

## **COMMERCIAL "ALL-RISKS" POLICY MATERIAL DAMAGE**

The Proposal forms the basis of this Policy and is deemed to be incorporated herein.

Various provisions in this Policy restrict coverage. Read the entire Policy carefully to determine your rights, duties and what is and is not covered.

Throughout this Policy, the words "you" and "your" refer to the person or organization shown in the Schedule as the Insured or any other person or organization qualifying as an "Insured" under this Policy. The word "Insured" means any person or organization qualifying as such under Section IX DEFINITIONS. The words "we", "us" and "our" refer to the Company providing this Policy. Other words and phrases that appear in quotation marks have special meaning. Refer to Section IX - DEFINITIONS.

In consideration of the payment of the premium and in reliance upon the statements in the proposal form, we agree to provide coverage as follows:-

### **INSURING AGREEMENTS**

#### **SECTION I - COVERAGE**

We will pay for direct "physical loss or damage" of or damage to Covered Property at the premises described in the Schedule caused by or resulting from any event not specifically excluded or limited by the terms, conditions, clauses, warranties or endorsements of the Policy.

#### **1. COVERED PROPERTY**

Covered Property means the type of property described in SECTION I, 1.

**A. Building, meaning the building or structure described in the Schedule, including:**

- (1) Completed additions;
- (2) Fixtures, including outdoor fixtures;
- (3) Permanently installed: (a) Machinery and (b) Equipment
- (4) Personal property owned by you that is used to maintain or service the building or structure or its premises, including:
  - (a) Fire extinguishing equipment;
  - (b) Outdoor furniture;
  - (c) Floor coverings; and
  - (d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;
- (5) If not covered by other insurance:
  - (a) Additions under construction, alterations and repairs to the building or structure.

**B. Your Business Personal Property located in or on the building described in the Schedule consisting of the following:**

- (1) Furniture and fixtures;
- (2) Machinery and equipment; (3) "Stock";
- (4) All other personal property owned by you and used in your business;
- (5) Your use interest as tenant in improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:
  - (a) Made a part of the building or structure you occupy but do not own;  
and
  - (b) You acquired or made at your expense but cannot legally remove;
- (6) Leased personal property for which you have a contractual responsibility to insure, unless

otherwise provided for under Personal Property of Others.

**Personal Property of Others** that is:

- (1) In your care, custody or control; and
- (2) Located in or on the building described in the Schedule.

However, our payment for loss or damage to personal property of others will only be for the account of the owner of the property.

## **2. PROPERTY NOT COVERED**

Covered Property does not include:

- (a) accounts, bills, currency, deeds, food stamps or other evidences of debt or title, letters of credit, money, notes, securities, jewellery, furs, precious metals, precious stones or fine art;
- (b) standing timbers, growing crops, shrubs, plants, lawns, trees or animals;
- (c) vehicles or self-propelled machines (including aircraft or watercraft) unless otherwise stated;
- (d) land, including but not limited to surface soil or subsoil, land improvements, landscaping and landfill, land values, dams, dikes or water;
- (e) underground pipes, flues or drains, underground mines, tunnels, caverns or any property contained therein.
- (f) contraband or property in the course of illegal transportation or trade;
- (g) your personal property while it is undergoing manufacturing, testing or processing, but only in the event that the "physical loss or damage" is directly caused by such operation;
- (h) power transmission and distribution lines not on your premises;
- (i) property in the course of construction, including related materials and supplies, except as may be provided by any extension attached to this Policy;
- (j) property sold by you under conditional sale, trust agreement, installment plan or other deferred payment plan after it leaves your custody;
- (k) oil and gas drilling rigs and production platforms including your personal property thereon; or explosives
- (l) personal property while airborne or waterborne;
- (m) property that is covered under another Policy in which it is more specifically described, except for the excess of the amount due (whether you can collect on it or not) from that other Policy;
- (n) the outdoor fixtures and furniture (at 1. a. (2) and 1. a. (4) (b) against hurricane, earthquake, flood and all other natural disasters.
- (o) Goods held in trust or on commission
- (p) Manuscripts, plans, drawings or designs, patterns, models or moulds.

## **3. COVERED CAUSES OF LOSS**

Any cause not specifically excluded or limited by the terms, conditions, clauses, warranties or endorsements of the Policy.

## **SECTION II - COVERAGE EXTENSIONS**

### **1. Annex Extension**

It is hereby agreed that, except where more specifically insured, external water tanks, small outside buildings and their contents adjacent to and extensions communicating with any of the buildings insured are (if not otherwise insured) included in this Policy under the respective item(s).

### **2. Architects', Surveyors' Legal And Consulting Engineers' Fees**

The "Limit of Liability" on the building(s) described in this Policy is declared to include Architects', Surveyors' Legal and Consulting Engineers' fees (for estimates, plans, specifications, quantities, tenders and supervision) necessarily incurred in the reinstatement or replacement of the said building(s) following destruction or damage by any Covered Cause of Loss. This does not apply if we elect to reinstate or replace, in whole or in part, any property so damaged or destroyed. In no case shall the amount payable hereunder exceed 10% of the sum payable under any item of this Policy on such building(s).

It is understood and agreed that the amount payable in respect of such fees shall not include expenses incurred in connection with the preparation of your claim. The inclusion of this clause shall, in no event,

increase the "Limits of Liability" and any expense payable hereunder shall be part of and not in addition to the "Limits of Liability".

