loss, distortion or corruption of information on computer systems or other records, programs or software, unless resulting from Events 1-10 in so far as they are not otherwise excluded
- g. loss resulting from destruction of or damage to any building or structure used by the Insured at the Premises caused by its own collapse or cracking, unless resulting from Events 1-10 in so far as they are not otherwise excluded
- h. Business Interruption in respect of fences, gates and moveable property in the open caused by wind, rain, hail, sleet, snow or dust
- i. Business Interruption resulting from any property undergoing any process of production, packing, treatment, testing, commissioning, service or repair, but this shall not exclude such Business Interruption caused by fire or explosion
- j. Business Interruption in respect of
  - i. glass (other than fixed glass), sanitary ware (other than fixed sanitary ware), china, earthenware, marble or other fragile or brittle objects
  - ii. vehicles licensed for road use (including accessories on them), caravans, trailers, railway locomotives, rolling stock, watercraft or aircraft
  - iii. property or structures in course of construction or erection and materials or supplies in connection with all such property or structures
  - iv. land, piers, jetties, bridges, culverts or excavations
  - v. livestock or growing crops

but this shall not exclude such Business Interruption caused by Events 1-10 in so far as they are not otherwise excluded.

## 12. Theft or attempted theft excluding

- a. Business Interruption which does not involve entry to or exit from a building or part of a building by forcible and violent means or by actual or threatened assault or violence or use of force at the Premises against the Insured or any employee of the Insured or any other person lawfully on the Premises (but this shall not exclude theft or attempted theft of a building or part of a building where insured under the Property Damage Section of this Policy)
- b. Business Interruption expedited or in any way brought about by the Insured or any partner director or employee of the Insured or any other person lawfully on the Premises
- c. Business Interruption to any building or property in any building which is Unoccupied
- d. Business Interruption to Money bonds or securities of any description
- e. Business Interruption to property in transit.

## 13. Subsidence or ground heave of any part of the site on which the building stands or landslip excluding

- a. Business Interruption in respect of walls gates fences roads car parks yards paved areas pavements footpaths and other surfaced areas unless a building used by the Insured at the same Premises is Damaged by the same cause at the same time
- b. Business Interruption 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. Business Interruption caused by
  - i. subsidence, ground heave or landslip resulting from Events 1, 2, 5, 6, 8 or 14
  - ii. normal settlement or bedding down of new structures
- d. Business Interruption which commenced prior to the inception of this Event
- e. Business Interruption occurring as a result of demolition construction structural alteration or repair of any property or as a result of groundworks or excavation at the same Premises

Provided that

Unless the Insurer agrees in writing cover shall be avoided where demolition construction groundwork's or excavation on the same Premises or on any adjoining site increases the risk of Damage.

## 14. Escape of Oil from any fixed heating installation excluding

- a. Business Interruption in respect of any building or property in any building which is Unoccupied
- b. Business Interruption 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.

## Exclusions

This Section does not cover:

1. Business Interruption in Northern Ireland occasioned by or happening through or in consequence directly or indirectly of riot, civil commotion and (except in respect of Business Interruption by fire or explosion) strikers, locked out workers, persons taking part in labour disturbances or malicious persons.
2. Business Interruption directly or indirectly caused by or consisting of or arising from the failure of any computer or other equipment or system for processing, storing or retrieving data, whether the property of the Insured or not, to achieve any or all of the purposes and consequential effects intended by the use of any number to denote a date, including the failure
  - i. correctly to recognise any date as its true calendar date
  - ii. to recognise, capture, save, retain, restore and/or correctly to manipulate, interpret, calculate or process any data or information or command or instruction as a result of treating any date otherwise than as its true calendar date
  - iii. to recognise, capture, save, retain, restore and/or correctly to manipulate, interpret, calculate or process any data or information as a result of the operation of any command which has been programmed into any computer software or firmware, being a command which causes the loss of data or the inability to recognise, capture, save, retain, restore or correctly to manipulate, interpret, calculate or process any data on or after any date

but the Insurer will pay for subsequent Business Interruption which is not otherwise excluded and which itself results from Events 1-10 and 12-14.



