

# Property Damage & Business Interruption

## Period of Insurance

Enter Inception Date – Enter Expiry Date

---

## Insured

Enter Name of Insured  
Enter Address of Insured  
Enter Address of Insured

## Policy Number

Enter GENIUS Policy Number

*Please carefully read the provisions & conditions stated in this Policy before entering into the Policy; you are deemed to fully understand and accept such clauses.*

*This Policy is written in both Chinese and English. In the event of any discrepancy, the Chinese version shall prevail.*

*You may verify policy and claim information through telephone enquiry, online enquiry and counter enquiry. Should you have any questions, please contact us. Our telephone number is 86 21 6058 3988.*

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XL Insurance (China) Company Limited,  
Unit 3305B, 33<sup>rd</sup> Floor, China Fortune Tower, 1568 Century Avenue, Pudong District,  
Shanghai 200122, People's Republic of China  
Policy Name: Property Damage & Business Interruption  
Policy Number:

In consideration of the Policy Holder named in the Schedule having paid the premium for insurance as stated in the Policy to the Company, and on the basis that any information provided in connection with the proposal made to the Company shall be incorporated into the Policy, the Company agrees, subject to the terms and conditions contained in this Policy or endorsed hereon, to indemnify the Insured by either payment or, at the Company's option, by replacement or repair (both based on the cost of reinstatement) up to the Limit of Liability stated in the Schedule in respect of the coverage granted under:

Section 1 - Property Damage  
Section 2 - Business Interruption

resulting directly from any Damage during the Period of Insurance stated in the Schedule, or during any subsequent period in respect of which the Policy Holder shall have paid or agreed to pay, and the Company shall have accepted or agreed to accept, the premium required for renewal of this Policy.

This Policy incorporates the proposal form, Schedule, General Definitions, General Exclusions Clauses, General Provisions, General Conditions, Claims Conditions, and any Extensions and Endorsements which may be added to this Policy, and they shall be read together as one contract.

Signed for and on behalf of the Company

Date: Enter Issue Date

XL Insurance (China) Company Limited  
Unit 05B, 33<sup>rd</sup> Floor, China Fortune Tower  
1568 Century Avenue Road  
Pudong District  
Shanghai 200122  
China

HEAD OFFICE  
XL Insurance Company Ltd  
XL House  
70 Gracechurch Street  
London EC3V 0XL  
United Kingdom  
Registered in the UK no. 01884214

XL Insurance (China) Company Limited,  
Unit 3305B, 33<sup>rd</sup> Floor, China Fortune Tower, 1568 Century Avenue, Pudong District,  
Shanghai 200122, People's Republic of China  
Policy Name: Property Damage & Business Interruption  
Policy Number:

**Your Broker:**

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XXXXXXXXXXXXXXXX

**XL Insurance Contact Persons**

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Underwriting:  
Telephone:  
E-mail address:

Enter Name of PAM  
Enter Telephone Number of PAM  
Enter E-mail Address of PAM@xlgrou.com

SAMPLE

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## 1 Schedule

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### 1.1 Policy Number

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Enter GENIUS Policy Number

### 1.2 The Policy Holder

---

Enter Name of Policy Holder

### 1.3 Postal Address of the Policy Holder

---

Enter Address of Policy Holder

### 1.4 The Insured

---

Enter Name of Insured  
("Named Insured") and Subsidiary and Associated Companies as declared to the Company

### 1.5 Postal Address of the Insured

---

Enter Address of Insured  
Enter Address of Insured

### 1.6 Business

---

Enter Business

### 1.7 Territorial Limits

---

Enter Territorial Limits

### 1.8 Period of Insurance

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From: Enter Inception Date/ Enter Inception Time h  
To: Enter Expiry Date / Enter Expiry Time h

### 1.9 Renewal Date

---

Enter Renewal Date

### 1.10 Premium

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Premium : RMB

All Premiums to be received banked and recognised by XL Insurance (China) Company Limited within 60 days from inception

### 1.11 The Company

XL Insurance (China) Company limited  
 Unit 05B, 33rd Floor, China Fortune Tower, 1568 Century Avenue Road, Pudong District,  
 Shanghai 200122, People's Republic of China

This Policy, while an independent contract, forms an integral part of the International Property Damage and Business Interruption Programme for Enter Program Name (Enter Program Ref No). The Policy Holder agrees that, where permissible under applicable law:

- a. cancellation of the Master Policy Enter GENIUS Master Policy Number shall automatically and immediately terminate this Policy without notice to the Policy Holder;
- b. programme aggregate limits of indemnity may operate to reduce the limit of indemnity available under this Policy in respect of any covered loss, irrespective of whether any limit of indemnity of this Policy has not been or would not be exceeded by such loss.

### 1.12 Limits of Liability

The aggregate liability of the Company in respect of any one Occurrence insured by this Policy irrespective of the number of claims and of the number of Insureds making the claim shall not exceed the amounts shown in the Asset Schedule specified against the individual amounts set out against each item therein. Provided that the amount(s) set out hereunder represent the Company's maximum Limit(s) of Liability in respect of any one Occurrence subject to any lesser Limit(s) of Liability specified elsewhere in this Policy.

	Limit in respect of any one Occurrence	Limit in the Aggregate during any one Period of Insurance
Damage resulting from:		
Earthquake (inclusive of any other specific Earthquake Limit below)	RMB xxxxxxxx	RMB xxxxxxxx
Earthquake in xxxxxxx	RMB xxxxxxxx	RMB xxxxxxxx
Flood (inclusive of any other specific Flood Limit below)	RMB xxxxxxxx	RMB xxxxxxxx
Flood in High Hazard Flood Zones	RMB xxxxxxxx	RMB xxxxxxxx
Storm (inclusive of Hail)	RMB xxxxxxxx	RMB xxxxxxxx
Hail	RMB xxxxxxxx	RMB xxxxxxxx
Accidental damage	RMB xxxxxxxx	Not applicable
Theft	RMB xxxxxxxx	Not applicable
Any other damage	RMB xxxxxxxx	Not applicable



NB – All items shown under the Columns 1, 2 and 3 of the Asset Schedule are declared to be similarly and separately subject to the Average (Under-Insurance) Clause as defined in Section 1 of the Policy.

### 1.13 Sub-Limits

All Sub-Limits as stated below or elsewhere in this Policy shall apply to any one Occurrence, and shall apply in excess of the applicable Deductible unless stated to the contrary. Sub-Limited coverages shall be included within the Limit of Liability and not in addition to it. Where no Sub-Limit is expressed in respect of a coverage, it is intended that the Policy Limit of Liability shall apply to that coverage.

#### In respect of Section 1 and 2 combined

	Limit in respect of any one Occurrence	Limit in the aggregate during any one Period of Insurance
Automatic Acquisitions	RMB xxxxxxxx	RMB xxxxxxxx

#### In respect of Section 1 only

	Limit in respect of any one Occurrence
Public Authorities	RMB xxxxxxxx
Professional Fees	RMB 600,000
Removal of Debris	RMB xxxxxxxx
Capital Additions	RMB xxxxxxxx
Extinguishment Expenses	RMB xxxxxxxx
Inadvertent Omissions	RMB xxxxxxxx
Temporary Removal	RMB 300,000
Temporary Removal (Documents)	RMB 300,000
Exhibitions	RMB xxxxxxxx
Miscellaneous Un-named Locations	RMB xxxxxxxx

#### In respect of Section 2 only

	Limit in respect of any one Occurrence
Additional Increase in Cost of Working	RMB xxxxxxxx
Book Debts	RMB xxxxxxxx
Unspecified Suppliers	RMB xxxxxxxx
Unspecified Customers	RMB xxxxxxxx
Utilities	RMB xxxxxxxx
Storage	RMB xxxxxxxx

Denial of Access	RMB xxxxxxxx	
Rent Receivable	RMB xxxxxxxx	
Royalties	RMB xxxxxxxx	
Inter-Group Dependency	RMB xxxxxxxx	[if policy limit given delete this row completely]

The limits and sub-limits of liability stated above may have been eroded by losses to the aggregate limit of the programme of which this Policy forms part, or by losses incurred by any other Insured.

#### 1.14 Deductible

---

(applicable to claims made under Section 1 and 2 combined)  
From the amount of any claim there shall be deducted the amount of:

In respect of:

- |                     |              |
|---------------------|--------------|
| a. Storm            | RMB xxxxxxxx |
| b. Flood            | RMB xxxxxxxx |
| c. any other Damage | RMB xxxxxxxx |

Only one Deductible shall apply in respect of any one Occurrence, and this shall be the highest applicable Deductible (or combination of Deductibles, if separate deductibles apply to sections 1 and 2) stated above.

#### 1.15 Maximum Indemnity Period

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XXXXX Months

#### 1.16 Treatment of Disputes

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The Company and the Insured have fully understood the clauses regarding dispute resolution set forth in the Policy. Any dispute arising from or related to this Policy shall be submitted to the [ ] for arbitration in accordance with its arbitration rules in effect at that time. The arbitration award shall be final and binding on the Company and the Insured.

## **2 General Definitions applicable to the Policy**

---

In this Policy unless the context otherwise requires the following words and expressions shall have the following meanings.

### **2.1 Accidental Damage**

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The words "Accidental Damage" shall mean any Damage as insured by this Policy excluding Named Perils.

### **2.2 Associated Company**

---

The words "Associated Company" shall mean any company, other than a Subsidiary Company, declared to and agreed by the Company in which the Insured has an insurable interest.

### **2.3 Business Interruption**

---

The words "Business Interruption" shall mean the coverage detailed in Section 2 of this Policy.

### **2.4 Business**

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The word "Business" shall mean the business operations of the Named Insured and the Subsidiary Companies.

### **2.5 Computer Virus**

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The words "Computer Virus" shall mean a set of corrupting, harmful or otherwise unauthorised instructions or code, including a set of maliciously introduced unauthorised instructions or code, programmatic or otherwise, that propagate themselves through a computer system or network of whatsoever nature. Computer Virus includes, but is not limited to, "Trojan Horses" "worms" and "time" or "logic bombs".