### **3. Civil Authority**

This Policy is extended to include direct "physical loss or damage" to "covered property" by order of a civil authority during a fire which order is for the sole purpose of stopping the imminent spread of that fire; provided that the fire nor the damage or destruction is caused, or contributed to, by war, civil war, invasion, revolution, insurrection or other hostilities or warlike operations.

### **4. Cost Of Machinery Re-Erection**

The insurance by this Policy extends to include the costs of re-erecting, fitting and fixing machinery and plant damaged or destroyed by any Covered Cause of Loss.

The inclusion of this clause shall, in no event, increase the "Limits of Liability" and any expense payable hereunder shall be part of and not in addition to the "Limits of Liability".

### **5. Debris Removal**

Nothing contained in this clause shall override the seepage, pollution or contamination exclusion or the radioactive contamination exclusion or any other applicable exclusion. The inclusion of this clause shall, in no event, increase the "Limits of Liability" and any expense payable hereunder shall be part of and not in addition to the "Limits of Liability".

We will pay your expense to remove debris of "covered property" in the event of "physical loss or damage" by a Covered Cause of Loss. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct "physical loss or damage".

The most we will pay under this Policy for the expense of debris removal shall be the lesser of:

- (1) 50% of the amount of the "physical loss or damage" from which such expense results, or
- (2) The amount specified in the Schedule for debris removal.

### **6. Internal Removals**

It is hereby agreed that the insurance under this Policy shall follow the removal of Covered Property from one building to another at any of the situations insured by this Policy even if we were, by oversight, not advised accordingly. The necessary adjustment in sum(s) insured and premium(s) will be made as from the date of removal as soon as the oversight is discovered.

### **7. Newly Acquired Or Constructed Property And Property Under Construction**

If this Policy covers Building, you may extend that coverage to apply to:

- (1) Your new buildings while being built on the described premises; and
- (2) Buildings you acquire at locations other than the described premises, being the same in form and substance and intended for similar use as the building described in the Schedule.

The most we will pay for loss or damage under this Extension is 10% of the original "Limit of Liability". If you want to insure additional property where the total insurance value exceeds the above-mentioned limit you must provide details of the property to us for our consideration from the date you own, lease or otherwise contracts for the said property. Any additional premium required by us shall be calculated from the date this Extension becomes effective.

### **8. Preservation of Property**

If it is necessary to move "covered property" from the described premises to preserve it from loss or damage by a Covered Cause of Loss, we will pay for any direct "physical loss or damage" to that property while it is being moved from and to the described premises and while temporarily stored at another location but only for the period necessary for the danger to pass.

The terms of this Extension shall, in no event, override any applicable exclusion or increase the "Limits of Liability" and any expense payable hereunder shall be part of and not in addition to the "Limits of Liability".

## 9. Temporary Removal

Subject to the following provisions, the property insured under this Policy (other than stock in trade or merchandise, if insured hereby) is covered whilst temporarily removed for cleaning, renovation, repair or similar purposes elsewhere on the same or to any other premises and in transit thereto and therefrom by road, rail or inland waterway in the location stated in the Schedule. The amount recoverable under this Extension in respect of each item of the Policy shall not exceed the amount which would have been recoverable had the loss occurred in that part of the premises from which the property is temporarily removed. If the loss occurred elsewhere than at the said premises, the amount recoverable is 10% of the "Limit of Liability" by each item after deducting therefrom the value of any building (exclusive of fixtures and fittings), stock in trade or merchandise insured thereby.

This Extension does not apply to property if and so far as it is otherwise insured nor as regards to losses occurring elsewhere than at the premises from which the property is temporarily removed to:

- i. Motor vehicles or motor chassis
- ii. Property held by you in trust other than machinery and plant.

## SECTION III - LEGAL ACTION CLAUSE

We will not be liable for any claim or "suit" or to pay any damages where action for damages is brought in a court of law outside the territories specified in the Schedule, or where action is brought in a court of law within those territories to enforce a foreign judgment whether by way of Reciprocal Agreement or otherwise.

## SECTION IV - LIMITS OF LIABILITY

The "Limits of Liability" shown in the Schedule shall be understood and deemed to mean the maximum amounts for which we can be liable under this Policy. Under no circumstances shall we be liable hereunder for more than the amount specified in the attached Schedule in respect of anyone "occurrence".

Notwithstanding the above-mentioned, the "Limits of Liability" may be further limited if the "occurrence" is caused by a Covered Cause of Loss subject to an annual aggregate limit or if the "occurrence" is subject to a sub-limit (such sub-limit being a part of and not in addition to the "Limits of Liability").

## SECTION V - DEDUCTIBLE

Our obligation to pay applies only in excess of the deductibles shown below. The deductibles apply to all "physical loss or damage" caused by an "occurrence" which takes place during the policy period.

The Deductible for "physical loss or damage" caused by Hurricane, Windstorm, Volcano, Earthquake, Tidal Wave, Tsunami and/or Flood (Catastrophe Perils) resulting from any of the afore-mentioned perils is of the Total Sum Insured subject to a minimum of per location.

There is no Deductible for "physical loss or damage" caused by Fire, Lightning or Explosion.

The Deductible for any other "physical loss or damage" is

## SECTION VI - COMMON EXCLUSIONS

This Policy shall not cover, and we shall, in no circumstances, be liable for "physical loss or damage" resulting from any of the under-mentioned events. These exclusions apply to all the SECTIONS and EXTENSIONS of this Policy. However, various EXTENSIONS may have their unique exclusions and those will be in addition to these common exclusions.