## Basis of Settlement

The Insurer will pay the Insured, subject to the Basis of Settlement Adjustments, in respect of each item

- i. the loss of Rent being the actual amount by which the rent during the Indemnity Period falls short of the Rent which but for the Damage would have been received by the Insured
- ii. the costs of re-letting being the expenditure necessarily and reasonably incurred from the date of the Damage until the expiry of the Indemnity Period in consequence of the Damage in re-letting the Premises (including legal fees managing agents costs or other charges in connection with such re-letting) solely in consequence of such re-letting
- iii. the additional expenditure being the additional expenditure (other than that recoverable under ii above) necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the loss of Rent which but for that expenditure would have taken place during the Indemnity Period

Provided that

- a. this insurance shall not apply in respect of any item on Rent unless at the time of the Damage there is in force an insurance covering the interest of the Insured in the Premises where the Damage has occurred and
  - i. payment shall have been made or liability admitted under such insurance, or
  - ii. payment would have been made or liability would have been admitted thereunder but for the operation of a proviso excluding liability for losses below a specified amount

except that this proviso shall not apply in respect of any item on Rent where another party (not being the Insured) is responsible for insuring the Premises by virtue of lease or other contractual arrangements

- b. the Insurer will not pay the Insured for
  - i. additional expenditure exceeding the loss of Rent thereby avoided
  - ii. legal fees or other charges payable by any new tenant acquired in re-letting the Premises in consequence of the Damage
  - iii. any amounts saved during the Indemnity Period in respect of any of the charges and expenses of the Business payable out of Rent that may cease or may be reduced.

## Limit of Liability

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

- A.
  - i. 200% of the Rent Sum Insured
  - ii. in respect of any other item 100% of its Sum Insured or any other limit of liability applicable to such item in this Section whichever is the less at the time of the Damage
  - iii. in total the sum of 200% of the Rent Sum Insured and 100% of the Sum Insured or limit of liability for any other items 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 any of the Covers 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

In calculating the amounts the Insurer will pay the Insured as indemnity, adjustments shall be made in accordance with the following clauses.

### 1. Accountants & Legal Fees

If any of the Premises suffer Damage the Insurer will pay the reasonable charges payable by the Insured and incurred with the consent of the Insurer to

- a. their auditors or professional accountants for producing such information as may be required by the Insurer under the terms of the Additional Claims Conditions and for reporting that such information is in accordance with the Insured's accounts
- b. their lawyers for determining their contractual rights under any rent cessor clause or insurance break clause contained in the lease

but not for any other purposes in the preparation of any claim.

Provided that the Insurer's liability in total in any one Period of Insurance shall in no case exceed 200% of the Sum Insured specified against the relative item or any Limit of Liability stated in the Policy whichever is the lower.

### 2. Additional Increase in Costs of Working

Where an item for Additional Increase in Cost of Working is shown in the Schedule, cover extends to include additional expenditure beyond that the Insurer will pay as indemnity in respect of Increase in Cost of Working under the Basis of Settlement, necessarily and reasonably incurred in consequence of Damage for the purposes of avoiding or diminishing the loss of Rent during the Indemnity Period.

The most the Insurer will pay for any one claim is the Sum Insured shown in the Schedule.

### 3. Alternative Premises

If during the Indemnity Period accommodation shall be provided or services rendered elsewhere than at the Premises for the benefit of the Business, either by the Insured or by others on behalf of the Insured, the money paid or payable for such accommodation or services shall be taken into account in arriving at the Rent during the Indemnity Period.

### 4. Automatic Reinstatement of Sum Insured

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 Damage to the expiry of the Period of Insurance.

### 5. Book Debts

Cover extends to include the Insured's loss in respect of Outstanding Debit Balances following Damage to the Insured's Records.

The most the Insurer will pay for any one claim is the Sum Insured shown in the Schedule.

The following Definitions apply in respect of this cover:-

#### Geographical Limits

At the Premises or any other premises in the United Kingdom occupied by persons acting on behalf of the Insured, to which Records have been temporarily removed in transit, including sea or air transit, within the United Kingdom.

