

# FIRE INSURANCE POLICY

Please read this Policy carefully upon receipt and promptly request for any necessary amendments.

**IN CONSIDERATION** of the Insured named in the Schedule hereto paying to Chong Hing Insurance Company Limited (hereinafter called 'the Company') the Premium mentioned in the Schedule

**THE COMPANY AGREES** (subject to the terms exceptions and conditions contained herein or endorsed or otherwise expressed hereon which shall so far as the nature of them respectively will permit be deemed to be conditions precedent to the rights of the Insured to recover hereunder) that if the Property Insured at the Situation described in the Schedule or any part thereof shall suffer any loss destruction or damage (hereinafter referred to as 'Damage') caused by fire, or by lightning, or by explosion of boilers or gas used for domestic purposes only, or by any Extra Peril specified in the Schedule, at any time during the Period of Insurance or of any subsequent period in respect of which the Insured shall have paid and the Company shall have accepted the premium required for the renewal of this Policy, the Company will pay to the Insured the value of the Property Insured at the time of the happening of its loss or destruction or the amount of such damage or at the Company's option reinstate or replace such Property or any part thereof

**PROVIDED THAT** the liability of the Company shall in no case exceed:

- in the whole the Total Sum Insured or in respect of any item its Sum Insured at the time of the Damage, or
- if any other Damage shall have occurred during the same period of insurance, the Sum Insured remaining after payment for such Damage unless the Company shall have agreed to reinstate any such Sum Insured.

## EXCEPTIONS

Unless otherwise expressly stated in the Policy, this insurance does not cover:

- Damage occasioned by or through or in consequence of, directly or indirectly, any of the following:
  - fire or explosion resulting from earthquake, volcanic eruption or other convulsion of nature;
  - the Property Insured's own spontaneous fermentation or heating;
  - the Property Insured undergoing any process involving the application of heat;
  - burning whether accidental or otherwise of forests, bush, prairie, pampas or jungle, and the clearing of lands by fire;
  - the burning of property by order of any public authority;
  - riot, civil commotion, strikers or locked-out workers;
  - war, invasion, act of foreign enemy, hostilities or warlike operations (whether war be declared or not), civil war;
  - mutiny, military or popular uprising, insurrection, rebellion, revolution, military or usurped power, martial law or state of siege or any of the events or causes which determine the proclamation or maintenance of martial law or state of siege;
  - any nuclear weapons material;
  - ionising radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel, solely for the purpose of this exception combustion shall include any self-sustaining process of nuclear fission;
  - pollution or contamination not resulting from an insured peril;
  - theft during or after the occurrence of a fire;
  - explosion other than of boilers or gas used for domestic purposes only.
- Damage to any electrical machine, apparatus, or any portion of the electrical installation arising from or occasioned by its own over-running, excessive pressure, short circuiting, self heating, arcing or leakage of electricity arising from whatever cause (lightning included);
- Damage to property which at the time of the happening of such Damage is insured by, or would but for the existence of this Policy, be insured by any marine policy or policies, except in respect of any excess beyond the amount which would have been payable under such marine policy or policies had this Policy not been effected;
- goods held in trust or on commission, bullion, unset precious stones, works of art, manuscripts, plans, drawings or designs, patterns, models, moulds, securities, obligations, documents, stamps, coined or paper money, cheques, books of accounts, business books, computer systems records, explosives;
- consequential loss or damage of any kind or description.

## CONDITIONS

### 1. Identification

This Policy and the Schedule (which forms an integral part of the Policy) shall

be read together as one contract and words and expressions to which specific meanings have been attached in any part of this Policy or of the Schedule shall bear such specific meanings wherever they may appear.

### 2. Misrepresentation

If there be any material misdescription of any of the Property Insured, or of any building or place in which such property is contained, or any misrepresentation as to any material fact to be known for estimating the risk, or any omission to state such fact, the Company shall not be liable under this Policy so far as it relates to property affected by any such misdescription, misrepresentation or omission.

### 3. Reasonable Precautions

The Insured shall maintain the Property Insured in a proper state of repair and take all reasonable precautions to prevent Damage thereto.