### **2.6 Condition**

---

The word "Condition" shall, unless the context otherwise requires, mean a term of this Policy requiring the Insured to perform or refrain from performing any act, or to ensure the maintenance or prevention of any state of affairs. In the event of breach of any Condition, the indemnity payable under this Policy in respect of any Damage or Business Interruption shall be that sum which would have been payable, had the breach of the Condition in question not occurred.

### **2.7 Damage**

---

The word "Damage" shall mean (where not more specifically defined within this Policy) physical loss or destruction of or damage to the Property Insured caused by an Occurrence.

### **2.8 Named Peril**

---

The words "Named Peril" shall mean Fire, Lightning, Explosion, Aircraft, Riot, Civil Commotion, Malicious Damage, Earthquake, Storm (including Hail), Flood, Escape of water, or Impact.

## **2.9 Fire**

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The word "Fire" shall mean fire (whether resulting from explosion or otherwise) but excluding

- a. Earthquake, Riot or Civil Commotion
- b. Damage to the Property Insured occasioned by its own spontaneous fermentation.

## **2.10 Premises**

---

The word "Premises" shall mean the premises owned, occupied, leased or rented by the Insured for the purpose of the Business and for which the address is shown in the Asset Schedule or covered under Miscellaneous Un-named Locations or Automatic Acquisitions Clauses.

## **2.11 Explosion**

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The word "Explosion" shall mean explosion of boilers used for domestic purposes only but excluding Damage caused by Earthquake, Riot or Civil Commotion or Malicious Damage or Subterranean fire.

## **2.12 Aircraft**

---

The word "Aircraft" shall mean aircraft or other aerial devices or articles dropped therefrom.

## **2.13 Earthquake**

---

The word "Earthquake" shall mean earth movement due to a natural seismic disturbance caused by a sudden movement of the earth's crust, including

- a. Damage resulting directly from Earthquake and
- b. the eruption, explosion or effusion of a volcano

but excluding Flood.

## **2.14 Riot, Civil Commotion, Malicious Damage**

---

The words "Riot, civil commotion" shall mean riot or civil commotion of strikers, locked out workers, or persons taking part in labour disturbances. Damage caused by riot or civil commotion, or by malicious persons ("Malicious Damage") shall be covered under this Policy, excluding

- a. Damage occasioned by or happening through confiscation or destruction or requisition by order of the Government or any Public Authority
- b. loss or damage resulting from cessation of work as regards Malicious Damage (other than by Fire or Explosion) directly caused by persons not acting on behalf of or in connection with any political organisation
- c. Damage by theft.

## **2.15 Escape of Water**

---

The words "Escape of water" shall mean escape of water from any tank, apparatus or pipe excluding

- a. destruction or damage whilst the Premises are empty or disused
- b. destruction or damage by water discharged or leaking from an installation of automatic sprinklers in the Premises insured.

## **2.16 Impact**

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The word "Impact" shall mean impact from any road vehicle, or animal.

## **2.17 Flood**

---

The word "Flood" shall mean the escape of water from its normal natural or artificial confines (other than from tanks or apparatus), or inundation from the sea including tidal wave and tsunami.

## **2.18 Storm**

---

The word "Storm" shall mean storm, tempest, windstorm, hail, hurricane, tornado, cyclone and typhoon, including subsequent Damage caused by water that backs-up from a sewer or drain as a direct result of Storm, but excluding Flood.

## **2.19 Sprinkler Leakage**

---

The words "Sprinkler Leakage" shall mean water accidentally discharged or leaking from any automatic sprinkler installation(s) in the Premises not occasioned or happening through

- a. freezing whilst the Premises in the Insured's ownership and or tenancy are empty or disused
- b. explosion (both as defined above and in its broader natural sense including the blowing up of buildings or blasting), Earthquake or Subterranean fire or heat caused by Fire.

Subject to the following

- a. It is a Condition of this Policy that the Insured shall take reasonable steps to prevent frost and other damage to the automatic sprinkler installation(s), and so far as their responsibility extends to maintain the installation(s) including the automatic external alarm signal in efficient working condition in the event of any discharge or leakage from the said installation(s), the Insured shall do and permit to be done all things practicable (whether by removal or otherwise) to save and protect the Property Insured
- b. When any changes repairs or alterations to the automatic sprinkler installation(s) are proposed, it is a Condition of this Policy that written notice thereof is to be given to the Company and their agreement obtained in writing
- c. The Company shall have access to the Premises at all reasonable times for the purposes of inspection, and if the Company notifies the Insured of defects in the construction or condition of the automatic sprinkler installation(s) requiring alteration or repairs, the Company may also at their option by notice in writing suspend this insurance until such alterations or repairs are made and approved by the Company
- d. This Policy does not cover Damage to the automatic sprinkler installation(s) other than caused by water discharged or leaking from installation(s).

## **2.20 Electronic Data**

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The words "Electronic Data" shall mean facts, concepts and information converted to a form useable for communications, interpretation or processing by electronic and electromechanical

data processing or electronically controlled equipment, and includes programs, software and other coded instructions for the processing and manipulation of data, or the direction and manipulation of such equipment.

## **2.21 Goods**

---

The word "Goods" shall mean general merchandise connected with the Business the property of the Insured or for which they are responsible, including (unless the context otherwise requires) Goods manufactured or imported by the Insured while such Goods are in the care, custody and control of the Insured.

## **2.22 Insured**

---

The word "Insured" shall mean the Named Insured together with Subsidiary Companies and Associated Companies named as such in the details declared to and accepted by the Company.

## **2.23 Occurrence**

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The word "Occurrence" shall mean any one loss or series of losses arising out of and directly resulting from one original cause.

## **2.24 Property Insured**

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The words "Property Insured" shall mean the property covered by this Policy as defined below whilst at the Premises described in the Asset Schedule.

### **2.24.1 Buildings (Item 1)**

---

The word "Buildings" shall mean buildings that are the property of the Insured or for which the Insured is responsible, including

- a. Landlord's fixtures and fittings
- b. Tenants' improvements and betterments
- c. outbuildings
- d. freestanding walls not part of a building gates and fences
- e. piping, ducting, cables, and wires on the Premises and extending to the public mains, but only to the extent of the Insured's responsibility
- f. yards, car parks.

### **2.24.2 Contents (Item 2)**

---

The word "Contents" shall mean machinery, plant and all other contents belonging to the Insured or held by them in trust and for which they are responsible (other than landlord's fixtures and fittings, tenants' improvements and betterments, Stock and other property more specifically insured by this Policy) whilst in or on the Buildings, including:

- a. documents, manuscripts, business books, plans and designs, and computer systems records
- b. patterns, models and moulds

and so far as they are not otherwise insured

- c. employees', directors' and visitors' personal effects of every description (other than motor vehicles) for an amount not exceeding CNY 10,000 in respect of any one person any one claim
- d. Money and stamps for an amount not exceeding CNY 5,000 in total.

#### **2.24.3 Stock (Item 3)**

---

The word "Stock" shall mean stock and materials in trade belonging to the Insured or held by them in trust and for which they are responsible within the Buildings, and shall include Goods as defined.

#### **2.25 Asset Schedule**

---

The words "Asset Schedule" shall mean the Asset Schedule or Schedules attached to and forming part of this Policy which provide the sums insured in respect of Buildings, Contents, Stock, Gross Profit and any other items (if applicable) at each separate Premises.

#### **2.26 Subsidiary Companies**

---

The words "Subsidiary Companies" shall mean any company in respect of which the Insured possesses more than 50% ownership.

### 3 General Exclusions applicable to the Policy

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#### 3.1 Excluded Property

---

##### 3.1.1 This Policy does not cover

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- a.
  - i. jewellery, precious stones, bullion, furs, garments, fine art, curiosities and rare books
  - ii. coinage, bank and currency notes, luncheon vouchers, cheques, travellers' cheques, giro cheques, giro cash cheques, bankers' drafts, money orders, postal orders, current postage stamps, stamp franking machine units, vouchers or coupons, securities, magnetic and integrated circuit (IC) cards with cash value and the like except as specifically insured elsewhere in this Policyother than such Damage caused by a Named Peril insofar as it is not otherwise excluded
- b. glass (other than fixed glass) china earthenware marble or other fragile or brittle objects other than by
  - i. Damage caused by a Named Peril
  - ii. Business Interruption resulting from Damage to such property caused by a Named Perilinsofar as it is not otherwise excluded
- c. vehicles licensed for road use, caravans, trailers, railway locomotives and rolling stock, watercraft, aircraft, or spacecraft
- d. property in transit, unless specifically insured by the Goods in Transit Extension
- e. buildings, structures, or contents in course of construction or erection or extensions to existing Buildings, and materials or supplies in connection therewith, unless specifically insured by this Policy
- f. land, roads, pavements, railway lines, dams, dikes, reservoirs, piers, jetties, bridges, culverts, tunnels, excavations, mining property underground, pipelines, wells or off-shore property
- g. water of any kind, except the quantity of water at the time of Damage that is contained within any insured tank, piping system, or equipment being used in the ordinary course of the Insured's Business
- h. growing crops, standing timber, drying crops, and all living things of all types
- i. property which is insured by (or would but for the existence of this Policy be insured by) any marine policy or policies, except in respect of any excess amount beyond the amount which would have been payable under the marine policy or policies had this insurance not been effected
- j. property more specifically insured elsewhere, except for any excess amount above any such more specific insurance
- k. overhead transmission and distribution lines, and their supporting structures
- l. any Building or Contents and Stock contained therein whilst such Building is vacant or unoccupied for more than 30 days, unless specifically agreed by the Company.