- (1) Any acts of infidelity or dishonesty committed alone or in collusion with another, by you or any of your associates, trustees, partners, directors or employees or others to whom the property may be entrusted (carriers for hire excepted) except as insured under the FIDELITY GUARANTEE EXTENSION.
- (2) Mysterious or unexplained disappearance or loss disclosed by audit or upon taking inventory.
- (3) Faulty workmanship, faulty material, faulty construction or errors in design.

- (4) Settling, cracking, shrinking, bulging or expansion of buildings or foundations.
- (5) With respect to electrical appliances, equipment, devices, fixtures or wiring the "physical loss or damage" caused by artificially generated electrical current; nevertheless, if fire or explosion results, then any "physical loss or damage" arising solely and directly from that fire or explosion shall not be excluded.
- (6) Delay, consequential or business interruption loss because of loss of use or loss of markets, except as insured under the BUSINESS INTERRUPTION EXTENSION.
- (7) Shrinkage, loss of weight, leakage, marring, scratching, exposure to light, change in colour, texture or flavour, except where caused directly by any Covered Cause of Loss.
- (8) Loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with the actual or threatened malicious use of pathogenic or poisonous biological or chemical materials regardless of any other cause or event contributing concurrently or in any other sequence thereto.
- (9) Breakdown of machinery and its associated equipment, other than as insured by the MACHINERY BREAKDOWN EXTENSION.
- (10) This Policy does not cover any loss or damage to property which, at the time of the "occurrence" was insured or ought to have been insured by a Marine policy.
- (11) Burglary, robbery and theft, other than as insured by the BURGLARY EXTENSION.
- (12) Loss arising out of or related in any way, directly or indirectly, to:
  - (a) erasure, destruction, corruption, misappropriation, misinterpreting of "data";
  - (b) erroneously creating, amending, entering, deleting or using "data"
  - (c) the distribution or display of "data", by means on an internet website, the internet, an intranet, Extranet or similar device or system designed or intended for electronic communication of "data"

**(13) Electronic Data Recognition** **NEX 115**

This Policy does not cover any loss, damage, expense, cost, claim or expense, whether preventative, remedial or otherwise, directly or indirectly arising out of or relating to:

## Section 1

the calculation, comparison, differentiation, sequencing or processing of dates involving the date change to the year 2000, or any other date change, including leap year calculations, by any computer system, hardware, programme of software and/ or any, microchip, integrated circuit or similar device in computer equipment or non-computer equipment, whether your property or not, or any change, alteration or modification involving the date change to the year 2000 or any other date change including leap year calculation, to any such computer system, hardware, programme or software or any microchip integrated circuit of similar device in computer equipment or non-computer equipment whether your property or not.

This clause applies regardless of any other cause or event that contributes concurrently or in any sequence to the loss, damage, cost, claim or expense. However, this section shall not apply in respect of physical damage occurring at your premises arising out of the Covered Causes of Loss.

## Section 2

Notwithstanding Section 1 above, this insurance does not cover any cost and expenses, whether preventative, remedial or otherwise, arising out of or relating to change, alteration or modification of any computer system, hardware, programme of software of any microchip, integrated circuit of similar device

in computer or non-computer equipment, whether your property or not.

### **Section 3**

The date change to the year 2000, or any other date change, including leap year calculations, shall not, in and of itself, be regarded as an event for the purposes of this insurance.

#### **(14) Fungus, Mould & Mildew NEX 215**

Mould, mildew, fungus, mushroom, spores, or other micro-organism of any type, nature, or description, including but not limited to any substance whose presence poses an actual or potential threat to human health.

This exclusion applies regardless whether there is:

- (i) any physical loss or damage to "covered property";
- (ii) any Covered Cause of Loss, whether or not contributing concurrently or in any sequence;
- (iii) any loss of use, occupancy, or functionality; or
- (iv) any action required, including but not limited to repair, replacement, removal, cleanup, abatement, disposal, relocation, or steps taken to address medical or legal concerns.

This exclusion replaces and supersedes any provision herein that provides insurance, in whole or in part, for these matters.

#### **(15) Governmental Action NEX 315**

"Physical loss or damage" resulting from seizure or destruction of Covered Property by order of governmental authority.

#### **(16) Nuclear Reaction & Radioactive Contamination NEX 415**

Nuclear reaction, nuclear radiation or radioactive contamination howsoever any of them may have been caused. Nevertheless, if fire arises directly or indirectly from nuclear reaction, nuclear radiation or radioactive contamination, any "physical loss or damage" arising from that fire shall (subject to the provisions of this Policy) be covered hereunder, excluding however, all nuclear reaction, nuclear radiation or radioactive contamination or their consequences arising directly or indirectly from that fire.

#### **(17) Pollution NEX 515**

Seepage, pollution or contamination of any kind whatsoever, including but not limited to any material designated as a hazardous substance by any Environmental Protection Agency, or as a hazardous material or any substance designated or defined as toxic, dangerous, hazardous or deleterious to persons or the environment; and the presence, existence, or release of anything which endangers or threatens to endanger the health, safety or welfare of persons or the environment.

This exclusion also applies to any claims and/ or costs and/or expenses and/or any actions taken to avoid, prevent, abate, mitigate, cleanup or remove seepage, pollution, contamination, or threat thereof.

#### **(18) Terrorism NEX 615**

Meaning an act, including but not limited to the use of force or violence and/or the threat of force or violence, by any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organization(s) or government(s), committed for political, 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 clause 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 the above.

