

## POLITICAL VIOLENCE INSURANCE - PROPERTY DAMAGE WORDING

### 1. BASIS OF INSURANCE

All information provided to Underwriters by the Insured and/or its agent(s) in connection with this insurance, including but not limited to the Proposal Form specified in item 10 of Schedule 1, forms the basis of and is incorporated into this insurance.

### 2. INSURING CLAUSE

In consideration of the premium paid and subject to the exclusions, limits and conditions contained herein, this Policy indemnifies the Insured for its ascertained Net Loss for any one Occurrence up to but not exceeding the Policy Limit against:

2.1 Physical loss or physical damage to the Buildings and Contents which belong to the Insured or for which the Insured is legally responsible, directly caused by one or more of the following perils occurring during the Policy Period and in respect of which the Insured has purchased cover as specified in item 4 of Schedule 1:

1. Act of Terrorism;
2. Sabotage;
3. Riots, Strikes and/or Civil Commotion;
4. Malicious Damage;
5. Insurrection, Revolution or Rebellion;
6. Mutiny and/or Coup d'État;
7. War and/or Civil War.

Such perils as are specified in item 4 of Schedule 1 and in respect of which cover has been purchased by the Insured shall be the "Covered Causes of Loss".

- 2.2 Expenses incurred by the Insured in the removal of debris directly caused by any one or more of the Covered Causes of Loss. The cost of removal of such debris shall not be considered in determination of the valuation of the property insured.
- 2.3 The Underwriters hereon shall not be liable for more than the Policy Limit stated in item 5 of Schedule 1 in respect of any one Occurrence and in the aggregate. For the avoidance of doubt, the limit of indemnity under Clauses 2.1 and 2.2 shall be in the aggregate and shall not exceed the Policy Limit.

### 3. DEFINITIONS

**"Act of Terrorism"** shall mean an unlawful act, including the use of force or violence, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organisation(s), committed for political, religious or ideological purposes including the intention to influence any government and/or to put the public in fear for such purposes.

**"Actual Cash Value"** means the cost to repair or replace the Buildings or Contents with a proper deduction for obsolescence, wear and tear.

**"Buildings"** shall mean any roofed and walled structure, machinery and equipment, signs, glass, lifts, fixed fuel tanks, driveways, footpaths, walls, gates, satellite dishes and their fittings and masts, provided always that the Insured owns or is legally responsible for such Buildings and provided that the Buildings are situated at an Insured Location. Where specifically requested by the Insured and agreed to by Underwriters and declared to Underwriters in Schedule 2 to the Policy, "Buildings" shall also include underground mines, tunnels, wells, caverns, dams, water shafts, power tunnels, dikes, levees, gates, flumes and any property contained therein.

**"Civil Commotion"** shall mean the same as Riots as defined in this Policy.

**"Civil War"** shall mean an internecine war, or a war carried on between or among opposing citizens of the same country or nation.

**"Contents"** shall mean fixtures and fittings, interior decorations, office furniture and stock (including finished goods manufactured by the Insured or held for sale), provided always that the Insured owns or is legally responsible for such Contents and provided that such Contents are situated at an Insured Location.

**"Coup d'État"** shall mean the sudden, violent and illegal overthrow of a sovereign government or any attempt at such overthrow.

**"Declared Values"** shall mean the amounts stated in Schedule 2 to the Policy.

**"Deductible"** shall mean the deductible(s) stated in item 7 of Schedule 1 in respect of any one Occurrence. Each Occurrence shall be adjusted separately and from the amount of each adjusted loss, the Deductible shall be deducted.

**"Electronic Data"** shall mean facts, concepts and information converted to a form useable for communication, 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.

**"Insured"** shall mean the entity or entities stated in item 1 of Schedule 1.

**"Insured Country"** shall mean the country in which the Insured's principal place of business is situated as described in Schedule 2 to the Policy.

**"Insured Location"** shall mean the locations as described in Schedule 2 to the Policy.

**"Insurrection, Revolution and Rebellion"** shall mean a deliberate, organised and open resistance, by force and arms, to the laws or operations of a sovereign government, committed by its citizens or subjects and/or a rising against a sovereign government or other authority.

**"Malicious Damage"** shall mean all physical loss or physical damage resulting directly from a malicious act by anyone during a disturbance of the public peace where such malicious act is perpetrated for political reasons by known or unknown person(s).