#### Insured's Records

The Insured's books of account or other business books or records.

#### Outstanding Debit Balances

The total recorded by the Insured under the provisions of the Outstanding Debit Recording Condition adjusted for

- a. bad debts
- b. amounts debited (or invoiced but not debited) and credited (including credit notes and cash not passed through the Insured's books at the time of the event) to customers' accounts in the period between the date to which the total last recorded relates and the date of the Damage
- c. any abnormal condition of trade which had or could have had a material effect on the Business

so that the adjusted figures represent as near as reasonably practicable results which but for the Damage the Insured would have obtained at the date of the Damage had the Damage not occurred.

The following Basis of Settlement applies in respect of this cover:-

The Insurer will pay the Insured the amount of their claim for Outstanding Debit Balances if in consequence of Damage within the Geographical Limits the Insured are unable to trace or establish Outstanding Debit Balances in whole or in part.

The cover is limited to loss sustained by the Insured directly due to the Damage and the amount payable shall not exceed

- a. the difference between
  - i. the Outstanding Debit Balances, and
  - ii. the total of the amounts received or traced in respect of such balances
- b. the additional expenditure incurred with the Insurer's previous consent in tracing and establishing customers' debit balances after the Damage.

Except that if the Sum Insured at the time of the Damage is less than the Outstanding Debit Balances, the amount payable will be proportionately reduced.

Provided that

**1. Outstanding Debit Recording**

At the end of each month the Insured shall record the total amount outstanding in customers' accounts at that time, and keep a copy of such records at a place other than the Insured's Premises.

**2. Additional Claims Condition**

In the event of Damage in consequence of which the Insured make or may make a claim under this Basis of Settlement Adjustment, the Insured shall at their own expense deliver to the Insurer full information in writing of the particulars of the claim, together with details of all other policies covering Outstanding Debit Balances or any part of them, and the amount of any resulting Outstanding Debit Balances. 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.

**3. Underinsurance (Average)**

If the Sum Insured at the time of the Damage is less than the Outstanding Debit Balances, the amount payable will be proportionately reduced.

**6. Break Clause**

The insurance shall not be prejudiced by any insurance or causality break clause in a lease which enables a lessee to determine the lease in event of Damage deeming the property to be uninhabitable.

## 7. Buildings Awaiting Sale

If at the time of the Damage the Insured shall have contracted to sell their interest in the Premises or shall have accepted an offer in writing to purchase their interest in the Premises subject to contract and the sale is cancelled or delayed solely in consequence of the Damage the Insured may opt for the amount payable by the Insurer to be as follows:

- A. during the period prior to the date upon which but for the Damage the Premises would have been sold, the loss of Rent being the actual amount of the reduction in Rent solely in consequence of the Damage
- B. during the period commencing with the date upon which but for the Damage the Premises would have been sold and ending with the actual date of sale or when the Premises or that part of the Premises capable of direct occupation and affected by the Damage is restored to its pre-damaged condition or the Maximum Indemnity Period whichever is the earlier during which the results of the Business shall be affected in consequence of the Damage
  - a. the loss in respect of interest being
    - i. the actual interest incurred on capital borrowed (solely to offset in whole or part the loss of use of the sale proceeds) for the purpose of financing the Business
    - ii. the investment interest lost to the Insured on any balance of the sale proceeds (after deduction of any capital borrowed as provided under a i.)less any amount receivable in respect of Rent
  - b. the additional expenditure being
    - i. the additional expenditure necessarily and reasonably incurred in consequence of the Damage solely to avoid or minimise the loss payable under A. and B. above but not exceeding the amount of loss avoided by such expenditure
    - ii. the additional legal fees and other expenditure incurred solely as a result of the cancellation or delay in consequence of the Damage but not exceeding an amount equivalent to the expenditure incurred immediately prior to the Damage.