### 4. Alterations and Removals

Unless the Insured has obtained the consent of the Company in writing before the occurrence of any Damage, the insurance ceases to attach regarding the Property affected under any of the following circumstances:

- if the trade or manufacture carried on by the Insured be altered, or if any circumstances affecting the Situation insured be changed in such a way as to increase the risk of Damage by any of the Insured Perils;
- if the Situation insured becomes unoccupied and so remains for a period of more than 30 days;
- if the Property Insured is removed from the Situation insured;
- if the interest in the Property Insured passes from the Insured otherwise than by will or operation of law.

### 5. Cancellation

This Policy may be cancelled at any time:

- by the Insured on notice to that effect being given in writing to the Company, in which case the Company will retain the customary short period rate for the time the Policy has been in force;

Not Exceeding	
5 days	2.5% of Annual Rate
15 days	5% of Annual Rate
45 days	10% of Annual Rate
2 months	15% of Annual Rate
3 months	20% of Annual Rate
4 months	30% of Annual Rate
5 months	40% of Annual Rate
6 months	50% of Annual Rate
7 months	60% of Annual Rate
8 months	70% of Annual Rate
9 months	80% of Annual Rate
10 months	90% of Annual Rate
11 months	95% of Annual Rate
12 months	Full Annual Rate

- by the Company on 7 days' advance notice to that effect being given in writing to the Insured's last known address, in which case the Company shall be liable to repay on demand a rateable proportion of the premium for the unexpired term from the date of the cancellation.

### 6. Warranties

Every warranty to which the Property Insured or any item thereof is or may be made subject shall from the time the warranty attaches apply and continue to be in force during the whole currency of this Policy, and non-compliance with any such warranty shall be a bar to any claim in respect of such Property or item, provided that whenever this Policy is renewed a claim in respect of Damage occurring during the renewal period shall not be barred by reason of a warranty not having been complied with at any time before commencement of such period.

### 7. Claims (Action by the Insured)

If any event giving rise to or likely to give rise to a claim under this Policy comes to his knowledge the Insured shall:

- immediately
  - take steps to minimize the Damage and recover any missing property;
  - give notice in writing to the Company;
  - give notice to the Police in the event of deliberate or malicious damage;
- within 30 days or such further time as the Company may in writing allow deliver to the Company

- (i) a claim in writing for the Damage containing as particular an account as may be reasonably practical of all the several articles or items of property Damaged and the amount of Damage thereto respectively, having regard to their value at the time of the Damage;
- (ii) particulars of all other insurances if any;
- (c) at all times at his own expense provide to the Company all such information and available documents or proofs regarding
  - (i) the origin and cause of the Damage and the circumstances under which the Damage occurred;
  - (ii) any matter touching the liability or the amount of liability of the Company;
 as may be reasonably required by the Company together with a declaration on oath or in other legal form of the truth of the claim any matters connected therewith.

#### 8. Forfeiture of Benefits

All benefits under this Policy shall be forfeited:

- (a) if any claim made be in any respect fraudulent;
- (b) if any fraudulent means or devices are used by the Insured or any one acting on his behalf to obtain benefit under this Policy;
- (c) if any Damage is caused by the willful act or with the connivance of the Insured;
- (d) if the Insured or any person acting on his behalf shall hinder or obstruct the Company in the exercise of its rights;
- (e) in respect of any claim made and rejected if an action or suit be not commenced within twelve months after such rejection;
- (f) in respect of any claim where arbitration takes place pursuant to Condition 14 of this Policy and an action or suit be not commenced within twelve months after the making of an arbitration award;
- (g) in respect of any claim after the expiration of twelve months from the happening of the Damage, unless such claim is the subject of pending legal action or arbitration.

#### 9. Possession Rights

On the happening of Damage in respect of which a claim is made:

- (a) the Company and any person authorized by the Company may without hereby incurring any liability or diminishing any of the Company's rights under this Policy:
  - (i) enter take or keep possession of the premises where such Damage has occurred;
  - (ii) take possession of or require to be delivered to the Company any Property Insured and deal with such Property for all reasonable purposes and in any reasonable manner;
- (b) no Property may be abandoned to the Company whether taken possession of by the Company or not.

#### 10. Option to Reinstate

The Company may at its option, repair or replace the Property Damaged, or any part thereof, instead of paying the amount of the Damage, or may join with any other persons companies or insurers in so doing, but the Company shall not be bound to repair exactly or completely, but only as circumstances permit and in reasonably sufficient manner, and in no case shall the Company be bound to expend more in repair than it would have cost to repair such Property as it was at the time of the occurrence of such Damage, nor more than the Sum Insured thereon.