**"Mutiny"** shall mean a wilful resistance by members of legally armed or peace-keeping forces to a superior officer.

**"Net Loss"** shall, in respect of Buildings, mean the reasonable cost of repairing, replacing or reinstating (whichever is the least) on the same site, or nearest available site (whichever incurs the least cost) to a condition substantially the same as but not better than the condition of the

Buildings immediately prior to the loss, subject to the repairing, replacing or reinstating being carried out and subject to the following provisions:

1. The repairs, replacement or reinstatement (all hereinafter referred to as "replacement") must be executed with due diligence and dispatch;
2. If the Buildings are not repaired, replaced or reinstated within a reasonable period of time the Underwriters shall only pay the Actual Cash Value;
3. If replacement with material of like kind and quality is restricted or prohibited by any by-laws, ordinance or law, Underwriters' total liability for any increased cost of replacement due thereto shall be limited to the Policy Sub-Limit stated in item 6 of Schedule 1 for any one Occurrence which liability shall, for the avoidance of doubt, form part of and shall not be in addition to the Policy Limit.
4. In respect of Contents, "Net Loss" shall mean:
  - (i) on finished goods sold and awaiting collection, the regular selling price, less all discounts and charges to which such goods would have been subject to had no loss occurred;
  - (ii) on all other stock, the value of raw materials and labour expended;
  - (iii) for property of others, the amount for which the Insured is legally liable but in no event to exceed the Actual Cash Value;
  - (iv) for film, tape, disc, drum, cell and other magnetic recording or storage media for electronic data processing, an amount not exceeding the cost of such media in an unexposed or blank form plus the costs of copying electronic data from back up or from 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 or replaced the basis of valuation shall be the cost of the blank media. This insurance does not insure any amount pertaining to the value of such electronic data to the insured or any other party.
  - (v) on documents other than (iv) above an amount not exceeding the cost of blank material plus the cost of labour incurred by the insured for transcribing or copying such records. This insurance does not insure any amount pertaining to the value of such documents to the Insured or any other party.
  - (vi) on all other property, the Actual Cash Value.
5. In respect of the removal of debris pursuant to Clause 2.2 above, "Net Loss" shall mean the necessary and reasonable expenses incurred by the Insured with Underwriters' prior written consent in the removal of said debris.

All amounts shall be calculated at the date of loss and in no event shall Underwriters be liable for more than the Policy Limit.

**"Occurrence"** shall mean any one loss and/or series of losses arising out of and directly occasioned by one act or series of acts for the same purpose or cause. The duration and extent of any one Occurrence shall be limited to all losses sustained by the Insured in respect of Buildings and Contents insured herein during any period of 72 consecutive hours arising out of the same purpose or cause. However no such period of 72 consecutive hours may extend beyond the expiration of this Policy unless the Insured shall first sustain direct physical damage

prior to expiration and within said period of 72 consecutive hours nor shall any period of 72 consecutive hours commence prior to the attachment of this Policy.

**"Operations"** shall mean the Insured's business operations at one or more of the Insured Locations.

**"Policy Period"** shall mean the period stated in item 3 of Schedule 1.

**"Policy Limit"** shall mean the limit stated in item 5 of Schedule 1 in respect of any one Occurrence and in the aggregate for all loss and damage insured hereunder, including for the avoidance of doubt, any amount(s) paid in respect of the Policy Sub-Limit.

**"Policy Sub-Limit"** shall mean the Net Loss Clause 3 Policy sub-limit stated in item 6 of Schedule 1 for any one Occurrence and in the aggregate for all loss and damage under Clause 3 of the definition of "Net Loss", which sub-limit shall, for the avoidance of doubt, form part of and shall not be in addition to the Policy Limit.

**"Riots"** shall mean any act committed in the course of a disturbance of the public peace (where such disturbance is motivated by political reasons) by any person taking part together with others in such disturbance or any act of any lawfully constituted authority for the purpose of suppressing or minimising the consequence of such act.

**"Strikes"** shall mean any wilful act of any striker or locked-out worker in the furtherance of a strike or in resistance to a lock-out or any act of any lawfully constituted authority for the purpose of suppressing or minimising the consequence of such act.