Provided that

- i. the Insured shall make all reasonable efforts to complete the sale of the Premises as soon as practicable after the Damage
- ii. the assessment of the actual loss of interest shall be at a rate of not more than 2% above the London Interbank Offered Rate applying during the Indemnity Period
- iii. the amount payable under this Section shall not exceed the amount of Rent that would have been earned had the Premises been leased or rented
- iv. the Insurer's liability in total in any one Period of Insurance shall in no case exceed 10% of the Rent Sum Insured specified against the relevant item or £100,000 whichever is the lower, unless stated otherwise in the Schedule.

## 8. Capital Additions

Cover includes Rent in respect of alterations additions and improvements to Premises situate within the United Kingdom, provided that

- a. the maximum liability of the Insurer for any one claim shall not exceed
  - i. 20% of the Total Sum Insured for each item covered, or
  - ii. £2,000,000 in respect of any one Premises occupied solely for office, retail or residential purposes
  - iii. £1,000,000 in respect of any one Premises occupied for any other purposes, or
  - iv. £250,000 in respect of any one Unoccupied Premiseswhichever 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 interest in such Rent and 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.

## 9. 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 shall have contracted to sell their interest in any Premises for which Rent is 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 for loss of Rent in consequence of such Damage until completion, to the extent that such Rent is not otherwise insured by the purchaser or on their behalf.

## 10. Current Cost Accounting

For the purposes of this Section, any adjustment implemented in current cost accounting shall be disregarded.

## 11. Inadvertent Omission to Insure

The Insured having notified the Insurer of their intention to insure Rent in respect of all property which they own or for which they are responsible situate within the United Kingdom (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 any one claim shall not exceed
  - i. £3,000,000 in respect of any one premises occupied solely for office, retail or residential purposes
  - ii. £1,000,000 in respect of any one premises occupied for any other purposes, or
  - iii. £250,000 in respect of any one Unoccupied premises
- b. the Insured carry out at not less than twelve month intervals a check to ensure that effective insurance is in force for all property which they own or for which they 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 Rent sum insured to apply and effect specific cover retrospective to such date and pay the appropriate additional premium
- d. the value of the property which has been inadvertently omitted shall for the purpose of the Underinsurance (Average) Basis of Settlement Adjustment be added to the Sum Insured on the item to which the premises relates
- 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.

## 12. Loss of Investment Income on Late Payment of Rent

If as a result of Damage the Insurer is paying indemnity in respect of loss of Rent and the payment by the Insurer to the Insured is made later than the date upon which the Insured would normally have expected to receive the Rent from a lessee the Insurer will pay a further sum representing the investment interest lost to the Insured during the delay period

Provided that

- i. the assessment of the interest lost shall be at a rate of not more than 2% above the London Interbank Offered Rate applying during the Indemnity Period
- ii. the Insurer's liability in total in any one Period of Insurance shall in no case exceed 200% of the Sum Insured specified against the relative item or any Limit of Liability stated in this Section whichever is the lower.

## 13. Newly Acquired Premises

Cover includes Rent in respect of Premises situate within the United Kingdom

- i. from the date of exchange of contracts for premises newly acquired by the Insured
- ii. from the date of practical completion for premises previously insured under a construction policy in the United Kingdom 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. £3,000,000 in respect of any one Premises occupied solely for office, retail or residential purposes

- ii. £1,000,000 in respect of any one Premises occupied for any other purposes  
or
  - iii. £250,000 in respect of any one Unoccupied Premises
- e. 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.

#### 14. Payments on Account

The Insurer will make payments on account during the Indemnity Period, if the Insured so request, subject to any necessary adjustment at the end of the Indemnity Period.

#### 15. Relocation of Tenants

In the event that the tenant is relocated to an empty Premises of the Insured following Damage the claim for any resultant loss of Rent in relation to the Damaged Premises will not be reduced provided that

- a. the Buildings are insured under the Property Damage Section of this Policy
- b. the maximum the Insurer will pay by any item is the Sum Insured.