If we allege that by reason of this exclusion, any loss, damage, cost or expense is not covered by this Policy, the burden of proving the contrary shall be upon you. In the event any portion of this clause is found to be invalid or unenforceable, the remainder shall remain in full force and effect.

#### **(19) War NEX 715**

War, invasion, acts of foreign enemies, hostilities or warlike operations (whether war is declared or not), civil war, rebellion, revolution, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power.

**(20) Wear & Tear            NEX 815**

Wear, tear or gradual deterioration, depletion, erosion, latent defect, inherent vice, corrosion, rust, wet or dry rot, boiler scale, mould, vermin, insects, smog, dampness or dryness of atmosphere.

**SECTION VII - CONDITIONS**

This Policy is subject to the following conditions:

**Arbitration:**

If we and you disagree in whole or in part regarding aspect of this Policy, the dispute shall be resolved by a competent court of law in the territory specified in the Schedule. However, if we admit liability but the quantification of any claim is still disputed, the parties can together agree to appoint a competent and disinterested arbitrator or, if they cannot agree to a single arbitrator, then each party shall appoint an arbitrator and the two arbitrators shall, before commencing the arbitration, select a competent and disinterested umpire. The arbitrators together shall determine such matters in which there is disagreement and shall make an award thereon. If they fail to agree, they will submit their differences to the umpire and the award in writing of any two, duly verified, shall determine the same.

The parties to such arbitration shall pay the arbitrators respectively appointed by them and bear equally the expenses of the arbitration and charges of the umpire.

**Average:**

This Policy is subject to the condition of average, that is to say, if "covered property" shall at the time of any loss be of greater value than the applicable "Limits of Liability", then you shall be entitled to recover from us such proportion of the said loss as the applicable "Limits of Liability" bears to the total value of the said "covered property".

**Action Against Us:**

No action shall lie against us unless, as a condition precedent thereto, there shall have been full compliance with all the terms of this Policy. Every action or proceeding against us shall be commenced within one year next after the date on which the direct "physical loss or damage" occurred.

**Assignment:**

Assignment or transfer of this Policy shall not be valid except with our prior written consent.

**Audit And Examination Of Books And Records:**

We may audit and examine your books and records as they relate to this Policy at any time during the policy period and any extension thereof, and during a one-year period following termination or expiry.

**Cancellation:**

The named "Insured" shown in the Schedule may cancel this Policy by mailing or delivering to us advance written notice of cancellation.

We may cancel this Policy by mailing of certified, registered or other first-class mail or by delivering to the named "Insured" written notice of cancellation at least:

days before the effective date of cancellation if we cancel for nonpayment of Premium; or

**30** days before the effective date of cancellation if we cancel for any other reason.

We will mail or deliver our notice to the named "Insured's" last known mailing address. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.

If this Policy is cancelled, we will send the named "Insured" any premium refund due. If we cancel, the refund will be pro rata. If the named "Insured" cancels, the refund will be calculated using our customary short term rate calculation. If this Policy is on an adjustable basis, then we shall receive the earned premium or the short rate proportion of any minimum and/ or deposit premium specified in the attached Schedule, whichever is greater.

The cancellation will be effective even if we have not made or offered a refund but such payment shall be made as soon as practicable.

If notice is mailed, proof of mailing will be sufficient proof of notice.

**Changes:**

This Policy contains all the agreements between you and us. The named "Insured" shown in the Schedule is authorized to make changes in the terms of this Policy with our consent. This Policy's terms can be amended or waived only by endorsement or new Schedule issued by us and made a part of the Policy.

You will report to us any material change in information relating to this Policy. Coverage ceases as regards to the property affected unless you, prior to the "occurrence" of any "physical loss or damage", obtain from us an endorsement if

- (a) (i) the trade or manufacture carried on in, or the nature or the occupation of, or
- (ii) there arise any circumstances affecting
- (iii) the building insured or containing the insured property that alters or changes it in such a way as to increase the risk of "physical loss or damage" to "covered property".
- (b) the building insured or containing the insured property become unoccupied so remain for a period of more than 30 days.
- (c) the insured property be removed to any building or place other than in which it is herein stated to be insured.
- (d) the interest in the insured property passes from you, otherwise than by will or operation of law.

**Concealment, Misrepresentation or Fraud:**

This Policy is void in any case of fraud by you as it relates to this Policy or any other Policy at any time. It is also void and all claims forfeited if you or any of your representatives, at any time, intentionally conceal or misrepresent, a material fact concerning this Policy or any other Policy with any other insurer, the "covered property", your interest in the "covered property" or any claim.

**Designated Payees:**

Any interest in "covered property" by a designated payee shall be endorsed to this Policy using the Assignment Form agreed by us and any claim made on this Policy shall be adjusted and made payable to the designated payee for its interest.

**Due Diligence:**

You shall use due diligence and do all things reasonably practicable to avoid or diminish loss or damage to "covered property".

**Duties In The Event Of Occurrence or Claim:**

- (a) In the event of an "occurrence" which may result in a claim under this Policy, you shall notify us in writing forthwith. If a claim is intended to be made you shall, within 30 days after the "occurrence", or within any additional time granted by us in writing, deliver to us:

- i. a claim in writing for the "physical loss or damage" containing all reasonably available information pertaining to the "occurrence" and to the property damaged or destroyed.

Also included should be the amount of the loss or damage having regard to the value of the damaged or destroyed property at the time of the "occurrence", not including profit of any kind.