**"Sabotage"** shall mean wilful physical damage or destruction perpetrated for political reasons by known or unknown person(s).

**"War"** shall mean a contest by force between two or more sovereign nations, carried on for any purpose, armed conflict of sovereign powers and/or declared or undeclared and open hostilities between sovereign nations.

**"Underwriters"** shall mean the underwriters and insurers subscribing to this Policy.

#### 4. EXCLUSIONS

This Policy **DOES NOT INDEMNIFY AGAINST:**

1. Loss or damage arising directly or indirectly from nuclear detonation, nuclear reaction, nuclear radiation or radioactive contamination, however such nuclear detonation, nuclear reaction, nuclear radiation or nuclear contamination may have been caused nor from any loss or damage directly or indirectly caused by or contributed to from any nuclear waste or the radioactive, toxic, explosive or other hazardous properties of any explosive nuclear assembly or nuclear component thereof.
2. Loss or damage directly or indirectly caused by seizure, confiscation, nationalisation, requisition, expropriation, detention, legal or illegal occupation of any property insured hereunder, embargo, condemnation, nor loss or damage to the Buildings and/or Contents by law, order, decree or regulation of any governing authority, nor for loss or damage arising from acts of contraband or illegal transportation or illegal trade.
3. Any loss arising from War (whether before or after the outbreak of hostilities) between any two or more of the following: China, France, the Russian Federation, the United Kingdom and the United States of America.

4. Delay, loss of market, loss of income, loss of use, denial of access, cancellation of business, depreciation, reduction in functionality, increased cost of working (except as may be insured specifically under any Business Interruption Extension to this Policy);
5. Consequential loss or damage howsoever arising (except as may be insured specifically under any Business Interruption Extension to this Policy);
6. Third party liability howsoever arising;
7. Loss or damage directly or indirectly arising from or in consequence of the discharge of pollutants or contaminants, which pollutants or contaminants shall include but not be limited to any solid, liquid, gaseous or thermal irritant, contaminant of toxic or hazardous substance or any substance the presence, existence or release of which endangers or threatens to endanger the health, safety or welfare of persons or the environment.
8. Loss or damage directly or indirectly caused by chemical or biological release or exposure of any kind, nor any loss or damage directly or indirectly caused by any chemical, biological, bio-chemical or electromagnetic weapon.
9. Loss or damage directly or indirectly caused by electronic means including computer hacking or the introduction of any form of computer virus (save where a mobile phone is used as a remote trigger device in order to cause physical loss or physical damage insured hereunder).
10. Loss, damage, destruction, distortion, erasure, corruption or alteration of Electronic Data.
11. Loss or damage or increased cost directly or indirectly occasioned by any public or civil authority's enforcement of any ordinance, law, order decree or regulation concerning the reconstruction, repair or demolition of any property insured hereunder except as may be insured specifically by this Policy in accordance with the provisions of Clause 3 of the definition of "Net Loss".
12. Loss or damage directly or indirectly caused by cessation, fluctuation, variation in, or insufficiency of, water, gas or electricity supplies and/or telecommunications or any other type of service or utilities.
13. Loss or damage or increased cost directly or indirectly the result of threat or hoax.
14. Loss or damage directly or indirectly caused by burglary, house-breaking, theft or larceny, looting, pillaging, mysterious or unexplained disappearance of property insured hereunder or directly or indirectly caused by any person taking part in any such activity.
15. Loss or damage directly or indirectly caused by the suspension, lapse or cancellation of any lease, licence, contract or order (including non-completion of any order) .
16. Any infidelity, fraudulent, dishonest or criminal act by any director, officer or trustee of the Insured whether acting alone or in collusion with others.
17. Any loss due to fines or damages for breach of contract or penalties of whatever nature.
18. Loss or damage caused by, connected to, relating to or howsoever arising from exposure to or the existence of asbestos or asbestos containing materials or products (including for the avoidance of doubt the cost of removal of asbestos or materials or products containing asbestos).
19. Loss or damage caused by insects or vermin.
20. Any debt, insolvency or commercial failure, whether to provide bond or security or otherwise, or any other financial cause of any party or person whatsoever.