#### 16. Rent Free Period

If at the date of the Damage no Rent is receivable in respect of all or any part of the Premises due solely to the existence of a contractual agreement granting any tenant or lessee a Rent Free Period then at the option of the Insured and in respect only of that part of the Premises subject to such agreement then for the purpose of this Basis of Settlement Adjustment the following shall apply:

The Maximum Indemnity Period shown in the Schedule shall be adjusted by adding the unexpired portion of the Rent Free Period at the date of the Damage to the number of months shown in the Schedule provided that such additional period does not exceed 12 months (unless otherwise agreed by the Insurer in writing).

In respect of the cost of re-letting such costs and expenses which are necessarily and reasonably incurred during the Rent Free Period shall be regarded as having been incurred during the Indemnity Period.

When assessing the amount of any charge or expense ordinarily payable out of Rent which shall cease or reduce the sum saved during the Rent Free Period shall be deducted from the amount otherwise payable.

Underinsurance Condition: Rent shall mean the actual annual Rent that applies from the date immediately after the Rent Free Period ceases proportionately increased where the Indemnity period exceeds one year.

Rent Free Period shall mean the period between the completion date of the lease and the commencement date of the payment of Rent.

Subject to

- i. allowance for the amount of the actual future Rent having been included in the Sums Insured under this Section
- ii. the liability of the Insurer in total in any one Period of Insurance shall in no case exceed 200% of the Sum Insured specified against the relative item or any limit of liability stated in this Section whichever is the lower.



## 17. 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.

## 18. Service Charges and Other Charges

Rent is deemed to include

- i. service charges and other income paid or payable to the Insured for the use of the Premises and services provided in connection therewith and for car parking facilities
- ii. insurance premiums where there is a cessor clause in the lease which enables the lessee to cease paying such premiums or part thereof in the event of Damage

unless otherwise stated in the Schedule.

## 19. Trends and Variations

Adjustments shall be made in arriving at the actual Rent during the Indemnity Period and the Maximum Indemnity Period to reflect any trends or circumstances (including but not limited to prospective increases in Rent under the terms of the lease or leases of the Premises) which affect the Business either before or after the date of the Damage and which would have affected the Business had the Damage not occurred so that the adjusted figure will represent, as near as possible, the results which would have been achieved during the relative period had the Damage not occurred.

## 20. Value Added Tax

All terms in this Section shall be exclusive of value added tax to the extent that the Insured are accountable to the tax authorities for such tax.

## Extensions

Any claim resulting from interruption of or interference with the Business at any situation or to any property shown below, within the United Kingdom, shall be understood to be Business Interruption as covered by this Section

Provided that after the application of all other terms, exclusions, conditions and provisions of this Section the liability of the Insurer for any one claim shall not exceed the Limit stated in respect of each extension

### 1. Managing Agents Premises

Damage to property at any location in the United Kingdom owned or occupied by the Insured's managing agents for the purposes of their business in consequence of which the Rent receivable by the Insured is reduced

Provided that

- i. such loss of Rent is not insured by any other policy
- ii. such loss of Rent is not paid to the Insured as a direct result of the Damage
- iii. Rent is not outstanding for more than 120 days in excess of its due date
- iv. the Insured take all reasonable steps to recover rent receivable and repay to the Insurer all sums paid to the Insured under this Extension which they later recover
- v. the Insurer shall not be liable under this Extension for more than the limit stated below in respect of any one claim

**Limit;** 10% of the Sum(s) Insured by the relevant items or £500,000 whichever is the less unless specified otherwise in the Schedule.

### 2. Denial of Access – Damage

Damage to property in the immediate vicinity of the Premises which prevents or hinders the use of or access to the Premises whether the Premises or property in the Premises is destroyed or damaged or not but excluding loss or destruction of or damage to property of any supply undertaking from which the Insured obtains electricity gas or water or telecommunications services which prevents or hinders the supply of such services to the Premises.

Provided that the Insurer shall not be liable under this Extension for more than the limit stated below in respect of any one claim

**Limit;** 200% of the Sum Insured by any Rent item, 100% of the Sum Insured by any other item, unless specified otherwise in the Schedule.