If the Company so elects to repair or replace any property, the Insured shall at his own expense furnish the Company with such plans specifications measurements quantities and such other particulars as the Company may require, and no acts done or caused to be done by the Company with a view to repair or replace shall be deemed an election by the Company to repair or replace.

If in any case the Company shall be unable to repair or replace the Property Insured because of any law or regulations in force affecting the alignment of streets, or the construction of buildings, or otherwise, the Company shall, in every such case, only be liable to pay such sums as would be required to repair or replace such Property if the same could lawfully be repaired to its former condition.

#### 11. Average (Underinsurance)

If at the time of Damage, the Property Insured be collectively of greater value than the sum insured thereon, the Insured shall bear a share of the Damage corresponding directly to the proportion of underinsurance. Every item, if more than one, of the Property Insured shall be separately subject to this Condition.

#### 12. Contribution

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

If any such other insurance is expressed to cover any of the Property Insured, but is subject to any provision whereby it is excluded from ranking concurrently with this Policy either in whole or in part or from contributing rateably to the Damage, the liability of the Company hereunder shall be limited to such proportion of the Damage as the sum hereby insured bears to the value of the Property.

#### 13. Subrogation

The Insured shall at the request and at the expense of the Company do and concur in doing and permit to be done all such acts and things as may be necessary or reasonably required by the Company for the purpose of enforcing any rights and remedies or of obtaining relief or indemnity from any other parties, to which the Company shall be or would become entitled or subrogated

upon its paying or making good any Damage under this Policy, whether such acts and things shall be or become necessary or required before or after indemnification by the Company.

#### 14. Arbitration

If any difference shall arise as to the amount to be paid under this Policy such difference shall be determined by arbitration in accordance with the prevailing Arbitration Ordinance. If the parties fail to agree upon the choice of arbitrators or umpires, then the choice shall be referred to the Chairman for the time being of the Hong Kong International Arbitration Centre. It is hereby expressly stipulated that it shall be a condition precedent to any right of action or suit upon this Policy that an arbitration award shall be first obtained.

#### EXTRA PERILS ENDORSEMENT

**This policy is extended, but only as specified in the Policy Schedule, to cover Damage caused by the Extra Perils described hereunder provided always that all the Conditions of this Policy (except insofar as they may be hereby expressly varied) shall apply as if they had been incorporated herein and for this purpose any Damage by the specified Extra Perils shall be deemed to be Damage by fire within the meaning of this Policy.**

##### EP01A – Aircraft

Damage directly caused by aircraft and other aerial devices or articles dropped therefrom excluding Damage caused by any aircraft for which permission to land has been extended by the insured.

##### EP02A – Bush Fire

Damage occasioned by or through or in consequence of the burning of forests, bush, prairie, pampas or jungle and the clearing of lands by fire but excluding such clearing by or on behalf of the Insured.

##### EP03A – Earthquake (Fire & Shock)

Damage by fire or otherwise, directly caused by earthquake or volcanic eruption, but excluding

- (i) in respect of Damage caused other than by fire
  - (a) the first HK\$3,000 of each and every loss as ascertained after the application of any condition of average and occurring within each and every separate period of 72 consecutive hours during the currency of this Policy
  - (b) metal smoke stacks, awnings, blinds, signs or other outdoor fixtures and fittings unless specifically insured
- (ii) Damage caused by
  - (a) the escape of water from its normal confines whether natural or artificial
  - (b) inundation from the sea whether resulting from earthquake or otherwise

##### EP03B – Earthquake (Fire Shock & Flood)

Damage by fire or otherwise, directly caused by earthquake or volcanic eruption including flood or overflow of the sea occasioned thereby, but excluding in respect of Damage caused other than by fire:

- (a) The first HK\$3,000 of each and every loss as ascertained after the application of any condition of average and occurring within each and every separate period of 72 consecutive hours during the currency of this Policy
- (b) Metal smoke stacks, awning, blinds, signs or other outdoor fixtures and fittings unless specifically insured.

##### EP04A – Explosion

Damage by fire or otherwise, directly caused by explosion, but excluding

- (i) damage to boilers, economizers, or other vessels, machinery or apparatus in which pressure is used, or Damage to their contents resulting from their explosion
- (ii) damage occasioned by or through or in consequence, directly or indirectly, of any act of terrorism committed by any person acting on behalf of, or in connection with, any organization (for the purposes of this exclusion 'terrorism' means the use of violence for political ends and includes any use of violence for the purpose of putting the public or any section of the public in fear).