## **5. PROPERTY EXCLUDED**

This Policy **DOES NOT PROVIDE INDEMNITY IN RELATION TO:**

1. Land or land values.
2. Transmission, feeder lines or distribution lines and their supporting structures unless located on premises owned by the Insured and on which the Buildings and/or Contents are located.
3. Any Buildings or Contents contained therein while such Buildings are vacant or unoccupied or inoperative for thirty (30) days or more.
4. Aircraft or other aerial devices.
5. Watercraft.
6. Any land conveyance, including vehicles, locomotives or rolling stock, unless such land conveyance is expressly declared to and agreed by Underwriters hereunder.
7. Animals, plants and living things of all types including loss as a result of physical, mental or bodily injury to any person.
8. Property in transit (except as may be insured specifically under any Property in transit Endorsement to this Policy).
9. Accounts, bills, currency, money, deeds, notes, securities, evidences of debt or title, letters of credit, stamps, tickets, bullion, gold, silver and other precious metals, diamonds, precious and semi-precious stones, jewellery or furs.
10. Offshore property.
11. Underground mines, tunnels, wells or caverns and any property contained therein save as may be insured specifically hereunder and declared to Underwriters in Schedule 2 to the Policy.
12. Dams, water shafts, power tunnels, dikes, levees, gates and flumes save as may be insured specifically hereunder and declared to Underwriters in Schedule 2 to the Policy.

## **6. CONDITIONS**

### **6.1 Other Insurance**

This Policy does not indemnify any loss or damage which at the time of the occurrence of such loss is insured or would, but for the existence of this Policy be insured by any other policy or policies of insurance except in respect of any excess beyond the amount which would have been payable under such other policy or policies had this Policy not been effected.

### **6.2 Territorial Limits**

This Policy insures Buildings and Contents owned by the Insured or for which the Insured is legally responsible and situated at the Insured Locations specified in Schedule 2 to the Policy.

### **6.3 Due Diligence**

It is a condition precedent to Underwriters' liability that the Insured shall at all times and at its own expense use due diligence, and do and concur in doing and permit to be done, all things reasonably practicable (including but not limited to precautions to protect or remove the Buildings and Contents insured herein) to avoid or diminish any loss or damage under this Policy and including action against other parties to enforce any rights and remedies or to obtain relief or indemnity. It is also a condition precedent to Underwriters' liability that the Insured shall do all things necessary to ensure and require that its agents, sub and co-contractors do all things reasonably practicable to avoid or diminish any loss or damage under this Policy.

### **6.4 Protections Maintenance**

The Insured shall ensure that effective protections exist for the safety of the Buildings and Contents and that such protections shall be maintained in good order throughout the currency of this Policy and shall be in use at all appropriate times. Such protection shall not be withdrawn or varied without Underwriters' prior written consent.

### **6.5 Declared Values Penalty**

If at the time that any Buildings or Contents are lost or damaged, the total value of all such insured property at the Insured Location at which said loss or damage occurred is greater than the Declared Value for that Insured Location by more than 10%, then the Insured shall be entitled to recover no more hereunder than such proportion of the loss or damage as the Declared Value bears to the total value of all insured property at that Insured Location. For the avoidance of doubt, Underwriters' maximum liability in respect of any one Insured Location shall not exceed the Declared Value for such Insured Location.

### **6.6 Notification of Loss or Damage**

It is a condition precedent to Underwriters' liability that in the event of loss or damage or circumstances arising that may give rise to a claim under this insurance notice is to be given to Underwriters as soon as reasonably possible but no later than 14 days after the occurrence of said loss or damage.

### **6.7 Co-operation**

It is a condition precedent to Underwriter's liability that the Insured must provide Underwriters with such relevant information and evidence as Underwriters may reasonably require and co-operate fully in the investigation and/or adjustment of any claim. If required by Underwriters, the Insured agrees to submit to examination under oath by any person designated by Underwriters.

### **6.8 Proof of Loss**

The Insured shall render a signed and sworn proof of loss within 60 days after the occurrence of such loss (unless such period shall be extended with the written agreement of Underwriters) stating the time, place and cause of loss, the interest of the Insured and all others in the Buildings and Contents, the Declared Values and the amount of loss or damage thereto. If Underwriters have not received such proof of loss within 1 year of the expiry of this Policy, they shall be discharged from all liability in relation to such loss.