### 3. Denial of Access – Non Damage

Access to the Premises or any property or rights of way in the immediate vicinity of the Premises being hindered or prevented as a result of the actions or advice of the Government a Local Authority or other statutory body due to an emergency arising which is likely to endanger life or property

Provided that there shall be no liability under this Extension for any interruption or interference caused by or arising from

- a. the condition of the Premises or the business carried on within the Premises
- b. the Insured's or lessee's non compliance with a prior order of the Police or any statutory body
- c. any period other than the actual period of hindrance or prevention of access to the Premises or use of the Premises
- d. any consequence of physical Damage
- e. any consequence of labour disputes infections or contagious diseases or drought
- f. any cause within the control of the Insured or any lessee
- g. any loss which is a direct result of repairs or maintenance being carried out to property as a result of inherent defect or wear and tear
- h. any loss arising from the obstruction of roads streets and other rights of way by weather or climatic conditions

Provided that the Insurer shall not be liable under this Extension for

1. any prevention hindrance or use of the Premises which does not last for at least four (4) consecutive hours
2. more than the limit stated below in respect of any one claim

**Limit;** £50,000 unless specified otherwise in the Schedule.

For the purpose of this Extension only the Maximum Indemnity Period shall not exceed three (3) months.

### 4. Loss of Attraction – Leased premises

Damage to property in the immediate vicinity of the Premises which causes a loss of custom to the lessee's business due to a fall in the number of customers visiting the area in consequence of which the Rent receivable by the Insured is reduced

Provided that

- a. Damage shall exclude obstruction of roads, streets and the like by weather or climatic conditions
- b. the Maximum Indemnity Period shall not exceed three (3) months
- c. the Insurer shall not be liable under this Extension for more than the limit stated below in respect of any one claim

**Limit;** 10% of the Sum(s) Insured by the relevant items or £500,000 whichever is the less unless specified otherwise in the Schedule.

## 5. Loss of Attraction – Unleased Premises

Damage to property in the immediate vicinity of the Premises which in direct consequence results in the termination and or renegotiation of any agreements for lease and or other loss of tenancy and or delay in completion or letting of the Premises and in consequence of which the Rent receivable by the Insured is reduced

Provided that

- a. Damage shall exclude obstruction of roads, streets and the like by weather or climatic conditions
- b. the Maximum Indemnity Period shall not exceed three (3) months
- c. the Insurer shall not be liable under this Extension for more than the limit stated below in respect of any one claim

**Limit;** 10% of the Sum(s) Insured by the relevant items or £100,000 whichever is the less unless specified otherwise in the Schedule.

## 6. Supply Undertakings

- A. Damage to property at any land based premises
- B. Damage to property comprising any land based connecting cable pipe or pylon to the terminal connecting point at the Premises

of any supply undertaking service provider or producer in the United Kingdom from which the Insured obtains

- i. electricity (including generating stations or sub-stations)

**Limit;** 200% of the Sum Insured by any Estimated Rent item, 100% of the Sum Insured by any other item unless specified otherwise in the Schedule.

- ii. gas (including any natural gas producer linked directly therewith)

**Limit;** 200% of the Sum Insured by any Estimated Rent item, 100% of the Sum Insured by any other item unless specified otherwise in the Schedule.

- iii. water (including works and pumping stations)

**Limit;** 200% of the Sum Insured by any Estimated Rent item, 100% of the Sum Insured by any other item unless specified otherwise in the Schedule.

- iv. telecommunications services

**Limit;** 200% of the Sum Insured by any Estimated Rent item, 100% of the Sum Insured by any other item unless specified otherwise in the Schedule.

Provided that

- a. the Insurer shall not be liable for any Business Interruption which does not involve a cessation of supply for at least four (4) consecutive hours in respect of B.
- b. the Insurer shall not be liable for any Business Interruption caused by or arising from or attributable to any overhead transmission and distribution lines and their supporting structures other than those within one (1) mile of the Premises.