##### EP05A – Vehicle Impact (by any third party vehicle)

Damage by fire or otherwise, caused by impact by any road vehicle, horses or cattle not belonging to or under the control of the Insured or any member of the Insured's household or any person employed by the insured, but excluding the first HK\$3,000 of each and every loss as ascertained after the application of any condition of average.

##### EP05B – Vehicle Impact (by any vehicle)

Damage by fire or otherwise, caused by impact by any road vehicle, horses or cattle, but excluding the first HK\$3,000 of each and every loss as ascertained after the application of any condition of average.

##### EP06A – Riot & Strike

Damage caused by

- (a) the act of any person taking part together with others in any disturbance of the public peace (whether in connection with a strike or lock-out or not)
- (b) the willful act of any striker or locked-out worker done in furtherance of a strike or in resistance to a lock-out
- (c) the action of any lawfully constituted authority in suppressing or attempting to suppress or in minimizing the consequences of any act mentioned in (a) and (b) above

but excluding

- (i) Damage occasioned through or in consequence, directly or indirectly, of
  - (a) any act of terrorism committed by any person acting on behalf of, or in connection with, any organization (for the purposes of this exclusion 'terrorism' means the use of violence for political ends and includes any use of violence for the purpose of putting the public or any section of the public in fear)

- (b) civil commotion assuming the proportions of or amounting to a popular rising
- (c) the malicious act of any person (whether or not such act is committed in the course of disturbance of the public peace) not being the willful act of any rioter striker or locked-out worker in furtherance of a riot or strike or in resistance to a lock-out
- (ii) Damage resulting from total or partial cessation of work or the retarding or interruption or cessation of any process or operation,
- (iii) Damage occasioned by
  - (a) permanent or temporary dispossession resulting from confiscation, commandeering or requisition by any lawfully constituted authority
  - (b) permanent or temporary dispossession of any building resulting from the unlawful occupation by any person of such building provided nevertheless that the Company is not relieved of any liability to the Insured in respect of physical damage to the Property Insured occurring before dispossession or during temporary dispossession.

**EP06B – Riot Fire**

Damage by fire directly caused by

- (a) the act of any person taking part together with others in any disturbance of the public peace (whether in connection with a strike or lock-out or not)
- (b) the action of any lawfully constituted authority in suppressing or attempting to suppress or in minimizing the consequences of any such act but excluding
  - (i) Damage occasioned through or in consequence, directly or indirectly, of
    - (a) any act of terrorism committed by any person acting on behalf of, or in connection with, any organization (for the purposes of this exclusion 'terrorism' means the use of violence for political ends and includes any use of violence for the purpose of putting the public or any section of the public in fear)
    - (b) civil commotion assuming the proportions of or amounting to a popular rising
  - (ii) Damage resulting from total or partial cessation of work or the retarding interruption or cessation of any process or operation.

**EP06C – Malicious Damage**

Damage directly caused by the malicious act of any person (whether or not such act is committed in the course of a disturbance of the public peace), but excluding

- (i) Damage by explosion
- (ii) Damage arising out of or in the course of theft or any attempt thereat provided that cover under Extra Peril EP06A (Riot & Strike) is in force and subject to the application of the application of the exclusions under that Extra Peril extension wording other than (i) (c).

**EP06D – Deterioration of Goods (Cold Storage Risks) - Riot & Strike**

Damage to the goods insured caused by change of temperature resulting from damage directly caused by any peril insured against under Extra Peril EP06A (Riot & Strike) to refrigerating plant, machinery or equipment located in the same premises as the said goods, provided always that cover under Extra Peril EP06A (Riot & Strike) is in force and subject to the application of the terms and exceptions under that Extra Peril extension wording.

**EP06E – Deterioration of Goods (Risks other than Cold Storage Risks) - Riot & Strike**

Damage to the goods insured caused by deterioration resulting from damage directly caused by any peril insured against under Extra Peril EP06A (Riot & Strike) to plant, machinery or equipment located in the same premises as the said goods, provided always that cover under Extra Peril EP06A (Riot & Strike) is in force and subject to the application of the terms and exceptions under that Extra Peril.