## 3.2 Excluded Causes

---

### 3.2.1 This Policy does not cover

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- a. Damage or Business Interruption caused by or consisting of:
- i. inherent vice, latent defect, gradual deterioration, wear and tear, frost, change in water table level, its own faulty or defective design or materials, or any gradually occurring loss or any loss which commenced prior to the inception of the Policy
  - ii. the bursting by steam pressure of a boiler, economiser, vessel, machine or apparatus in which internal pressure is due to steam only, and belonging to or under control of the Insured other than
    - in respect of Section 1 – a boiler used for domestic purposes only
    - in respect of Section 2 – any boiler or economiser on the Premises or a boiler used for domestic purposes only
  - iii. pressure waves caused by aircraft or other aerial devices travelling at sonic or supersonic speeds
  - iv. faulty or defective workmanship, operational error, or omission on the part of the Insured or any of their employees
  - v. corrosion, rust, wet or dry rot, mould, shrinkage, evaporation, loss of weight, dampness, dryness, marring, scratching, vermin or insects
  - vi. change in temperature, colour, flavour, texture or finish
  - vii. theft or attempted theft
    - which does not involve entry to or exit from a building by forcible and violent means
    - to property in the open or in open fronted buildings
    - expedited or in any way brought about by the Insured or any of the Insured's directors or employees
  - viii. joint leakage, nipple leakage, failure of welds, cracking, fracturing, collapse or overheating of boilers, economisers, superheaters, pressure vessels, or any range of steam and feed piping and tubing in connection therewith
  - ix. mechanical or electrical breakdown or derangement in respect of the particular machine apparatus or equipment in which such breakdown or derangement originates
  - x. in respect of Business Interruption only - the deliberate act of a supply undertaking in withholding the supply of water gas electricity fuel or telecommunications services  
but this shall not exclude subsequent Damage or Business Interruption which results from a cause not otherwise excluded
- b. Damage or Business Interruption caused by or consisting of solidification of the contents of molten material holding and/ or conveyance units and or appurtenances, unless resulting from a Named Peril, and only insofar as such Damage or Business Interruption is not otherwise excluded
- c. Damage or resulting Business Interruption
- i. to any item of property caused by fire resulting from its undergoing any heating process or process involving the application of heat

- ii. to any item of property (other than by fire or explosion) resulting from its undergoing any process of production, packing, treatment, testing, commissioning services or repair or misapplication of tools
- but this shall not exclude subsequent Damage or Business Interruption which results therefrom
- d. Damage or resulting Business Interruption to that part of any electrical machinery, plant or apparatus directly caused by its own over-running, short-circuiting, excessive pressure, self-ignition or self-heating, but if fire extends to and causes damage to any other part of the plant or appliances or other Property Insured, such ensuing Damage is not excluded by the Policy
  - e. Damage or Business Interruption caused by or consisting of
    - i. acts of fraud or dishonesty by the Insured's employees
    - ii. loss of market or delay (unless as a result of Damage insured by this Policy), unexplained or mysterious disappearance or inventory shortage, or loss due to bookkeeping, accounting or billing errors or omissions
  - f. in respect of Section 1
    - i. Damage caused by pollution or contamination, but this shall not exclude destruction of or damage to Property Insured not otherwise excluded caused by
      - pollution or contamination which itself results from a Named Peril
      - any Named Peril which itself results from pollution or contamination
- in respect of Section 2
- ii. loss resulting from pollution or contamination, but this shall not exclude loss resulting from Damage to property used by the Insured at the Premises for the purpose of the Business not otherwise excluded caused by
    - pollution or contamination which itself results from a Named Peril
    - any Named Peril which itself results from pollution or contamination
- g. Damage or Business Interruption caused by or consisting of
    - i. asbestos material removal, unless the asbestos is itself damaged by a Named Peril
    - ii. demolition or increased cost of reconstruction, repair, debris removal or loss of use, necessitated by the enforcement of any law or ordinance regulating asbestos material
    - iii. any governmental direction or request declaring that asbestos material present in, or part of, or utilised on, any undamaged portion of the Property Insured can no longer be used for the purpose for which it was intended or installed, and must be removed or modified
  - h. Damage or Business Interruption caused by or consisting of earthquake, subsidence, heave, landslip, collapse, cracking, shrinkage or settlement of buildings, including foundations, walls, floors, ceilings, pavements or any part thereof
  - i. Damage or Business Interruption caused by or consisting of destruction of, or damage to, a building or structure used by the Insured at the Premises caused by its own collapse or cracking, unless resulting from a Named Peril and only insofar as such Damage or Business Interruption is not otherwise excluded
  - j. Damage or Business Interruption in respect of moveable property in the open, fences, and gates, caused by wind, rain, hail, sleet, snow, flood, or dust

- k. Damage or Business Interruption, or any other loss or expense whatsoever resulting or arising therefrom, directly or indirectly caused by, or contributed to by, or arising from:
- i. ionising radiation, or contamination by radioactivity, from any nuclear fuel or from any nuclear waste resulting from the combustion of nuclear fuel
  - ii. the radioactive, toxic, explosive or other hazardous properties of any explosive nuclear assembly, or nuclear component thereof
- l. Damage or Business Interruption or any other loss, damage, cost or expense of whatsoever nature directly or indirectly caused by resulting from, or occasioned by, war, invasion, acts of foreign enemies, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, or military or usurped power, nationalisation, confiscation, requisition, seizure or destruction by any government or public authority
- m. Damage or Business Interruption or any other loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any act of terrorism regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

For the purpose of this exclusion an act of terrorism means an act, including but not limited to the use of force or violence and/or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organisation(s) or government(s), committed for political, religious, ideological or similar purposes including the intention to influence any government and/or to put the public, or any section of the public, in fear.

This exclusion also excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to any act of terrorism.

If the Company alleges that by reason of this exclusion, any loss damage cost or expense is not covered by this insurance, the burden of proving the contrary shall be upon the Insured

In the event that any portion of this exclusion is found to be invalid or unenforceable, the remainder shall remain in full force and effect

### 3.2.2 Furthermore:

---

- a. This Policy does not insure loss, damage, destruction, distortion, erasure, corruption or alteration of Electronic Data from any cause whatsoever (including but not limited to Computer Virus) or loss of use, reduction in functionality, cost, or expense of whatsoever nature resulting therefrom, regardless of any other cause or event contributing concurrently or in any other sequence to the loss
- b. However, in the event that a peril listed below results from any of the matters described in paragraph (a) above, this Policy (subject to all its other terms and conditions) will cover Damage occurring during the Period of Insurance to Property Insured by this Policy directly caused by such listed peril:

Listed Perils:

- Fire
- Explosion

## 4 Clauses applicable to Section 1

---

### 4.1 Average (Under-Insurance)

---

Whenever a sum insured is declared to be subject to Average, and if such sum shall at the commencement of any Damage be less than the value of the property covered within such sum insured, the amount payable by the Company in respect of such Damage shall be proportionately reduced in accordance with the Average provision that applies to that Item of property.

Indemnity under this Policy shall be based upon the market value of the property prevailing at the time of loss.

- 1) If the market value of the damaged property is lower than the sum insured of such property, the claim shall be settled on its market value;
- 2) If the market value of the property is in excess of the sum insured, the Company shall only be liable for the proportion of the claim as the sum insured of the damaged property to its market value;
- 3) If the insured property covered under this Policy is more than one item, the provision of this clause shall apply to each thereof.

### 4.2 Reinstatement and Basis of Settlement

---

Notwithstanding clause 4.1 above, in the event of the Property Insured under this Section being destroyed or damaged, the basis upon which the amount payable under this Section is to be calculated shall be the reinstatement of the destroyed or damaged Property Insured, subject to the following special provisions and subject also to the terms and conditions of the Policy:

For the purpose of this clause "Reinstatement" shall mean either

- a. Where Property Insured is destroyed, the rebuilding of the property if a Building, or in the case of other property, its replacement by similar property, in either case in a condition equal to, but not better or more extensive than, its condition when new
- b. Where Property Insured is damaged, the repair of the damage and the restoration of the damaged portion of the property to a condition substantially the same as, but not better or more extensive than, its condition when new.

#### 4.2.1 Special Provisions

---

- a. **Timeliness**  
It is a Condition of this Policy that the Insured shall procure that reinstatement of damaged or destroyed Property Insured shall commence and/ or proceed without unreasonable delay.
- b. **Alternative Sites**  
The work of Reinstatement may be carried out on another site from that where the destroyed or damaged Property Insured was originally located and in any manner suitable to the requirements of the Insured. However, the liability of the Company under the Policy shall not thereby be increased.
- c. **Partial Damage**  
When any Property Insured is damaged in part only, the liability of the Company shall not exceed the sum representing the cost which the Company could have been called upon to pay for Reinstatement, if such Property Insured had been wholly destroyed.

**d. Condition Precedent to Liability**

No costs of reinstatement shall be payable under this Policy until such costs have been incurred by the Insured.

**e. Average**

Each Sum Insured stated in the Asset Schedule in respect of Buildings and Contents is declared to be separately subject to the following condition of Average, namely:  
If, at the time of Reinstatement of any Property Insured, the sum insured in respect of such Property at the commencement of the covered peril causing Damage represents less than eighty-five percent of the cost which would have been incurred in Reinstatement if the whole of the item of Property Insured had been destroyed or damaged, then the Insured shall be considered as being his own insurer for the difference between the sum insured and the cost of Reinstatement of the whole of the Property Insured, and shall bear a rateable proportion of the loss accordingly.

**f. Other Insurance**

If, at the time of any Damage to any Property Insured, such Property Insured shall be covered by any other insurance effected by or on behalf of the Insured, the Company's liability under this Policy shall not exceed that sum which would have been payable, had the reinstatement provisions of such other policy been identical to those of this Policy.

**g. Stock**

Reinstatement of Stock and all other items of Property Insured except Buildings and Contents and other items of Property Insured which are not otherwise specified, shall be on the basis of the cost of replacement of lost, destroyed or damaged Stock or other Property Insured by similar property as new.

**h. Undelivered Goods**

Reinstatement of Goods sold but not delivered for which the Insured is responsible and which are subject to a sale contract which, following Damage is cancelled by reason of the condition of the Goods, shall be on the basis of the contract price for the Goods.