## 7. Documents

Damage to documents belonging to the Insured or held by the Insured in trust, whilst at premises not being the Insured's Premises, or in transit by road, rail or inland waterway. Provided that the Insurer shall not be liable under this Extension for more than the limit stated below in respect of any one claim

**Limit;** 200% of the Sum Insured by any Estimated Rent item, 100% of the Sum Insured by any other item unless specified otherwise in the Schedule.

## 8. Failure of Supply

Accidental failure of supply of

- i electricity at the terminal ends of the service provider's feeders at the Premises

**Limit;** 10% of the Sum(s) Insured by the relevant items or £1,000,000 whichever is the less unless specified otherwise in the Schedule.

- ii gas at the service provider's meters at the Premises

**Limit;** 10% of the Sum(s) Insured by the relevant items or £1,000,000 whichever is the less unless specified otherwise in the Schedule.

- iii water at the service provider's main stop cock serving the Premises

**Limit;** 10% of the Sum(s) Insured by the relevant items or £1,000,000 whichever is the less unless specified otherwise in the Schedule.

- iv telecommunications services at the incoming line terminals or receivers at the Premises

**Limit;** 10% of the Sum(s) Insured by the relevant items or £1,000,000 whichever is the less unless specified otherwise in the Schedule.

Provided that

- a. the Insurer shall not be liable for any Business Interruption which does not involve a cessation of supply for at least four (4) consecutive hours and at least twelve (12) consecutive hours in respect of the supply of telecommunications services
- b. the Insurer shall not be liable for any claim resulting from the deliberate act of any supply undertaking or by the exercise by any such undertaking of its power to withhold or restrict supply or services not performed for the sole purpose of safeguarding life or protecting the supply undertaking's system
- c. in respect of the supply of telecommunications services the Maximum Indemnity Period shall not exceed 3 months
- d. the Insurer shall not be liable for any claim resulting from failure caused by
  - i. strikes or any labour or trade dispute
  - ii. drought
  - iii. other atmospheric or weather conditions but this shall not exclude failure due to damage caused by such conditions
- e. the Insurer shall not be liable for any Business Interruption caused by or arising from or attributable to the failure of any overhead transmission and distribution lines and their supporting structures other than those within one (1) mile of the Premises
- f. this Extension excludes Business Interruption as insured under the Supply Undertakings Extension

## 9. Exhibition Sites

Damage to property at any exhibition site within the United Kingdom

Provided that

- i. such exhibition site is not under canvas or in the open
- ii. the Insurer shall not be liable under this Extension for more than the limit stated below in respect of any one claim

**Limit;** £25,000 unless specified otherwise in the Schedule.

## 10. Specified Illness, Vermin, Pest, Defective Sanitation, Murder or Suicide

Any claim resulting from interruption or interference with the Business during the Indemnity Period in consequence of the under noted contingencies shall be deemed to be Damage as covered by this Section subject to the following definitions conditions and provisos

### Contingencies

- A. any occurrence of a Specified Illness at the Premises or injury or illness sustained by any person caused by food or drink poisoning arising from food or drink supplied from the Premises
- B. any discovery of an organism likely to result in the occurrence of a Specified Illness at the Premises
- C. any occurrence of Legionellosis at the Premises
- D. the discovery of vermin or pests at the Premises
- E. any accident causing defects in the drains or other sanitary arrangements at the Premises which causes restrictions on the use of the Premises on the order or advice of the competent local authority
- F. any occurrence of murder or suicide at the Premises

Provided that

1. the Insurer shall not be liable in respect of Costs incurred in cleaning repair replacement recall or checking of property
2. the Insurer shall only be liable for loss arising at those Premises which are directly affected by any Contingency
3. the Insurer shall not be liable in respect of any other Business Interruption Extensions
4. the Insurer shall not be liable in respect of the provisions of any automatic reinstatement extension which will not apply in respect of any of these Contingencies
5. the Insured, in so far as is practical, shall ensure compliance with the Health and Safety Commission' Approved Code of Practice "The Prevention and Control of Legionellosis (including Legionnaires Disease)" or any supplementary, replacement or amending Code of Practice
6. the Insurer shall not be liable in respect of any one claim for more than the limit stated below