- ii. particulars of all other insurances, in any. You shall also at all times and at your own expense produce, procure and give to us all particulars, plans, specifications, books, vouchers, invoices, duplicates of copies thereof, documents, proofs and information with respect to the claim resulting from an "occurrence" and the circumstances under which the loss or damage occurred and any matter touching our liability or the amount of our liability as may be reasonably required by us. Further, you shall submit a declaration on oath or in another legal form of the truth of the claim and the matters connected to the claim. No claim under this Policy shall be payable unless the terms of this condition have been complied with.

- (b) In the event of robbery, theft or vandalism, you shall notify the police as soon as possible.

- (c) In the event of "physical loss or damage" to "covered property" resulting in an insured claim or threat



thereof, you shall sue, labour and travel for, in and about the defence, safeguard and recovery of "covered property" or any part of "covered property" without prejudice to this Policy.

(d) On the happening of any loss or damage to any of the property insured by this Policy, we may:

- i. enter and take possession of the building or premises where the loss or damage has happened
- ii. take possession of any such property and examine, sort, arrange, remove or otherwise deal with the same.
- iii. sell any such property or dispose of the same for the account of whom it may concern. The powers conferred by this condition shall be exercisable by us at any time until notice, in writing, is given by you stating that you make no claim under this Policy or, if any claim is made, until such claim is finally determined or withdrawn. We shall not, by any act done in the exercise of our powers hereunder, incur any liability to you or diminish our rights to rely upon any of the conditions of this Policy in answer to any claim. If you or any person acting on your behalf do not comply with our requirements or shall hinder or obstruct us in the exercise of our powers hereunder, all benefit under this Policy shall be forfeited.

**Inspection:**

We have the right, but not the duty, to inspect your premises and operations at any time during the policy period and any extension thereof. Our inspections are not safety inspections and we do not warrant that the premises or operations comply with laws, regulations, codes or standards. Our inspections relate only to the subject matter of this Policy and to the premium to be charged. We assume no responsibility and waive no rights by reason of such inspection, examination, audit or the omission thereof.

**No Benefit To Bailee:**

No person or organization, other than you, having custody of "covered property" will benefit from this Policy.

**No Control:**

This Policy shall not be affected by your failure to comply with the protection maintenance or to otherwise safeguard "covered property" located in any portion of an insured premise over which you have no control. Nevertheless, nothing in the foregoing shall waive your other obligations or any subrogation rights as provided elsewhere in this Policy.

**Other Insurance:**

If at the time of loss or damage happening to any property insured by this Policy, there be any "other insurance" or insurances, whether effected by you or by other persons, covering the same property, we shall not be liable to pay or contribute more than a ratable proportion of such loss or damage as the applicable "Limits of Liability" bears to the total insurance in force.

**Premiums:**

The named "Insured" shown in the Schedule is solely responsible for making or receiving payments of premiums or adjustments of premium.

**Protection Maintenance:**

Any protection provided for the safety of "covered property" shall be maintained in good working order throughout the policy period specified in the attached Schedule and shall be in use at all times including outside of business hours or whilst your premises are left unattended.

**Return Of Property And/Or Abandonment:**

We shall, at our option, take all or any part of the "covered property" at the agreed value. However, there can be no abandonment of any "covered property" to us.

If "covered property" is recovered prior to payment for loss or any part thereof, you shall take back the "covered property" if we so require. We will then only be liable for, subject to the terms, conditions, clauses, and exclusions of this Policy, any "physical loss or damage" to such "covered property" or any part thereof.

If you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, the property will be returned to you. You must then return to us the amount we paid to you

for the property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the "Limits of Liability".

**Salvage:**

In the event of an insured claim, we may, at our discretion, pay the "Limits of Liability" specified in the attached Schedule, less the deductible specified in the attached Schedule and such payment shall entitle us, at our sole option, to any salvage and the surrender of any title thereto. It is agreed that you shall have the first refusal of the bid for salvage, provided that any refusal or acceptance by you is made within 10 days of the date the offer is first made by us.

All salvages, recoveries and payments recovered or received subsequent to a payment under this Policy shall be accepted as if recovered or received prior to the said payment and all necessary adjustments shall be made by the parties hereto.

If branded or labeled "covered property" is physically damaged and we elect to take all or part of such "covered property" at the value established by the terms of this Policy, you may, at your own expense, stamp "SALVAGE" on the "covered property" or its containers, or may remove or obliterate the brands or labels, provided such stamp, removal or obliteration will not further physically damage the "covered property" and that you re-label the said "covered property" or containers in compliance with any requirement of law.

**Transfer Of Rights And Duties:**

Your rights and duties under this Policy may not be transferred without our written consent. In the event of death of an individual named "Insured", the named "Insured's" rights and duties will be transferred to the named "Insured's" legal representative, but only while acting within the scope of duties as the named "Insured's" legal representative. Until the named "Insured's" legal representative is appointed, anyone having temporary custody of the named "Insured's" property will have the named "Insured's" rights and duties but only with respect to that property.

**Transfer Of Rights Of Recovery And Subrogation:**

If you have rights to recover all or part of any payment we have made under this Policy, these rights are transferred to us and shall not be invalidated should you waive them, even in writing, prior to any loss. You must do nothing after loss to impair them. At our request, you will bring "suit" or transfer these rights to us and help us enforce them. It is also agreed that, in case of loss payable by us, we shall, in no event, have any right of recovery against any company (or the directors, officers or employees thereof) which is a subsidiary of or partly owned by you.