**EP06F – Deterioration of Goods (Cold Storage Risks) - Riot Fire**

Damage to the goods insured caused by change of temperature resulting from damage by fire directly caused by any peril insured against under Extra Peril EP06B (Riot Fire) to refrigerating plant, machinery or equipment located in the same premises as the said goods, provided always that cover under Extra Peril EP06B (Riot Fire) is in force and subject to the application of the terms and exceptions under that Extra Peril.

**EP06G – Deterioration of Goods (Risks other than Cold Storage Risks) - Riot Fire**

Damage to the goods insured caused by deterioration resulting from damage by fire directly caused by any peril insured against under Extra Peril EP06B (Riot Fire) to plant, machinery or equipment located in the same premises as the said goods, provided always that cover under Extra Peril EP06B (Riot Fire) is in force and subject to the application of the terms and exceptions under that Extra Peril.

**EP06H – Terrorism**

Damage directly caused by any act of terrorism committed by any person acting on behalf of, or in connection with, any organization (for the purposes of this extension 'terrorism' means the use of violence for political ends and includes any use of violence for the purpose of putting the public or any section of the public in fear), provided always that cover under Extra Peril EP06A (Riot & Strike) is in force and subject to the application of the terms and exceptions under that Extra Peril.

**EP07A – Spontaneous Combustion**

Damage by fire only of or to the Property Insured caused by its own spontaneous fermentation, heating or combustion

**EP08A – Sprinkler Leakage**

Damage directly caused by water discharged or leaking from the Automatic Sprinkler installation installed in that part of the Situation insured which is occupied by the Insured but excluding Damage to the said installation, provided that

- (i) such discharge or leakage of water shall be accidental and shall not be occasioned by or happen through
  - (a) heat caused by fire

- (b) repairs or alterations to the buildings or premises
- (c) repair, removal or extension of the said installation
- (d) the order of the government or of any Authority
- (e) explosion, the blowing-up of buildings or blasting
- (ii) the Insured shall at all times take all reasonable steps to prevent damage to the said installation and, so far as his responsibility extends, to maintain the said installation, including the automatic external alarm signal, in efficient condition. In the event of any discharge or leakage from the said installation the insured shall do and permit to be done all things practicable, whether by removal or otherwise, to save and protect the Property Insured;
- (iii) whenever it is intended to make any changes, repairs or alterations to the said installation, the Insured shall give written notice thereof to the Company;
- (iv) the Company shall have access to the Situation insured at all reasonable times for purposes of inspection and if the Company shall notify the insured of defects in the construction or condition of the said Installation requiring alteration or repairs the Company may also at their option by notice in writing suspend the insurance by this extension until such alteration or repairs shall by duly completed.

**EP09C – Typhoon, Windstorm & Flood**

Damage by fire or otherwise, directly caused by typhoon, windstorm or flood but excluding

- (i) in respect of Damage caused other than by fire
  - (a) the first HK\$3,000 of each and every loss as ascertained after the application of any condition of average and occurring within each and every separate period of 72 consecutive hours during the currency of this Policy
  - (b) metal smoke stacks, awnings, blinds, signs or other outdoor fixtures and fittings unless specifically insured
  - (c) premises in course of construction, alteration or repair except when all outside doors, windows and other openings are complete and protected against typhoon or windstorm unless specifically insured
- (ii) Damage caused by
  - (a) subsidence or landslip
  - (b) hail, whether wind driven or not
  - (c) rain entering the building other than through openings made in its fabric by the direct force of the typhoon or windstorm
- (iii) Damage caused by accumulation of water resulting from circumstances where the Insured could, but has failed to, take reasonable steps to prevent such accumulation.

**EP10A – Water Tanks, Apparatus & Pipes**

Damage directly caused by bursting or overflowing of water tanks, apparatus or pipes but excluding

- (i) the first HK\$3,000 of each and every loss as ascertained after the application of any condition of average
- (ii) Damage to water tanks apparatus or pipes
- (iii) Damage caused by water discharged or leaking from any installation of automatic sprinklers

**THE FOLLOWING CLAUSES, ENDORSEMENTS, EXCLUSIONS, MEMORANDA AND WARRANTIES ARE ONLY APPLICABLE TO THIS POLICY WHEN SPECIFIED IN THE SCHEDULE:**