**Limit;** £250,000 unless specified otherwise in the Schedule.

For the purpose of this Extension the following Definitions will apply:

## Specified Illness

An illness sustained by any person resulting from

1. food or drink poisoning  
or
2. any of the following human infectious or human contagious diseases:

Acute Encephalitis, Acute Poliomyelitis, Anthrax, Chickenpox, Cholera, Diphtheria, Dysentery, Leprosy, Leptospirosis, Malaria, Measles, Meningococcal Infection, Mumps, Ophthalmia Neonatorum, Paratyphoid Fever, Plague, Rabies, Rubella, Scarlet Fever, Smallpox, Tetanus, Tuberculosis, Typhoid Fever, Viral Hepatitis, Whooping Cough, Yellow Fever an outbreak of which the competent local authority has stipulated shall be notified to them.

## Legionellosis

Illness sustained by any person resulting from any discharge, release or escape of legionella from water tanks, water systems, air-conditioning plants, cooling towers and the like at the Premises.

## Indemnity Period

In respect of Contingencies D. and E., the period during which the results of the Business shall be affected in consequence due to the discovery or accident, beginning with the date from which restrictions on the use of the Premises start and ending not later than 3 (three) months thereafter.

In respect of all other contingencies:

The period during which the results of the Business shall be affected in consequence due to the occurrence or discovery, beginning with the date of the occurrence or discovery and ending not later than 3 (three) months thereafter.

## Section Conditions

### 1. 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 any alteration in or to the Business at the Premises

- a. due to the Business being wound up or carried on by a liquidator or receiver or permanently discontinued
- b. in respect of which the interest of the Insured ceases other than by death
- 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 an Event and any other loss or expenditure 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.



## 2. 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, full information in writing of the Damage
- b. not later than 30 days after the expiry of the Indemnity Period or such further time as the Insurer may allow in writing, full information in writing of the particulars of the claim together with details of all other policies covering the Premises for the purpose of the Business or any part of the Business and the amount of any resulting Damage
- c. such books of account and other business books, vouchers, invoices, balance sheets and other documents, proofs, information, explanation and other evidence that the Insurer may reasonably require for the purpose of investigating or verifying the claim together with if required a statutory declaration of the truth of the claim and of any matters connected with it
- d. with due diligence carry out and permit to be taken any action which may be reasonably practicable to minimise or check any interruption of or interference with the Business or to avoid or diminish the loss.

Particulars or details contained in the Insured's books of account or other business books or documents which may be required by the Insurer for the purpose of investigating or verifying any claim under this Section may be produced by professional accountants if at any time they are regularly acting for the Insured. Their report shall be prima facie evidence of the particulars and details to which such report relates.

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.

## 3. Contribution

If at the time of any Damage resulting in a claim under this Section there is any other insurance effected by or on behalf of the Insured covering such loss or any part of it, the liability of the Insurer under this section shall be limited to the Insurer's rateable proportion of such loss.

## 4. 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.

## 5. Declaration and Premium Adjustment

Within six months of the expiry of each Period of Insurance the Insured shall provide the Insurer with a declaration confirmed by the Insured's professional accountants or auditors of the Rent received during the financial year most nearly concurrent with the expired Period of Insurance. If any Damage has occurred giving rise to a claim for loss of Rent, such declaration will be increased by the Insurer for the purpose of premium adjustment, by the amount by which the Rent was reduced during such financial year solely in consequence of the Damage.

The premium for this Section is provisional. If the declared figure provided by the Insured (adjusted as above and proportionately increased where the Maximum Indemnity Period exceeds 12 months)

- A. is less than the Estimated Rent for the relative Period of Insurance, the Insurer will allow a pro rata return of premium on the Estimated Rent not exceeding 50% of such premium paid
- B. is greater than the Estimated Rent for the relative Period of Insurance the Insured shall pay a pro rata addition to the premium paid on the Estimated Rent.

## 6. Renewal

Prior to each renewal date, the Insured shall provide the Insurer with the Estimated Rent for the financial year most nearly concurrent with the following Period of Insurance.