**i. Documents**

Reinstatement of documents, manuscripts, business books, plans and designs and other paper based records shall be on the basis of the cost of the blank media to be reinstated and the cost of clerical labour expended in transferring the information upon the damaged or destroyed documents onto such media where the information to be transcribed exists and is available for such purpose, but this Policy shall not cover the costs of reproducing or renewing the information contained in such records, nor the value of the information to the Insured.

**j. Patterns Moulds and Dies**

Reinstatement of patterns, moulds and dies shall be the cost of the raw materials together with the cost of rewriting or reproducing same, and not for their value to the Insured.

**k. Electronic Data Processing Media**

Reinstatement of electronic data processing media shall be the cost of the blank media plus the costs of copying the Electronic Data from back-up or originals of a previous generation. These costs will not include research and engineering, nor any costs of recreating, gathering or assembling such Electronic Data. If the media is not repaired, replaced or restored, the basis of valuation shall be the cost of the blank media. However this Policy does not insure any amount pertaining to the value of such Electronic Data to the Insured or any other party, even if such Electronic Data cannot be recreated, gathered or assembled.

### 4.3 Public Authorities

---

The insurance provided by this Section shall include such additional costs of Reinstatement of destroyed or damaged Property Insured as may be incurred solely by reason of the necessity to comply with the minimum requirements of building or other similar laws, regulations or bye-laws governing the construction or use of buildings, but excluding:

- a. the cost incurred in complying with any of the aforesaid laws, regulations or bye-laws:
  - i. in respect of Damage occurring prior to the commencement of the Period of Insurance;
  - ii. in respect of Damage not insured by the Policy;
  - iii. under which notice has been served upon the Insured prior to the commencement of the Damage;
  - iv. in respect of undamaged Property Insured or undamaged portions of Property Insured other than the foundations (unless specifically excluded) of that portion of the Property Insured that is destroyed or damaged
- b. the additional cost that would have been required to make good the destroyed or damaged Property Insured lost, destroyed or damaged to a condition equal to its condition when new, had the necessity to comply with any of the aforesaid laws, regulations or bye-laws not arisen
- c. the amount of any charge or assessment arising out of capital appreciation which may be payable in respect of the Property Insured or by the owner thereof by reason of compliance with any of the aforesaid laws, regulations or bye-laws.

#### 4.3.1 Undamaged Portions

---

Notwithstanding paragraph a. iv. above, the cover under this clause shall include the additional cost of Reinstatement in respect of undamaged portions of the Property Insured, provided that:

- a. The Company shall not be liable for such additional cost in respect of any Building or Contents which has not sustained Damage covered under the Policy
- b. the amount recoverable shall not exceed the lesser of
  - i. in respect of undamaged portions of property (other than foundations), 15% of the total amount for which the Company would have been liable, had the building or item of contents been totally destroyed
  - ii. in respect of any one Item of the Section, the relative Sum Insured

#### 4.3.2 Special Conditions

---

- a. If the liability of the Company is proportionately reduced by the application of any of the terms of this Section, then the liability of the Company under this clause shall be reduced in the same proportion.
- b. The liability of the Company for Reinstatement shall not exceed the Limit of Liability in the Schedule.

### 4.4 Professional Fees

---

The insurance provided by this Section shall include the cost of Architects, Consulting Engineers, Legal and other Professional Fees reasonably and necessarily incurred by the Insured in the Reinstatement of Property Insured (other than Stock) following Damage, but not for preparing any

claim under this Policy. The liability of the Company under this clause shall not exceed the Sub-Limit stated in the Schedule.

#### **4.5 Removal of Debris**

---

The insurance provided by this Section shall include costs and expenses necessarily and reasonably incurred by the Insured with the prior consent of the Company in:

- a. removing debris
- b. dismantling and demolishing
- c. shoring up or propping

of the portion or portions of the Property Insured that has sustained Damage covered under the Policy.

The Company will not pay for any costs or expenses:

- a. incurred in removing debris except from the site of such property lost, destroyed or damaged, and the area immediately adjacent to such site
- b. directly or indirectly arising from pollution or contamination of property not insured by this Policy.

The liability of the Company under this clause shall not exceed the Sub-Limit stated in the Schedule.

#### **4.6 Capital Additions**

---

The insurance provided by this Section includes, insofar as the same are not otherwise insured:

- a. any newly erected buildings, machinery and plant, and
- b. alterations, additions and improvements to buildings, machinery and plant

anywhere at the Premises referred to in the Asset Schedule.

The liability of the Company under this clause shall not exceed the Sub-Limit stated in the Schedule.

#### **4.7 Extinguishment Expenses**

---

The insurance provided by this Section includes the cost of refilling any fire extinguishing appliances and replacing used sprinkler heads, and any Fire Brigade charges or other extinguishment expenses for which the Insured may be liable, as have reasonably been incurred by the Insured solely as a result of covered Damage to the Property Insured. The liability of the Company under this clause shall not exceed the Sub-Limit stated in the Schedule.

#### **4.8 Inadvertent Omissions**

---

The insurance provided by this Section includes property in respect of which insurance has, by inadvertent omission, not been effected.

The Policy Holder undertakes as soon as any inadvertent omission comes to their knowledge to notify the Company in order to effect the appropriate additional insurance retrospective to the date when insurance for the property became necessary. The insurance provided under this clause shall not apply in respect of

- a. property of companies not previously declared to and accepted by the Company

or

- b. property of companies operating in territories not previously declared to and accepted by the Company.

This clause shall not operate to restrict or otherwise affect the Insured's duties of disclosure nor the Company's remedies in respect of breach of such duties. The liability of the Company under this clause shall not exceed the Sub-Limit stated in the Schedule.

#### **4.9 Temporary Removal**

---

- a. This Section shall include Property Insured while temporarily removed from the Premises for cleaning, renovation, repair or similar purposes during inland transit anywhere within the Territorial Limits.
- b. This Temporary Removal clause does not apply to Stock or to motor vehicles licensed for road use nor to property insofar as it is otherwise insured.

The liability of the Company under this clause shall not exceed the Sub-Limit stated in the Schedule.

#### **4.10 Temporary Removal (Documents)**

---

The insurance provided by this Section shall include documents falling within the definition of Contents while temporarily removed from the Premises during inland transit anywhere within the Territorial Limits. This clause will cover the cost of new blank media and the cost of clerical labour expended in transcribing onto such media the information upon the documents where the information to be transcribed exists and is available for such purpose, but this Policy shall not cover the costs of reproducing or renewing the information contained in such documents, nor the value of the information to the Insured.

The liability of the Company under this clause shall not exceed the Sub-Limit stated in the Schedule.

#### **4.11 Brands or Trademarks**

---

In case of Damage to Goods bearing a brand or trademark, or where the sale of such Goods carries or implies a guarantee of the supplier, manufacturer or Insured, the salvage value of such damaged Goods shall be determined after the removal in the customary manner by the Insured, and at the Insured's cost, of all brands, trademarks or other identifying characteristics. Any expenses to re-label the Goods or their containers in compliance with the requirements of law are payable by the Insured. On containers for Goods where the brands or trademarks cannot be removed, the Goods shall be transferred to plain containers. The Insured shall have full right to the possession of all Goods involved in any loss under this Policy, and shall retain control of all damaged Goods. The Insured, exercising reasonable discretion, shall be the sole judge as to whether the Goods involved in any loss under this Policy are fit for consumption or use, and no Goods so deemed by the Insured to be unfit for consumption or use shall be sold or otherwise disposed of except by the Insured or with the Insured's consent, but the Insured shall allow the Company any salvage obtained by the Insured on any sale or other disposition of such Goods.

#### **4.12 Customers' Goods**

---

The Insured having agreed in writing with their customers that they will accept responsibility for loss or damage to goods the property of such customers (whether manufactured by the Insured or not) upon which work is to be, is being, or has been done on behalf of customers by the Insured, or which has been left with the Insured for storage or despatch, or otherwise temporarily in the



Insured's custody, it is agreed that (unless they are more specifically insured, and provided that the Insured shall have made due allowance for customers' goods in the values declared to the Company) all such goods shall be insured by this Policy as Stock.

#### **4.13 Workmen**

---

Workmen, joiners and other tradesmen may be employed to effect repairs or minor structural alterations in the Premises without prejudice to this insurance.

#### **4.14 Contracting Purchaser's Interest**

---

If at the time of Damage the Insured has contracted to sell their interest in any Building insured under this Policy, and the purchase has not been, but is subsequently, completed, the purchaser on completion of the purchase (if and insofar as the property is not otherwise insured against such Damage by them or on their behalf) shall be entitled to recovery under this Policy as if the purchaser was an Insured, without prejudice to the rights and liabilities of the Insured or the Company.

#### **4.15 Other Interests**

---

Various parties may be interested in the Property Insured either by way of ownership, lease or hire, such interests being noted, and the Insured shall declare the names, nature and extent of such interests at the time of Damage. This clause does not confer rights under this Policy on such parties.

#### **4.16 Designation**

---

For the purpose of determining the heading under which any property is insured, the Company agrees to accept the reasonable designation under which such property has been entered in the Insured's records.

#### **4.17 Exhibitions**

---

The insurance provided by this section shall include

- a. the Insured's property at exhibition sites anywhere within the territorial limits
- b. the Insured's property in transit between the Premises and any exhibition site.

The liability of the Company under this clause shall not exceed the Sub-Limit stated in the Schedule.

#### **4.18 Miscellaneous Unnamed Locations**

---

The insurance provided by this Section includes Damage to Property Insured whilst

- a. at miscellaneous unnamed locations and Premises of the Insured
- b. at locations and premises of customers, suppliers, sub-contractors and agents
- c. at third party storage locations and premises

all within the Territorial Limits stated in the Schedule. This clause shall not operate to restrict or otherwise affect the Insured's duties of disclosure nor the Company's remedies in respect of breach of such duties.