## **7. MULTIPLE INSUREDS**

- 7.1 Each of the Insureds individually warrants that the information which has been provided to Underwriters in relation to placement, renewal, amendment of or extension to this Policy by or on behalf of itself or any of the other Insureds, is materially accurate and complete so far as it concerns the risks in which that Insured (by itself or with others) has an interest that is insured hereunder.
- 7.2 Breach of any warranty hereunder by any one of the Insureds shall be deemed to be in breach of warranty by all of the Insureds as if the same had been committed by each and every one of the said Insureds, subject only to Underwriters' express written waiver of the same.
- 7.3 The total liability of the Underwriters in the aggregate for any loss or losses sustained by any or all of the Insureds, or at any or all of the Insured Locations, shall not exceed the amount for which Underwriters would be liable had such loss or losses been sustained by any one Insured, or at any one Insured Location, alone. For the avoidance of doubt, the Policy Limit applies to the aggregate of all claims by all Insureds and in respect of all Insured Locations hereunder, and Underwriters shall have no liability in excess of the Policy Limit whether insured losses are sustained by all of the Insureds or any one or more of them or whether insured losses are sustained at any one or more of the Insured Locations.
- 7.4 The application of any Exclusion against any Insured shall be deemed to exclude loss for all Insureds hereunder, subject only to Underwriters' express written waiver of the same.

## **8. SUBROGATION**

If Underwriters become liable for any payment under this Policy in respect of loss or damage, they shall become subrogated, to the extent of such payment, to all the rights and remedies of the Insured against any party in respect of such loss or damage and shall be entitled at their own expense to sue in the name of the Insured to recover for Underwriters' benefit the amount of any payment made under this insurance, in addition to Underwriters' own costs and expenses. The Insured shall give to Underwriters all such assistance in its power as Underwriters may require to secure said rights and remedies (including attending hearings and trials, securing and giving evidence, obtaining the attendance of witnesses, assisting in effecting settlements and in conducting litigation, arbitration or other proceedings) and, at Underwriters' request, shall enter into such agreements and execute or sign such documents as may be necessary to enable Underwriters to bring suit in the name of the Insured.

## **9. RECOVERIES**

All salvage, recoveries and payments recovered or received by the Insured from any source subsequent to a loss settlement under this Policy, after reimbursement of Underwriters' expenses of recovery if any, shall inure to the benefit of Underwriters until they shall have been reimbursed to the extent of any loss settlement. Any further salvage, recoveries and payments shall accrue to the benefit of the Insured.

## **10. ABANDONMENT**

Unless Underwriters elect to take the Buildings and Contents as salvage, said property will at all times remain the property of the Insured who may not abandon it to Underwriters.



## **11. FALSE OR FRAUDULENT CLAIMS**

If the Insured shall make any claim knowing the same to be false or fraudulent, as regards amount or otherwise, this Policy shall become void and all claims hereunder shall be forfeited.

## **12. INSPECTION AND AUDIT**

12.1 Underwriters shall be permitted but not obligated to inspect the Buildings and Contents at any time. Neither Underwriters' right to make inspections nor the making thereof nor any report thereon shall constitute an undertaking, on behalf of or for the benefit of the Insured or others, to determine or warrant that such property is safe. No other party shall be entitled to rely on Underwriters' inspection without their prior written consent.

12.2 Underwriters shall be entitled to examine and audit the Insured's books and records at any time during the Policy period and any extensions thereof and within 2 years after the final termination of this Policy, as far as they relate to the subject matter of this insurance.

## **13. ASSIGNMENT**

No assignment or change of interest in this insurance or any amount payable under it shall be binding on or recognised by Underwriters, except with their prior written consent.

## **14. RIGHTS OF THIRD PARTIES**

This Policy is effected solely between the Insured and Underwriters. This Policy shall not and is not intended to confer any benefits on any third parties, including but not limited to shareholders, and no third party may enforce any term of this Policy. The Contract (Rights of Third Parties) Act 1999 is excluded expressly from this insurance.