**Valuation Basis For Reinstatement/Replacement Coverage:**

In the event of "physical loss or damage" for which we agree to pay, we will determine the value of "covered property" as follows:

Raw materials, supplies and other merchandise not manufactured by you, at replacement cost.

Stock in process, at the value of raw materials and labour expended plus the proper proportion of overhead charges.

Finished goods manufactured by you, at the regular cash selling price less all discounts and charges to which such finished goods would have been subject had there been no "physical loss or damage".

Exposed film, records, manuscripts and drawings, at the value blank plus the cost of copying information from duplicates or from originals of a previous generation, but this Policy does not insure any other costs, including research, engineering or other costs or restoring or recreating information lost.

Media for, or programming records pertaining to, electronic and electromechanical data processing or electronically-controlled equipment, at the value blank plus the cost of transferring information from duplicates or from originals of a previous generation, but this Policy does not insure any other costs, including research, engineering or other costs or restoring or recreating information lost.

All other "covered property", at the cost of repairing, replacing or reinstating (whichever is least) with material of like kind and quality without deduction for depreciation, subject to the following provisions: -

- (i) The building must have been repainted, renovated or refurbished within the last three years

- (ii) The repairs, replacement or reinstatement (all hereinafter referred to as replacement") must be executed with due diligence and dispatch.
- (iii) Until replacement has been effected, the amount collectible under this Policy shall be limited to the actual cash value.
- (iv) If replacement with material of like kind and quality is restricted or prohibited by any by-laws, ordinance or law, any increased cost of replacement due thereto shall not be insured hereunder.

Under no circumstances shall our liability under this Policy exceed the smallest of the following:-

the amount of insurance applicable to the part of the "covered property" that sustained "physical loss or damage".

the replacement cost of the "covered property", or any part thereof, with such property as is identical and intended for the same occupancy and use.

the amount actually and necessarily expended in replacing the said "covered property" or any part thereof.

## **SECTION VIII - CLAUSES/WARRANTIES**

This Policy is subject to the following clauses and warranties as are specified in the Schedule.

### **1. Automatic Reinstatement Of Limit Of Liability Clause**

In consideration of the insurance provided by this Policy not being reduced by the amount of any loss, you shall pay the appropriate extra premium on the amount of the loss from the date thereof or the date of the expiring of the policy period.

### **2. Burglar Alarm Warranty**

It is warranted that the premises are protected by a burglar alarm installed, inspected, maintained and functioning. We shall not be liable under this Policy for any loss or damage arising while the premises are closed against customers or callers or when the premises are left without a responsible adult therein unless, at such time, the said burglar alarm and all other fastenings and protections existing on the premises are in full and effective operation.

If you receive written notification from the police authority regarding the withdrawal of their service in responding to alarm calls, you shall immediately send such notification to us.

This clause shall only apply when Burglary cover is shown on the Schedule.

### **3. Burglar Bar Warranty**

It is warranted that the Covered Property under this Policy are stored in a premise with burglar bars/ metal grills securely installed and properly fastened over the doors, plate glass, windows, air condition units and any other openings.

This clause shall only apply when Burglary cover is shown on the Schedule.

### **4. Designation Of Property Clause**

For the purpose of determining, where necessary, the item heading under which any property is insured, we agree to accept the designation under which such property has been entered in your books.

### **5. Electrical Installation Clause**

We shall not be liable for loss of or damage to any electrical machine or apparatus or any portion of any electrical installation resulting from or occasioned by over-running, high or low voltage, excessive pressure, short-circuiting, arcing, self-heating or leakage of electricity from whatever cause, including lightning. This exemption shall apply only to the particular electrical machine, apparatus or portion of electrical installation so affected and not to the other machines, apparatus or electrical installation destroyed or damaged by fire set up by such particular machine, apparatus or other electrical installation.

### **6. Fire Extinguishing Appliances Warranty**

It is warranted that the fire extinguishing appliances stated in the Schedule shall be installed on the premises insured and will be maintained in efficient working order throughout the policy period and any further period that may be agreed by us.

## **7. Hazardous Products Warranty**

It is hereby warranted that, unless otherwise stated to the contrary in the proposal for this Policy, there are no oils, spirits, chemicals, explosives or other hazardous products stored or sold on the premises.

## **8. Hold-Up Clause**

"Hold-Up" shall mean the use of arms, weapons, tools or other instruments inside the premises in such a way as to cause you, your employee or any person of reasonably sound mind to fear death, bodily injury or harm. The intention must be to remove, by force, covered property stated in the Schedule. In this context, the word "premises" shall not include any portion which is occupied for residential purposes.

This clause shall only apply when Burglary cover is shown on the Schedule.

## **9. Landlord's/Tenants' Clause**

It is hereby agreed that anything done by the Landlord and/or other occupier of any insured building, without your knowledge, that increases the danger of loss or damage shall not prejudice your position under this Policy if, as soon as you become aware, you or your broker give notice to us in writing and, on demand, pay such reasonable premium as we may require.

## **10. "No Smoking" Signs Clause**

It is hereby understood and agreed that you shall maintain "No Smoking" signs on the premises. These signs must be placed at conspicuous locations within the building and must, at all times, be strictly complied with by all persons who enter the premises.

This is a condition precedent to all claims under this Policy.

## **11. Purchasers' Interest Clause**

It is hereby agreed that if any the time of damage or destruction to any building hereby insured you shall have contracted to sell your interest in such building and the purchase shall not have been but shall thereafter be completed, the purchaser, on completion of the purchase, shall be entitled to the benefit of this Policy if and as so far as the property is not otherwise insured by or on behalf of the purchaser against such damage or destruction. This, however, does not prejudice the rights and liabilities of you or us under this Policy up to the date of completion.