XL Insurance (China) Company Limited,  
Unit 3305B, 33<sup>rd</sup> Floor, China Fortune Tower, 1568 Century Avenue, Pudong District,  
Shanghai 200122, People's Republic of China  
Policy Name: Property Damage & Business Interruption  
Policy Number:

**Cover under this clause excludes Earthquake Storm and Flood. The liability of the Company under this clause shall not exceed the Sub-Limit stated in the Schedule.**

SAMPLE

## **5 General Provisions applicable to Section 2**

---

If during the Period of Insurance Property Insured shall sustain Damage, and in consequence of the Damage:

- a. Business of the Insured at the Premises where Property Insured has sustained such Damage is interrupted or interfered with; and/ or
- b. Business of the particular Insured owning, occupying or responsible for the Property Insured sustaining Damage is interrupted or interfered with;

the Company will, subject to the Limit of Liability stated in the Schedule, indemnify the Insured in respect of loss of:

- Gross Profit
- Additional Increase in Cost of Working
- Book Debts/Accounts Receivable

sustained during the Indemnity Period and directly resulting from such interruption or interference of the Insured's Business.

### **5.1 Items Covered**

---

#### **5.1.1 Gross Profit (Item 1)**

---

The insurance under this chapter is limited to loss of Gross Profit due to **a. Reduction in Turnover** and **b. Increase in Cost of Working**, and the amount payable as indemnity under this Policy shall be

- a. In respect of reduction in Turnover: the sum produced by applying the Rate of Gross Profit to the amount by which the Turnover during the Indemnity Period (less the Turnover for the period of any salvage sale connected with the Damage, whether occurring during the Indemnity Period or subsequently) shall in consequence of the Damage fall short of the Standard Turnover, from which sum shall be deducted the Gross Profit actually earned from the salvage sale.
- b. in respect of Increase in Cost of Working: the additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the reduction in Turnover which, but for that expenditure, would have taken place during the Indemnity Period in consequence of the Damage, but not exceeding the sum produced by applying the Rate of Gross Profit to the amount of the reduction thereby avoided;

less any sum saved during the Indemnity Period in consequence of the Damage in respect of such of the charges and expenses of the Business payable out of Gross Profit.

#### **5.1.2 Additional Increase in Cost of Working (Item 2)**

---

The insurance under this chapter is limited to the Additional Increase in Cost of Working (in excess of the amount payable under chapter 5.1.1 paragraph b.) necessarily incurred during the Indemnity Period in consequence of the Damage for the sole purpose of avoiding or diminishing a reduction in turnover, or resuming or maintaining normal business operations.

### 5.1.3 Book Debts / Accounts Receivable (Item 3)

---

The insurance under this chapter is limited to the loss sustained by the Insured in respect of Outstanding Debit Balances directly due to Damage as specifically defined below, and the amount payable in respect of any one occurrence 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 previous consent of the Company in tracing and establishing customers' debit balances after the Damage

Notwithstanding anything contained in the Exclusions to the contrary, in the event of the Insured's books of account or other business books or records whilst

- a. at the Premises or
- b. temporarily removed to premises occupied by persons acting on behalf of the Insured or
- c. in transit

being lost, destroyed or damaged by any accidental cause, theft, or any attempted theft not excluded in the Special Conditions applicable to Section 2 below, and the Insured as a result being unable to trace or establish the Outstanding Debit Balances in whole or in part due to them, the Company will pay to the Insured its loss sustained as a result.

For the purposes of this Book Debts / Accounts Receivable coverage only, "Damage" shall mean loss, destruction or damage caused by any accidental cause, theft or attempted theft.

## **6 General Definitions applicable to Section 2**

---

### **6.1 Gross Profit**

---

The amount by which

- a. the sum of the amount of the Turnover and the amounts of the closing stock and work in progress

shall exceed

- b. the sum of the amounts of the opening stock and work in progress and the amount of the Uninsured Working Expenses.

Notes

- The amounts of the opening and closing stocks and work in progress shall be arrived at in accordance with the Insured's normal accountancy methods, due provision being made for depreciation.
- The words and expressions used in this definition shall have the meaning usually and reasonably attached to them in the books and account of the Insured.

### **6.2 Turnover**

---

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

### **6.3 Indemnity Period**

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The period beginning with the Occurrence and ending not later than the last day of the Maximum Indemnity Period during which the results of the Business shall be affected.

### **6.4 Maximum Indemnity Period**

---

See Schedule

### **6.5 Uninsured Working Expenses**

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100% of purchases less discounts received;  
100% of discounts allowed;  
100% of carriage packing and freight; and  
100% of bad debts.

### **6.6 Outstanding Debit Balances**

---

The total amount of the outstanding debit balances in the credit accounts of customers of the Business at the time of the Damage, adjusted for bad debts.

**6.7 Rate of Gross Profit, Annual Turnover, Standard Turnover**

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**Rate of Gross Profit**

The rate of Gross Profit earned on the Turnover during the financial year immediately before the date of the Damage.

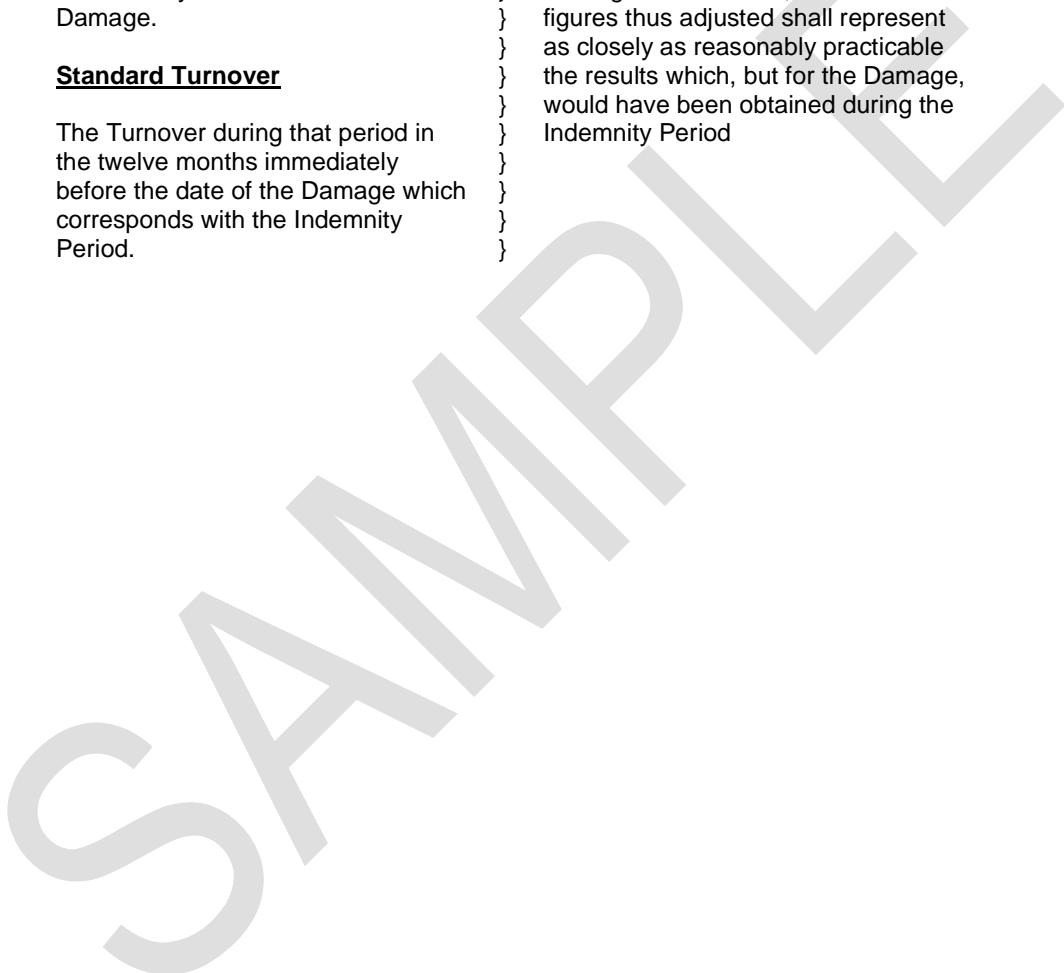
**Annual Turnover**

The Turnover during twelve months immediately before the date of Damage.

**Standard Turnover**

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

}  
}  
}  
} to which such adjustments shall be  
} made as necessary to provide for the  
} trend of the Business and for  
} variations in, or other circumstances  
} affecting, the Business either before  
} or after the Damage, or which would  
} have affected the Business had the  
} Damage not occurred, so that the  
} figures thus adjusted shall represent  
} as closely as reasonably practicable  
} the results which, but for the Damage,  
} would have been obtained during the  
} Indemnity Period  
}



## **7 Special Conditions applicable to Section 2**

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### **7.1 Recording of Outstanding Debit Balances**

---

The Insured shall keep a record at the end of each month of the total amount outstanding in the credit accounts of the Business as set out in the Insureds accounts, and in the event of Damage giving rise to a claim, shall supply such record to the Company and that the record shall be kept in another building to which the original records are kept.

### **7.2 Exclusions applicable to paragraph 5.1.3**

---

Loss resulting from:

- a. books or records being mislaid or misfiled
- b. erasure or distortion of information on computer systems or other records
  - i. due to the presence of magnetic flux, unless such flux results from lightning
  - ii. whilst mounted in or on any machine or data processing apparatus, unless caused by Damage to said machine or apparatus
  - iii. due to defects in such records
- c. deliberate falsification of business records
- d. loss or damage by theft to business records occasioned by any infidelity or dishonesty on the part of any director or employee of the Insured

## 8 Special Clauses applicable to Section 2

---

Subject to all other terms of this Policy, loss resulting from interruption of or interference with the Insured's Business in consequence of physical loss or physical damage of the type insured by this Policy at the property described below which is within the Territorial Limits shall be deemed to be loss resulting from Damage to Property Insured used by the Insured at the Premises, provided that the Company's liability under this Clause in respect of any one Occurrence shall not exceed the Sub-Limit stated in the Schedule.