## **15. PREMIUM PAYMENT**

The Insured undertakes that the premium shall be paid in full to Underwriters by the Insured within 45 days of the date of inception of this Policy (or, in respect of instalments, when due). If the premium due under this Policy has not been paid to Underwriters by 4.00 pm Greenwich meantime on the 45<sup>th</sup> day after the date of inception of this Policy (and, in respect of instalments, by the date they are due), Underwriters shall have the right to cancel the Policy by notifying the Insured at the address shown in item 1 of Schedule 1. In such circumstances, cancellation shall be effective at 4.00 pm Greenwich meantime on the 15<sup>th</sup> day after the date of notice of cancellation by Underwriters and the Policy shall be terminated automatically without further reference or confirmation to the Insured. In the event of cancellation, premium is due to Underwriters on a pro rata basis for the period that Underwriters are on risk but the full Policy premium shall be payable to Underwriters in the event of loss, damage, circumstance or occurrence likely to give rise to claim under this Policy. If the premium due is paid to Underwriters before the notice period expires, such cancellation shall be automatically revoked.

## **16. CANCELLATION**

16.1 This Policy may be cancelled by the Insured by written notice to Underwriters stating when, not less than 30 days thereafter, the cancellation shall be effective.

16.2 Save where Clause 15 above applies, this Policy may be cancelled by Underwriters by written notice to the Insured at the address shown in item 1 of Schedule 1 stating when, not less than thirty (30) days thereafter such cancellation shall be effective.

- 16.3 The mailing of notice shall be sufficient proof of notice. The effective date and hour of cancellation in the notice shall become the end of the Policy period. Delivery (where permitted by law) of such written notice either by the Insured or by Underwriters shall be equivalent to mailing.
- 16.4 If the Insured cancels this Policy, 25% of the premium charged shall be deemed fully earned upon inception of the Policy and the remaining earned premium shall be computed in accordance with the customary short rate table and procedure. If Underwriters cancel this Policy the premium shall be computed pro rata.
- 16.5 The premium shall be deemed fully earned if any loss, damage, circumstance or Occurrence has been notified under this Policy.
- 16.6 Premium adjustment may be made either at the time of cancellation or as soon as practicable thereafter but payment or tender of unearned premium is not a condition of cancellation.

## **17. WARRANTY AS TO USES**

The Insured warrants that the building uses declared to Underwriters at inception and detailed in Schedule 2 to the Policy are correct and that such uses shall not change during the Policy Period without Underwriters' prior written consent.

## **18. CHANGES/AMENDMENTS**

Any addenda, amendments or endorsements to this Policy shall only be valid if agreed by Underwriters in writing.

## **19. GOVERNING LAW AND DISPUTE RESOLUTION**

- 19.1 Any dispute arising out of, in connection with or in relation to this Policy or any claim under it, including any question regarding the Policy's existence, validity or termination, shall be referred to and finally resolved by arbitration under the LCIA Rules (as may be amended from time to time and are in effect at the date of the submission to arbitration), which Rules are deemed to be incorporated by reference into this Clause. The number of arbitrators shall be three (3). The seat of the arbitration shall be London, England. The language to be used in the arbitral proceedings shall be English.
- 19.2 The governing law of this Policy and any dispute arising in connection with or in relation to this Policy shall be the substantive law of England and Wales.

## **20. SEVERAL LIABILITY**

Underwriters' obligations under this Policy are several and not joint and are limited solely to their individual subscriptions. Underwriters are not responsible for the subscription of any co-subscribing Underwriter who for any reason does not satisfy all or part of its obligations.

## **21. CLAIM SETTLEMENT**

Settlement of any valid claim under this Policy shall be payable, subject to the application of the Deductible, within 60 days after the conclusion of Underwriters' investigation(s) necessary for the assessment of the extent of their liability.