## **12. Removal Of Trade Waste Clause**

It is hereby understood and agreed that all greasy and oily waste shall be placed in metal receptacles with lids kept closed and all other trade waste shall be bagged at the close of each working day and removed from the premises at least once a week.

This is a condition precedent to all claims under this Policy.

## **13. Rent Clause**

The insurance on rent applies only if (any of) the insured building(s) is damaged or destroyed by any Covered Cause of Loss that renders the building(s) unfit for occupation. The insurance will apply only for such a proportion of the "Limit of Liability" on rent as the necessary period of un-occupancy bears to the term of rent insured.

## **14. Safe Warranty**

It is warranted that all gold items, jewellery, precious metals, watches, etc must be kept in a locked safe after closing hours.

This clause shall only apply when Burglary cover is shown on the Schedule.

## **15. Stock Declaration Clause**

It is agreed that, in consideration of the premium by the stock item(s) of this Policy being provisional in that it is calculated on 75% of the "Limit of Liability" hereby and is subject to an adjustment on the expiring of each period of insurance, you agree to declare to us, in writing, the value of your stock (other than retail) less any amount insured by policies other than declaration policies as follows:

The value at risk on the last day of each month and to make such declaration within 30 days of the last day of each month by a responsible person authorized to sign on your behalf. If the policies on the declaration basis cover the stocks hereby insured, the declaration shall be so made as

to apportion to each policy a share of the value of the stocks insured under such declaration policies, pro rata to the respective amounts named in the policies. In the event of a declaration not being made within the 30 days mentioned above, then you shall be deemed to have declared the "Limit of Liability" hereby as the value at risk. At the expiring of each policy period, the premium shall be calculated on the average "Limit of Liability" namely the total of the values declared or deemed to have been declared divided by the number of declarations due to have been made. If the resultant premium is greater than the provisional premium, you shall pay the difference; if it is less then we shall repay you but such repayment shall not exceed 50% of the provisional premium

The basis of valuation for declaration shall be the market value and any loss hereunder shall be settled on the basis of the market value immediately before to the loss.

If at the time of any loss there be any "other insurance" or insurances on other than a declaration basis, whether effected by you or not, covering the stocks hereby insured, this Policy shall apply only in excess of the value of such stocks at the time of loss over the "Limit of Liability" by such "other insurance" or insurances. We shall not be liable to pay or contribute more than the proportion of such loss which such excess (or, if there be other declaration insurances covering the same stocks, a ratable proportion of such excess), bears to the total value of the stocks, but not exceeding the "Limits of Liability".

If after the occurrence of a loss it is found that the amount of the last declaration previous to the loss is less than the amount that ought to have been declared, then the amount which would have been recoverable by you shall be reduced in proportion as the amount of the said last declaration bears to the amount that ought to have been declared.

Notwithstanding the occurrence of a loss, it is understood that the "Limit of Liability" will be maintained at all times during the currency of the Policy and you, therefore, undertake to pay extra premium on the amount of any loss pro rata from the date of such loss to the expiration of the policy period. The premium will be calculated at the rate applicable to the stocks destroyed and such extra premium shall not be taken into account in, and shall be distinct from, the final adjustment of premium.

In the event you cancel this Policy during its currency (whether stocks exist or not) the premium we will retain shall be the appropriate short period premium calculated on the average amount insured up to the date of canceling or 50% of the provisional premium, whichever is greater. But if you cancel the Policy after a loss has occurred, the premium we will retain shall be the pro rata proportion of the premium calculated on the average amount insured up to the date of canceling plus the pro rata proportion of the premium from the date of the loss to the expiring of the policy period on the amount of the loss paid or 50% of the provisional premium, whichever is the greater.

Our maximum liability shall not exceed the "Limits of Liability" hereby and premium shall not be receivable on values in excess thereof. The "Limits of Liability" may, however, be increased by prior agreement with us in which event the new "Limits of Liability" and the date from which it is effective will be recorded on the Policy by endorsement.

If the stocks hereby insured shall, at the time of any loss, be collectively of greater value than the "Limit of Liability" thereon, then you shall be considered as being your own insurer for the difference and shall bear a ratable proportion of the loss accordingly. Every item, if more than one, on stocks (other than retail) shall be separately subject to this condition.

It is warranted that every other policy covering stocks on a declaration basis shall be identical in wording with this Policy.

This insurance is subject, in all respects, to the printed conditions of the Policy except in so far as they may be varied by Special Conditions.

#### **16. Stock Storage Warranty**

It is warranted that all clothing and/or permeable items, comprising or forming part of your stock covered by this Policy, shall be stored no less than six (6) inches above ground level of the premises. This warranty relates only to water damage to Covered Property under this Policy.

#### **17. Storm & Hurricane Protection Warranty**

It is warranted that when a hurricane warning is issued, you shall take all reasonable precautions necessary to safeguard the Covered Property.

**18. "Under-Construction" Clause**

It is a condition of this Policy that should Covered Property be destroyed by any Covered Cause of Loss during the course of construction, the amount we will be liable for shall not exceed the actual cost of constructing the Covered Property up to the time of its destruction and, in any event, not exceeding the "Limits of Liability".

**19. Woodworking Warranty**

It is warranted that during the currency of this Policy no woodworking be carried on, except on not more than two single benches for pattern or mould-making.