### 8.1 Unspecified Suppliers

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Property at the premises of any of the Insured's unspecified suppliers, manufacturers or processors of components, goods or materials (excluding the supply entities for gas, electricity, water and telecommunications services). Cover excludes Earthquake, Storm, and Flood. This clause shall not operate to restrict or otherwise affect the Insured's duties of disclosure, nor the Company's remedies in respect of breach of such duties.

### 8.2 Unspecified Customers

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Property at the premises of any of the Insured's unspecified customers. Cover excludes Earthquake, Storm and Flood. This clause shall not operate to restrict or otherwise affect the Insured's duties of disclosure, nor the Company's remedies in respect of breach of such duties.

### 8.3 Transit

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Property of the Insured whilst in transit by road, rail or inland waterway.

### 8.4 Utilities

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Property at any:

- a. Generating station or sub-station of an electricity supply company;
  - b. Land based premises of a gas supply undertaking, or of any directly linked natural gas producer;
  - c. Water works and pumping stations of a water supply undertaking;
- from which the Insured obtains electricity gas water services.

Cover excludes:

- Earthquake, Storm and Flood

### 8.5 Storage

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Any premises not specified in the Asset Schedule at which the Insured's property is stored.



## **8.6 Denial of Access**

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Property within XX mile of the Insured's Premises to which Damage shall prevent or hinder the use of or access to the Premises, provided that the Company shall not be liable under this Clause for:

- a. loss arising from any cause within the control of the Insured;
- b. any incident involving prevention or hindrance of access or use of less than XX hours duration;
- c. Loss arising from Damage occurring at the premises of the Insured's Suppliers, Customers and Utilities

For the purpose of this Clause only, the Maximum Indemnity Period shall not exceed XX months.

## **8.7 Rent Receivable**

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The insurance by this Policy shall include the loss of rental income sustained by the Insured during the Indemnity Period directly resulting from Damage to Property Insured which is being rented to tenants, including:

- a. the rental income reasonably expected from rentals of unoccupied or unrented portions of the Property Insured;
- b. the rental income from the rented portions of such property according to bona fide leases contracts or agreements in force at the time of loss

but not including non-continuing charges and expenses.

## **8.8 Royalties**

---

The insurance by this Policy shall include the loss of income to the Insured under royalty licensing fees or commission agreements between the Insured and another party which is not realisable due to Damage by any of the perils insured under this Policy during the Period of Insurance to property of the other party. Such other party shall be located anywhere in the Territorial Limits. But such party shall not be an Insured under this Policy.

If such loss occurs during the Period of Insurance, it shall be adjusted on the basis of the Gross Profit which would have been earned, had no loss occurred.

It is a Condition of this Policy that the Insured shall influence to the extent possible the party with whom the agreement described above has been made to use any other machinery, supplies or locations in order to resume business so as to reduce the amount of loss, and the Insured shall co-operate with that party to effect this in every way except financially, unless such expenditures has been expressly authorised by the Company.

In determining the amount of income derived from the agreement(s) described above for the purposes of ascertaining the amount of loss sustained, due consideration shall be given to the amount of income derived from such agreement(s) before the date of Damage, and to the probable amount of income after such date had no loss occurred.

## **9 Clauses applicable to Section 2**

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### **9.1 Alternative Trading**

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If during the Indemnity Period Goods shall be sold, or services rendered, elsewhere than at the Premises for the benefit of the Business either by the Insured or by others on their behalf, the money paid or payable in respect of such sales or services shall be brought into account in arriving at the Turnover during the Indemnity Period.

### **9.2 Inter-Group Dependency**

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Subject to the terms of Section 2 and the Policy, Loss of the Named Insured or Subsidiary Companies of Gross Profit, Additional Increase in Cost of Working, or Book Debts/Accounts Receivable, sustained during the Indemnity Period caused by interruption or interference with the Business of any of the Named Insured's and Subsidiary Companies' operations directly resulting from Damage to Property Insured at the Premises of any other of the Named Insured's and Subsidiary Companies' operations within the Territorial Limits, is insured by this Policy.

The Liability of the Company under this clause in respect of any one Occurrence shall not exceed the Sub-Limit stated in the Schedule.

### **9.3 Departmental**

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If the Business is conducted in departments, the trading results of which are independently ascertainable, the provisions of sub-clauses **a.** and **b.** of the Gross Profit clause (5.1) above shall apply separately to each department affected by the Damage.

### **9.4 Professional Accountants**

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Any particulars or details contained in the Insured's books of account or other business books or documents which may be required by the Company under Claims condition (11.1) of this Policy for the purpose of investigating or verifying any claim under this Policy may be produced by professional accountants if at the time they are regularly acting as such for the Insured, and their report shall be prima facie evidence of the particulars and details to which such report relates. The Company will pay to the Insured the reasonable charges payable by the Insured to their professional accountants for producing such particulars or details or any other proofs, information or evidence as may be required by the Company under the terms of Claims condition (11.1) of this Policy, and reporting that such particulars or details are in accordance with the Insured's books of account or other business books or documents, provided that the sum of the amount payable under this clause and the amount otherwise payable under the Policy shall in no case exceed the Limit of Liability of the Company as stated.

### **9.5 Value Added Tax**

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To the extent that the Insured is accountable to the tax authorities for Value Added Tax, all items in Section 2 of the Policy shall be exclusive of such tax.

## **9.6 Accumulated Stocks**

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In adjusting any loss, account shall be taken and an equitable allowance made if any reduction in Turnover due to the Damage is postponed by reason of the Turnover being temporarily maintained from accumulated stocks of finished goods in warehouses or depots.

## **9.7 Uninsured Standing Charges**

---

If any standing charges of the Business are not insured by this insurance (having been deducted in arriving at the Gross Profit as defined above) then in computing the amount recoverable as Increase in Cost of Working, that proportion only of any additional expenditure shall be brought into account which the Gross Profit bears to the sum of the Gross Profit and the uninsured standing charges.

## **9.8 Condition Precedent: Insured Property Damage**

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The following are conditions precedent to the Company's liability to the Insured under Section 2:

- a. At the commencement of the Damage causing the loss in respect of which the Insured claims under Section 2, there must have been in force an insurance covering the interest of the Insured in the property at the Premises against such Damage;
- b. payment must have been made, or liability admitted, for such Damage under such insurance, or would have been made or admitted but for the operation of a proviso excluding liability for losses below a specified amount.

## 10 General Conditions applicable to the Policy

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### 10.1 Deductible

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In each case of Damage or Business Interruption loss covered by this Policy, the Company shall not be liable unless the Insured sustains Damage or loss in a single Occurrence greater than any applicable deductible provided for in this Policy, and then only for their share of that greater amount. When this Policy covers more than one Premises, the deductible shall apply against the total Damage or loss covered by this Policy in any one Occurrence. If two or more deductible amounts provided in this Policy apply to a single Occurrence, the total to be deducted shall not exceed the largest deductible applicable unless otherwise provided in this Policy.

### 10.2 Currency

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Non-programme currencies in respect of first and renewal premiums and adjustment premiums shall be converted into Enter Programme Currency at the rate of exchange applying at 4:00 p.m. Eastern Standard Time (EST) on the effective date of cover or adjustment, and losses, limits and deductibles shall be converted at Enter Programme Currency rate of exchange ruling at 4:00 p.m. EST on the date of settlement of the loss. The rates of exchange shall be those mid-price inter-bank exchange rates shown in [www.oanda.com](http://www.oanda.com) on the applicable date, or its first subsequent publication.

### 10.3 Policy Holder's Duty of Disclosure

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Where the Company makes any inquiry about the insured subject matter or the Insured when concluding this Policy, the Policy Holder must truthfully disclose.

Where the Policy Holder deliberately or grossly negligently fails to perform the obligation of truthful disclosure so as to affect the Company's decision on whether or not to accept the risk of the insurance or to raise the insurance premium rate, the Company shall have the right to rescind the Policy.

The Company's right to rescind the Policy as prescribed above will lapse if not exercised within 30 days from the day when the Company knows the cause of rescission. After two years from the day when the Policy is concluded, the Company must not rescind the Policy; where an insured incident occurs, the Company shall be liable for the loss.

Where the Policy Holder deliberately fails to perform the duty of truthful disclosure, the Company shall not be liable for the loss which occurs before the Policy is rescinded, and shall not refund the insurance premiums.

Where the Insured fails to perform the obligation of truthful disclosure due to gross negligence, which has a material impact on the occurrence of an insured incident, the Company shall not be liable for the loss which occurs before the Policy is rescinded, but must refund the collected insurance premiums to the Policy Holder after deducting the part of premium for the period from the date of Policy rescission to the expiry date of this Policy.

If the Company was already aware the fact that the Policy Holder failed to truthfully disclose when the Policy was concluded, the Company shall not rescind the Policy and shall be liable for the loss covered by this Policy.

#### **10.4 Subrogation and Subrogation Waiver**

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The Company may require from the Insured an assignment or acknowledgment of subrogation of all rights of recovery against any liable party for loss, to the extent that payment for such loss has been made by the Company. The Insured shall do nothing before or after a loss to prejudice the subrogation rights of the Company. In event of an Occurrence and before the Company makes claim payment, the Insured waives the right of recovery against such liable party, the Company shall not be liable for the loss. Where the Insured waives the right to recovery against such liable party without the consent of the Company after the Company makes claim payment to the Insured, the waiver shall be null and void. Where the Insured, deliberately or for gross negligence, causes the Company to be unable to exercise the subrogation right, the Company may deduct or require the Insured to refund what the Company has paid out.