## **BUSINESS INTERRUPTION EXTENSION (BUSINESS INCOME)**

### **1. INSURING CLAUSE**

- 1.1 **Loss of Income:** In consideration of the additional premium paid, this Policy is extended to cover the actual loss of Income sustained by the Insured resulting directly from Business Interruption.
- 1.2 Due consideration shall be given to the continuation of such reasonable charges and expenses, including payroll expenses, to the extent necessary to resume the Operations with the same operational capability as existed immediately before the physical loss or damage occurred to Buildings and/or Contents.
- 1.3 **Expenses to reduce loss:** Underwriters shall also pay to the Insured the additional necessary and reasonable costs and expenses incurred by the Insured in order to minimise its losses under this Extension and continue its business, less any savings which result from the reduced costs and expenses during the period of business interruption. Underwriters' liability for such costs and expenses shall not exceed the amount by which loss otherwise payable under this Extension is thereby reduced. For the avoidance of doubt, any sums paid by Underwriters in respect of such costs and expenses shall form part of and shall not be in addition to the Business Interruption Limit (if applicable) or Policy Limit (if applicable).
- 1.4 Indemnity under this Extension shall commence from the date on which the physical loss or physical damage occurs to Buildings and/or Contents and continue for the entire period of interruption of business but not beyond the lesser of:
1. the time required, with the exercise of due diligence and dispatch, to repair, rebuild or reinstate such part of the Buildings and/or Contents as has been destroyed or damaged commencing with the date of such direct physical loss or damage; or
  2. TWELVE (12) calendar months.

### **2. DEFINITIONS**

**"Business Interruption"** shall mean the necessary and unavoidable interruption of or interference with the Insured's Operations provided always that:

1. a business interruption value is declared in Schedule 2 to the Policy for the relevant Insured Location(s); and
2. such business interruption occurs at an Insured Location; and
3. such business interruption occurs as a direct consequence of one or more of the Covered Causes of Loss as are specified in item 4 of Schedule 1 and in respect of which cover has been purchased by the Insured.

**"Business Interruption Policy Limit"** shall mean the business interruption policy limit stated in item 12 of Schedule 1.

**"Income"** shall mean the net income (net profit or loss before income taxes) that would have been earned or incurred.

**"Finished Stock"** shall mean stock manufactured by the Insured which in the ordinary course of the Insured's business is ready for packing, shipment and sale.

**"Merchandise"** shall mean goods kept for sale by the Insured which are not the product of manufacturing operations conducted by the Insured.

**"Raw Stock"** shall mean material in the state in which the Insured receives it for conversion into Finished Stock.

**"Stock in Process"** shall mean Raw Stock which has undergone any ageing, seasoning, mechanical or other process of manufacture at the Insured's premises but which has not become Finished Stock.

### **3. CONDITIONS**

#### **3.1 Direct Damage**

No claim shall be payable under this Extension unless and until a claim has been paid or liability admitted by Underwriters, in respect of one or more of the Covered Causes of Loss (as specified in item 4 of Schedule 1 and in respect of which cover has been purchased by the Insured) and which Covered Cause(s) of Loss give rise to Business Interruption. This condition shall not apply where no claim payment has been made or liability admitted solely owing to the operation of a Deductible which excludes liability for losses below a specified amount.

#### **3.2 Basis of Settlement**

1. The amount of Income loss shall be determined based on:

- (a) the net income of the Operations before the direct physical loss or damage to Buildings and Contents occurred;
- (b) the likely net income of the Operations if no physical loss or damage had occurred, but not including any net income that would likely have been earned as a result of an increase in the value of business due to favourable business conditions caused by the impact of the Covered Causes of Loss on customers or on other business;
- (c) the operating expenses, including payroll expenses, necessary to resume Operations with the same operational capabilities that existed immediately before the direct physical loss or damage; and
- (d) other relevant sources of information including: the Insured's financial records and accounting procedures; bills, invoices and other vouchers; and deed, liens or contracts.

#### **2. Resumption of Operations**

If the Insured could reduce the loss under this Extension resulting from Business Interruption:

- (a) by complete or partial resumption of Operations, and/or
- (b) by making use of Merchandise, Raw Stock, Stock in Process or Finished Stock, or any other property at the Insured Locations or elsewhere, and/or
- (c) by using or increasing Operations elsewhere,

then such possible reduction(s) shall be taken into account in arriving at the amount of loss under this Extension.

If the Insured does not resume Operations, or does not resume Operations as quickly as possible, Underwriters' liability shall be limited to the length of time it would have taken for the Insured to resume Operations as quickly as possible.

### **3. Appraisal**

If Underwriters and the Insured disagree on the amount of Income and/or operating expense or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser.

The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by the LCIA. The appraisers will state separately the amount of Income and operating expense of the amount or loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- (a) pay its chosen appraiser; and
- (b) bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, Underwriters shall still retain the right to deny the claim.