**20. Workmen's Clause**

It is hereby agreed that workmen and/or tradesmen are allowed in, on or about the premises hereby insured for maintenance purposes and/or for effecting repairs, alterations and/or extensions without prejudice to this insurance.

**21. Loss Payable Clause      NCL 115**

It is hereby agreed that loss, if any, is payable to the interest as stated on the Schedule. Further concurrent insurance is permitted, without notice, until required.

**22. Mortgage Clause      NCL 215**

It is hereby agreed that in the event of loss or damage, we will pay the Mortgagees or Assignees stated on the Schedule to the extent of their interest. The interest of the Mortgagees and Assignees shall not be invalidated by any act or neglect of the Mortgagor or Owner of the property insured. Their interests also shall not be invalidated by anything whereby the risk is increased being done to, upon or in any building hereby insured, without the knowledge of the Mortgagees or Assignees provided always that the Mortgagees and Assignees shall notify us of any change of ownership, alteration or increase of hazard not permitted by this Policy as soon as any such change, alteration or increase shall come to their knowledge, and they shall, on demand, pay to us the appropriate additional premium from the time when such increase of risk first took place.

It is further agreed that whenever we shall pay the Mortgagees or Assignees any sum for loss or damage under this Policy and shall claim that as to the Mortgagor or Owner no liability existed, we shall at once be legally subrogated to all the rights of the Mortgagees or Assignees to the extent of such payment. The Mortgagees and Assignees shall do or execute all such further or other acts, deeds, transfers, assignments, instruments and things as may be necessary or be reasonably required by us for the purpose of better effecting the subrogation. However, such subrogation shall not impair the rights of the Mortgagees or Assignees to recover the full amount of their claim.

It is further agreed that, as between us and the Mortgagor or Owner of the property insured, nothing contained in this Clause shall, in any way, constitute any waiver of, or lessen any obligations which may be imposed on the Mortgagor or Owner of the property insured either by or under this Policy or by law. Such rights and obligations shall, as between us and the Mortgagor or Owner of the property insured, remain in full force and effect. We reserve the right to cancel this Policy at any time but in such case, this Policy shall continue in force for the benefit only of the Mortgagees or Assignees for 30 days after notice have been sent to them and then it shall cease. We shall also have the right, on like notice, to cancel this agreement.

**23. JURISDICTION CLAUSE**

It is also understood and agreed that this Policy is governed by the laws of The Bahamas and shall be subject to the jurisdiction of the Courts of The Bahamas.

**24. CURRENCY CLAUSE**

It is understood and agreed that this Policy is issued in the currency shown on the Schedule.

**SECTION IX - DEFINITIONS**

When used in this Policy, the words and phrases appearing in quotation marks have the defined meanings shown below:

**"Covered Property"** means your interest in real or personal property of any kind, nature or description (including improvements and betterments in buildings not owned by you) owned, used or intended for use by you or in which you have an insurable interest and/ or which you may become responsible for insuring throughout the policy period, including property of others in your care, custody or control and including incidental property in the course of construction.

**"Insured" means:**

- (a) the named "Insured" or entity on the Schedule;
- (b) if the "Insured" is an individual and he or she dies, the legal representative of the "Insured" but only with respect to duties as such.
- (c) If the "Insured" is an entity, the subsidiary and affiliated companies identified by the entity at the time of placement of this Policy or, if approved by us, at the time of subsequent acquisition and identification.

**"Occurrence"** means all "physical loss or damage" occurring during the period of insurance specified in the Schedule that is caused by anyone Covered Cause of Loss.

Notwithstanding the above-mentioned, if and when the following events are insured hereunder, the duration, time and extent of anyone "occurrence" shall be limited to:

- (a) 72 consecutive hours as regards Earthquake, earth tremor, seaquake, tidal wave, any loss from seismic activity insured hereunder, volcanic eruption, hurricane, typhoon, tornado, windstorm, wind-driven water or other wind-peril insured hereunder or flood.
- (b) 72 consecutive hours as regards riots, civil commotions and malicious damage that occurs within the territorial limits of anyone city, town or village;
- (c) 72 consecutive hours as regards any occurrence which includes individual insured claims arising from any of the causes mentioned in (a) and (b) above; and only "physical loss or damage" arising out of anyone insured event falling within these time periods or geographic areas will be included in that occurrence.

It is further understood, noted and agreed that the time and date when such period of 72 consecutive hours commences shall be determined solely at your discretion and you may, if the insured event exceeds 72 consecutive hours, divide the said insured event into two or more occurrences provided, however, that no two periods of 72 consecutive hours overlap.

Notwithstanding the above-mentioned, no period of 72 consecutive hours shall commence prior to the date and time of the first recorded insured "physical loss or damage" to the "covered property" caused by an insured event occurring during the period of insurance specified in the attached Schedule.

**"Other insurance"** means a Policy of valid and collectible insurance affording coverage that this Policy also affords and includes any type of self-insurance or other mechanism by which an "Insured" arranges for funding of legal liabilities.

**"Physical Loss or Damage"** means only the physical alteration and/ or theft (if Burglary included) of "covered property" during the period of insurance specified in the attached Schedule as the direct result of a fortuitous Covered Cause of Loss that leaves the "covered property" physically lost or physically damaged.

In agreement therefore, we – **NAGICO INSURANCE BAHAMAS LIMITED** - execute this Policy  
on this            day of

Signed for and on behalf of us by:  
AUTHORIZED OFFICER