In the event that the Insured has been indemnified by such liable party after an Occurrence, the Company may, when making claim payment, deduct the corresponding amount which the Insured has been indemnified by such liable party. Any recovery as a result of subrogation proceedings arising out of an Occurrence after expense incurred in such subrogation proceedings are deducted shall be divided between each party instituting such proceedings in the same proportion as each such party has borne the provable loss. However the Company agrees to waive any rights, remedies or relief to which it might become entitled by subrogation against:

- a. any company standing in the relation of Parent to Subsidiary or Subsidiary to Parent to the Named Insured or any Subsidiary at the time of the Damage;
- b. any company which is a Subsidiary of a Parent Company of which the Named Insured or any Subsidiary are themselves a Subsidiary at the time of the Damage.

#### **10.5 Contribution (Other Insurance)**

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- a. In respect of Section 1:

If at the time of any Damage there is any other insurance effected by or on behalf of the Insured covering any of the Property Insured the subject of Damage, the liability of the Company shall be limited to its rateable proportion of such Damage.

If any such other insurance is subject to any average (under-insurance) condition, this Policy if not already subject to any such condition of average, shall be subject to average in the same manner.

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

- b. In respect of Section 2:

If at the time of any Damage resulting in loss of Gross Profit 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 Company under this Policy shall be limited to its rateable proportion of such loss.

- c. In case of the occurrence of the insured event, if the Insured's loss can be indemnified under other insurance, the Company shall only be liable for indemnity as per the proportion of the limit of indemnity of this Policy to the total limit of indemnity of other policies and this one.

The Company is not liable for advancement of the indemnity payable by other insurers. If the Company pays more indemnity due to the fact that the Insured fails to make a full and accurate

disclosure of other insurances, the Company has the right to retrieve the overpaid amount from the Insured.

## **10.6 Abandonment**

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There shall be no abandonment to the Company of any property.

## **10.7 Inspection and Records**

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The Company shall be permitted but not obliged to inspect the Property Insured by this Policy at all reasonable times during the Period of Insurance. Neither the Company's right to inspect, nor the fact or conduct of any inspection, nor any report made after such inspection, shall constitute any undertaking on behalf of, or for the benefit of, the Insured or others to determine or warrant that such property is safe. The Company may examine and audit the Insured's books and records at any time during the Period of Insurance and after the termination of the Policy while any claim under this Policy is outstanding insofar as such audit relates to the subject matter of this insurance.

## **10.8 Alteration**

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- a. It shall be a condition precedent to cover under Section 1 of this Policy that, where there has been any material alteration in the risk insured after the commencement of this insurance:
- i. by removal, or
  - ii. whereby the risk of Damage is substantially increased, or
  - iii. whereby the interest of the Insured ceases, except by will or operation of law
- advance written notice of such alteration shall have been given to the Company, and the written consent of the Company obtained.
- b. It shall be a condition precedent to cover under Section 1 of this Policy that, if after the commencement of this insurance
- i. the Business is wound up or carried on by a liquidator or receiver, or permanently discontinued, or
  - ii. the interest of the Insured ceases (other than by death), or
  - iii. any alteration is made either in the Business or at the Premises or Property Insured whereby the risk of Damage or loss of Gross Profit is increased
- advance written notice of such alteration shall have been given to the Company and the written consent of the Company obtained.

In the event that cover under either Section of the Policy is vitiated by the operation of one or more of the above conditions precedent, a proportionate premium in relation to the cover thus vitiated shall be returnable to the Policy Holder.

Where the risk exposure of the insured subject matter significantly increases during the Policy period, the Insured shall notify the Company in a timely manner as agreed upon in the Policy, and the Company may increase the insurance premium or cancel the contract as agreed upon in the Policy. If the Company cancels this Policy, it shall refund the insurance premium to the Policy Holder after deducting the part of premium for the period from the day of inception of insurance liability to the day of Policy cancellation as agreed upon in the Policy.

Where the Insured fails to perform the notification obligation prescribed in the preceding paragraph, the Company shall not be liable to pay for the loss resulting from such significantly increased risk.

### **10.9 Assignment**

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Where the Property insured is assigned, the assignee shall succeed to the rights and obligations of the Insured under this Policy.

The Insured or the assignee shall notify the Company in a timely manner. If the assignment of the Property Insured causes a significant increase in risk exposure, the Company may, within 30 days from the day of receipt of the assignment notice mentioned as above, increase the insurance premium or cancel the Policy as agreed upon in the Policy. If the Company cancels the Policy, it shall refund the collected insurance premium to the Policy Holder after deducting the part of premium for the period from the day of inception of insurance liability to the day of Policy rescission as agreed upon in the Policy.

Where the Insured or assignee fails to perform the notification obligation as mentioned above, the Company shall not be liable to pay for the loss resulting from such significantly increased risk in consequence of assignment.

### **10.10 Reasonable Precautions**

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The Insured shall observe all the PRC laws and regulations in respect of fire prevention, safety, production operation, and labor protection, and any other regulations related therewith, strengthen management, take reasonable precautions to avoid or reduce the occurrence of the insured incident.

The Company may examine the Insured's performance of the condition stipulated in the preceding paragraph and propose written suggestions to the Insured to eliminate risks and latent problems undermining the safety of the subject matter of insurance, which shall be conscientiously implemented by the Insured.

In the event that the Insured fails to fulfil this condition stipulated in this article to take reasonable precautions, the Company has the right to request an increase of the premium or to cancel this Policy.

### **10.11 Non-Invalidation**

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Notwithstanding the provisions of clause 10.8 above, cover under this Policy shall not be vitiated by any act or omission or alteration unknown to or beyond the control of the Insured whereby the risk of Damage is increased, providing that the Insured immediately they become aware of such act, omission or alteration shall give notice to the Company, and the Policy Holder shall pay an additional premium if required.

### **10.12 Policy Observance**

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To the extent permissible by law, and where the context does not otherwise require, the due observance and fulfilment of the terms of this Policy by the Insured insofar as they relate to anything to be done or complied with by the Insured shall be a condition precedent to any liability of the Company to make any payment under this Policy. Where a term is not capable of operating

as a condition precedent by virtue of the operation of this clause, and save where the context otherwise requires, it shall operate as a Condition, breach of which shall entitle the Company to reduce any indemnity payable under this Policy to that sum which would have been payable, had the breach in question not occurred.

#### **10.13 Cancellation of Policy**

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This Policy may be cancelled by or on behalf of the Company by delivering to the Insured, by first class mail or by facsimile at the Policy Holder's address as shown in the Schedule, written notice stating when, not less than 30 days subsequently, the cancellation shall be effective. The mailing or sending of such notice shall be sufficient proof of notice, and this Policy shall terminate at the date and hour specified in the notice.

If this Policy shall be cancelled by or on behalf of the Company, the Company shall retain a pro-rata proportion of the premium, except that if this Policy is on an adjustable basis the Company shall receive the earned premium or the pro rata proportion of any expressly stipulated minimum premium, whichever is the greater. Payment or tender of any unearned premium by the Company shall not be a condition precedent to the effectiveness of cancellation, but such payment shall be made as soon as possible. If the period of limitation relating to the giving of notice is impermissible under any applicable law, such period shall be deemed to be amended so as to be equal to the minimum period of limitation permitted by such law.

#### **10.14 Single Policy and Limits for Multiple Insureds**

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It is hereby noted and agreed that the Company's aggregate liability under the contracts of insurance evidenced or deemed to be evidenced by this Policy shall be the liability so specified in this Policy as applicable to any one such contract, and shall not (save as so unless specified) be varied or deemed varied by virtue of the number or type of Insureds, or claims under this Policy, or by virtue of the issue of separate Policy documents individually naming individual Insureds. Subject otherwise to the terms, conditions and limitations of this Policy.

#### **10.15 Governing Law**

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This Policy shall be governed and construed by the laws of People's Republic of China.

#### **10.16 Treatment of Disputes**

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Any disputes arising from either the interpretation or formation of or in connection with the Policy shall be resolved through negotiations in good faith between the parties hereto. If the dispute cannot be resolved through such negotiations, the dispute shall be submitted to the arbitration institution specified in the schedule. Where no arbitration institution is specified in the schedule or arbitration agreement is reached after disputes, either party hereinto may bring litigation to the court of competent jurisdiction within the People's Republic of China.

#### **10.17 Automatic Acquisitions**

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The Premises shall include any new premises acquired by the Named Insured or premises of Subsidiary Companies acquired by the Named Insured within the Territorial Limits, provided that

- a. the activities carried on shall be of a similar nature to the Named Insured's existing activities, and shall fall within the description of the Business stated in the Schedule
- b. the Named Insured undertakes as soon as practicable and in any event within 90 days to give particulars of such acquisition and to effect specific insurance upon it retrospectively from the date of its acquisition



- c. the Company shall be entitled to charge an appropriate additional premium pro-rata from the date of such acquisition by the Named Insured, and may vary the terms of this Policy in respect of such acquisition
- d. the Company shall not be liable under this Policy if such company or premises is insured by, or would but for the existence of this Policy be insured by, any more specific policy or policies, except in respect of any excess beyond the amount which would have been payable under such other policy or policies had this insurance not been effected.

**Cover excludes:**

- Earthquake, Storm and Flood

The liability of the Company under this Automatic Acquisition Clause shall not exceed the Sub-Limit stated in the Schedule. This clause shall not operate to restrict or otherwise affect the Insured's duties of disclosure nor the Company's remedies in respect of breach of such duties.

### **10.18 Unoccupancy**

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It is a Condition under this Policy that while any of the Premises covered by this Policy are unoccupied they shall be inspected at least once in every 7 days by a responsible adult

Notice in writing shall be given to the Company immediately any buildings become unoccupied, or when an unoccupied building or portion thereof is again occupied and a suitable additional premium paid if required.

### **10.19 72-Hour Clause**

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All Damage

- a. caused by Storm arising out of a single atmospheric disturbance and occurring within a period of 72 consecutive hours or
- b. caused by Flood whether or not driven by wind and occurring within a period of 72 consecutive hours

shall be deemed to have been caused by a single Occurrence. Should any time period referred to above commence prior to and extend beyond the expiry date of this Policy, the Company shall pay all such Storm or Flood losses occurring during such period as if such period fell entirely within the term of this Policy. The Company shall not be liable however for any loss caused by any, Storm or Flood commencing either before the effective date and time, or after the expiration date and time, of this Policy.