### **3.3 Proof of Loss**

The Insured shall give immediate written notice to Underwriters of any loss or damage under this Extension and shall protect the property from further damage that might result. Within 60 days following the date of physical loss or damage, the Insured shall render to Underwriters a proof of loss, signed and sworn by the Insured, stating the knowledge and belief of the Insured as to the following:

1. the time and origin of the property loss or damage causing the interruption of business;
2. the interest of the Insured and of all others in the business;
3. all other contracts of insurance, whether valid or not, covering in any manner the loss insured against by this policy;
4. any changes in the title, nature, location, encumbrance, possession of said business since the issuing of the Policy; and
5. by whom and for what purpose any building at which loss or damage has occurred and the several parts thereof were occupied at the time of loss of damage,

and shall furnish a copy of all the description and schedules in all policies, and the actual amount of business interruption value and loss claimed, accompanied by detailed exhibits of all values, costs and estimates upon which such amounts are based. The Insured shall exhibit to any person designated by Underwriters all that remains of any property insured under this Extension, shall submit to examination under oath by any person named by Underwriters, shall produce for examination all books of account, bills, invoices and other vouchers, or certified copies thereof if originals be lost, at such reasonable time

and place as may be designated by Underwriters or its representatives and shall permit extracts and copies thereof to be made.

#### **4. EXCLUSIONS**

This Extension **DOES NOT INDEMNIFY AGAINST:**

- 4.1 Increase in loss or damage resulting directly or indirectly from interference at the Insured Locations, by strikers or other persons, with rebuilding, repairing or reinstating the property or with the resumption or continuation of Operations.
- 4.2 Increase in loss or damage caused directly or indirectly by suspension, lapse or cancellation or any lease, licence, contract, or order, unless such results directly from Business Interruption and then Underwriters shall be liable only for such loss as affects the Insured's Gross Earnings during and limited to the Policy Period.
- 4.3 Increase in loss or damage caused directly or indirectly by the enforcement of any ordinance or law regulating the use, reconstruction, repair or demolition of any property insured hereunder.
- 4.4 Loss of market or any other consequential loss or damage except as specifically insured herein.
- 4.5 Loss or damage as a result of physical or mental or bodily injury to any person.
- 4.6 Any loss or damage during any period in which goods would not have been produced, or Operations or services would not have been maintained, for any reason other than physical loss or physical damage of the type insured against to which this coverage applies.
- 4.7 Any loss or damage due to fines or damages for breach of contract or penalties of whatever nature.
- 4.8 Any loss or damage with respect to any additional time required for making change(s) to the buildings, structures, or equipment for any reason, nor any additional time required for re-staffing or retraining employees.

#### **5. LIMITATIONS**

- 5.1 In respect of loss or damage suffered under this Extension, Underwriters' maximum liability shall never be more than the Business Interruption Policy Limit (if applicable), or Policy Limit (if applicable) where this Policy Limit is a combined amount for losses arising from both physical loss or physical damage and Business Interruption, for any one Occurrence.
- 5.2 For the avoidance of doubt, where a Business Interruption Policy Limit applies to losses suffered under this Extension, it shall apply to the aggregate of all claims by all Insureds and in respect of all Insured Locations hereunder, and Underwriters shall have no liability in excess of the Business Interruption Policy Limit whether insured losses are sustained by all of the Insureds or any one or more of them or whether insured losses are sustained at any one or more of the Insured Locations. Where the parties to this insurance have agreed that the Policy Limit shall be a combined amount for losses arising from both physical loss or physical damage and Business Interruption, Clause 7.3 shall apply in respect of Underwriters' maximum liability for losses suffered under this Extension.

5.3 With respect to loss under this Extension resulting from damage to or destruction of film, tape, disc, drum, cell and other magnetic recording or storage media for electronic data processing, the length of time for which Underwriters shall be liable hereunder shall not exceed:

1. Thirty (30) consecutive calendar days or the time required with exercised due diligence and dispatch to reproduce the data thereon from duplicates or from originals of the previous generation, whichever is less; or
2. the length of time that would be required to rebuild, repair or reinstate such property but not exceeding twelve (12) calendar months, whichever is the greater length of time.

**SUBJECT OTHERWISE TO ALL THE TERMS, CONDITIONS, LIMITATIONS AND EXCLUSIONS OF THE POLICY TO WHICH THIS EXTENSION IS ATTACHED.**