### **10.20 Fire Extinguishing Appliances**

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It is a Condition under this Policy that the fire extinguishing appliances shall be maintained in efficient working order at all Premises during the Period of Insurance. However this Policy shall not be invalidated by any defect in any of the said fire extinguishing appliances due to any circumstances unknown to, or beyond the control of, the Insured.

### **10.21 Fire Alarm**

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It is a Condition under this Policy that the Insured shall:

- a. carry out the testing and checking requirements referred to on the completion certificate, and remedy promptly any defect disclosed
- b. carry out the maintenance procedures specified by the manufacturers of the equipment

- c. notify the Company immediately of any disconnection or failure of the automatic fire alarm installation likely to leave any area unprotected for 12 hours or more
- d. record details of all events such as alarm faults, tests, maintenance and disconnections, and keep such details available for examination by the Company's representatives.

Subject to the observance of the above undertaking, this insurance shall not be invalidated by any defect in the installation(s) due to any circumstances unknown to or beyond the control of the Insured.

## **10.22 Security**

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In respect of loss or damage due to or arising from theft it is a Condition under this Policy that any Intruder Alarm System installed in any part of the site shall be

- a. kept in full working order and maintained under a maintenance contract with the installing company, or as agreed with the Company
- b. tested and set in its entirety whenever such part or parts of the site are unoccupied or are not attended by any person authorised by the Insured to be responsible for the Security of the site

and that the Company shall be notified immediately:

- d. if the Insured receives notification from a Police Authority that they may be withdrawing police response to alarm calls
- e. of failure of the telecommunication lines used to transmit the alarm signal from the site.

Subject to the observance of the above undertaking, this insurance shall not be invalidated by any defect in any of the said appliances due to any circumstances unknown to, or beyond the control of, the Insured.

## **10.23 Automatic Sprinkler Installations**

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They shall be Conditions under this Policy that the Insured shall:

- a. make a test every working day for the purpose of ascertaining the condition of the circuit between the alarm switch and the control unit (except where it is continuously monitored, or is such that one break of wires will not prevent an alarm signal being transmitted, e.g. a ring circuit)
- b. if there is any direct connection with an alarm depot etc
  - i. make a test at least once a week for the purpose of ascertaining the condition of
    - the connection with the public fire station central fire alarm depot or public brigade control (unless the Fire Brigade have given a written undertaking to carry out this test)
    - the relevant batteries

Note – where the circuit concerned is not continuously monitored, test i. must be made every working day.
  - ii. have a contract with approved installing engineers providing for the maintenance and half-yearly inspection of the system referred to in i. above, and to obtain from them following each inspection certification that it is in satisfactory working order
- c. make a test every week for the purpose of ascertaining that the alarm gong is in working order, and that the stop valves controlling the individual water supplies and the installation are fully open

- d. if the installation includes a pump, make tests each week for the purpose of ascertaining that the said pump(s) can be started both automatically and manually, and that in respect of any diesel engine-driven pump, the battery electrolyte level and density are correct, and record the completion of these tests
- e. make quarterly or half-yearly tests, if required by the Company to do so, for the purpose of ascertaining that each water supply is in order, and record the particulars of each test
- f. remedy promptly any defect disclosed by such tests or otherwise
- g. if required by the Company to do so in respect of high piled storage, display prominently at each such sprinklered storage area a notice of the terms agreed with the Company which specifies
  - i. the description of goods which may be stored
  - ii. the maximum height of storage
  - iii. the minimum permitted clearance between goods stored and the sprinkler deflectors and comply with the terms of the notice
- h. give notice to the Company before any installation is rendered inoperative, or immediately in the event of emergency
- i. allow the Company access to the Premises at all reasonable times for the purpose of inspecting the sprinkler installation(s).

Subject to the observance of the above undertaking this insurance shall not be invalidated by any defect in any of the said appliances due to any circumstances unknown to, or beyond the control of, the Insured.

#### **10.24 Fire-Proof Doors and Shutters**

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It is a Condition under this Policy that all fire-proof doors and shutters shall be kept closed, except during Business Hours, and that they shall be maintained in efficient working order.

#### **10.25 Global Programme Clause**

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This Policy forms an integral part of the international Property Damage and Business Interruption Programme for Enter Program Name (Enter Program Ref No) and shares its destiny. A cancellation of Master Policy No. XXXXXXXXXXXX also applies to this Policy. Furthermore, any terms, conditions or limitations within the said Master Policy which are more restrictive than those herein shall be deemed to also apply to this Policy.

#### **10.26 Trading Restrictions / Sanction**

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The Company shall not be deemed to provide cover or be liable to pay any claim or any benefit hereunder to the extent that the provision of such cover payment of such claim or provision of such benefit would expose the Company to pay any sanction prohibition or restriction under the United Nations resolutions or the trade or economic sanctions laws or regulations of the European Union, United Kingdom, United States of America or People's Republic of China.

## 11 Claims Conditions applicable to the Policy

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### 11.1 Action by the Insured

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- a. They shall be conditions precedent to the Company's liability under this Policy that in the event of Damage, the Insured shall:
  - i. notify the Company in a timely manner of the causes, process and losses of the insured incident in written form. If the Insured fails to notify the Company deliberately or for gross negligence, which makes it difficult to determine the nature, cause, degree of damage and other relevant circumstances of the insured incident, the Company shall not be liable for the portion of the loss that cannot be determined, unless the Company has known or should have known the occurrence of the incident in a timely manner through other channels.
  - ii. notify the Police Authority immediately it becomes evident that any Damage has been caused by theft or attempted theft or by malicious persons;
  - iii. carry out and permit to be taken any action which may reasonably be practicable to prevent further Damage, and minimise any interruption of, or interference with, the Business, or avoid or diminish any loss of Gross Profit;
  - iv. deliver to the Company at the Insured's expense full information in writing of the Property Insured sustaining Damage and of the amount of Damage, and details of any other insurance on any property insured under this Policy
  - v. within 30 days after Damage (7 days in the case of Damage caused by theft or attempted theft, riot, civil commotion, strikers locked-out workers or persons taking part in labour disturbances or malicious persons) deliver to the Company at the Insured's expense such books of account and other business books, vouchers, invoices, balance sheets and other documents, proofs, information, explanation and other evidence as may reasonably be required by the Company for the purpose of investigating or verifying the claim;
  - vi. if demanded provide a statutory declaration of the truth of the claim and of any matters connected with it.
- b. If the terms of this condition precedent have not been complied with any payment on account of the claim already made shall be repaid to the Company forthwith.
- c. Protect the scene of the insured incident, allow and assist the Company to conduct the survey.

### 11.2 Action by Company

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- a. If the evidences and materials for claim are incomplete according to the Policy, the Company shall, in a timely manner and in a single time, notify the Insured regarding what missing supporting documents they must provide.

If the Company is unable to verify the losses as a result of the Insured's failure to fulfill the obligation of providing the evidences and materials stipulated in the preceding paragraph, the Company is not liable for the indemnity of the portion that cannot be determined.

- b. After receiving a claim and the complete evidences and materials for such claim from the Insured, the Company shall perform claim assessment and decide whether the claim falls within the liability of this Policy within 30 days.
- c. The Company shall notify the Insured of the assessment result. For a claim which falls within the liability of this Policy, the Company shall make the payment within 10 days after reaching an agreement on claim payment with the Insured according to the Policy. For a claim which does not fall within the liability of this Policy, the Company shall, within three days after finishing the claim assessment, send a notice denying the claim to the Insured and give reasons.
- d. If the Company cannot determine the amount of indemnity to be paid within 60 days after receiving a claim and the relevant evidences and materials, it shall first pay the amount which can be determined according to the evidences or materials received, and then pay the difference after it finally determines the amount of indemnity.
- e. In the event of any loss occurrence, the Company shall also be liable for the Insured's expenses reasonably incurred for taking necessary measures to minimize loss or damage. But in no case shall such expenses referred hereto exceed the Sum Insured of the Property Insured.
- f. Upon settlement of a claim, the Sum Insured is reduced by the amount paid by the Company for the property loss or damage under this Policy from the date of loss, and no premium shall be refunded for the amount so reduced. If reinstatement of the Sum Insured is required by the Policy Holder upon settlement of the claim, additional premiums for the reinstated amount shall be charged at an agreed rate, and be calculated on pro rata daily basis from the date of loss to the expiry of the insurance.

### **11.3 Fraud**

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If a claim is fraudulent in any respect or if fraudulent means are used by the Insured or by anyone acting on their behalf to obtain any benefit under this Policy (whether such fraudulent claim or means are used before the commencement of or during any action taken by the Company or the Insured to enforce their respective rights under the Policy) or if any loss or destruction of or damage to the Property Insured or to property used by the Insured for the purpose of the Business is caused by the wilful act or with the connivance of the Insured, all benefit under this Policy shall be forfeited. The operation of this term of the Policy shall not affect any other rights which may be available to the Company in respect of fraud or misrepresentation.

### **11.4 Reinstatement**

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If any Property Insured is to be reinstated or replaced by the Company, it is a Condition of this Policy that the Insured shall at their own expense provide all such plans, documents, books and information as may reasonably be required. The Company 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 in respect of any one of the items insured more than the applicable Sum Insured.

### **11.5 The Company's Rights Following a Claim**

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Following Damage in respect of which a claim is made, the Company and any person authorised by the Company may, without incurring any liability or diminishing any of the Company's rights under this Policy, enter, take, or keep possession of the insured Premises where such Damage or Business Interruption has occurred, and take possession of, or require to be delivered to, the Company any Property Insured, and deal with such property for all reasonable purposes and in any reasonable manner. **No claim under this Policy shall be payable if the terms of this condition are not complied with.**

### **11.6 Limitation of Action**

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The limitation of action for an Insured to make a claim against the Company shall be two years, which shall begin from the day when the Insured knows or should have known the occurrence of the insured incident.