- A6 FIREPROOF DOORS WARRANTY** Warranted that all fire proof doors and fire proof shutters are kept closed except when in actual use and, together with any self closing mechanism, maintained in efficient working order.
- A7 FOUNDATION EXCLUSION** The insurance on Building excludes that part of any building below the level of the under surface of its lowest floor.
- A8 ELECTRICAL INSTALLATIONS** The Company will not be liable for loss of or damage to any Electrical Plant, Apparatus or Installation caused by its own over-running, excessive pressure, short circuiting or self heating.
- A11 LIEN CLAUSE** Loss, if any, under this Policy shall be payable to the Lien Holders named in the Schedule of this Policy, as their interest may appear, whose receipt will be a valid discharge.
- A12 MORTGAGEE / NON-OCCUPYING LANDLORD CLAUSE** It is hereby declared and agreed that this insurance shall not be invalidated by any change of occupancy or increase of risk taking place in the property without the knowledge of the Insured, provided that he shall immediately, on the same coming to his knowledge, give notice thereof to the Company and pay any additional premium which may be required from the date of such increase of risk.
- A13 MORTGAGEE CLAUSE** Loss, if any, under this Policy shall be payable to the Mortgagees or Assignees of mortgagee interest named in the Schedule of this Policy to the extent of their interest. It is hereby agreed that in the event of loss or damage, the Company will pay the Mortgagees or said Assignees to the extent of their interest and that this insurance in so far as concerns the interest therein of the Mortgagees or said Assignees only shall not be invalidated by any act or neglect of the Mortgagor or Owner of the property insured, nor by anything whereby the risk is increased being done to, upon or in any building hereby insured, without the knowledge of the Mortgagees or said Assignees provided always that the Mortgagees or said Assignees shall notify the Company of any change of ownership or alteration or increase of hazard not permitted by this insurance so soon as any such change, alteration or increase shall come to their knowledge, and on demand shall pay to the Company the appropriate additional premium from the time when such increase of risk first took place. And it is further agreed that whenever the Company shall pay the Mortgagees or

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

Provided that as between the Company and the Mortgagor or Owner of the property insured, nothing contained in this clause shall in any way constitute or be deemed to constitute any waiver of, or prejudice or affect any rights which the Company may have against the Mortgagor or Owner of the property insured, 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, and such rights and obligations shall as between the Company and the Mortgagor Owner of the property insured remain in full force and effect.

The Company reserves the right to cancel this policy at any time as provided by the terms thereof, but in such case this policy shall continue in force for the benefit only of the Mortgagees or said Assignees for 10 days after notice to the Mortgagees or said Assignees of such cancellation, and shall then cease, and the Company shall have the right on like notice to cancel this agreement.

**A19 REINSTATEMENT VALUE INSURANCE CLAUSE** It is hereby agreed that in the event of property insured under (item 1 of) the within policy being destroyed or damaged the basis upon which the amount payable under (each of the said items of) the policy is to be calculated shall be the reinstatement of the property destroyed or damaged, subject to the following special provisions and subject also to the terms and conditions of the policy except in so far as the same may be varied hereby.

For the purposes of the insurance under this memorandum "reinstatement" shall mean:

The carrying out of the aftermentioned work, namely:

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

**SPECIAL PROVISIONS**

1. The work of reinstatement (which may be carried out upon another site and in any manner suitable to the requirements of the Insured subject to the liability of the Company not being thereby increased) must be commenced and carried out with reasonable despatch: otherwise no payment beyond the amount which would have been payable under the policy if this memorandum had not been incorporated therein shall be made.
2. When any property insured under this memorandum is damaged or destroyed in part only the liability of the Company shall not exceed the sum representing the cost which the Company could have been called upon to pay for reinstatement if such property had been wholly destroyed.
3. No payment beyond the amount which would have been payable under the policy if this memorandum had not been incorporated therein shall be made until the cost of reinstatement shall have been actually incurred.
4. Each item insured under this memorandum is declared to be separately subject to the following Condition of Average, namely:  
If at the time of reinstatement the sum representing the cost which would have been incurred in reinstatement if the whole of the property covered by such Item had been destroyed exceeds the Sum insured thereon at the breaking out of any fire or at the commencement of any destruction or of damage to such property by any other peril hereby insured against then the Insured shall be considered as being his own insurer for the excess and shall bear a ratable proportion of the loss accordingly.
5. No payment beyond the amount which would have been payable under the policy if this memorandum had not been incorporated therein shall be made if at the time of any destruction or damage to any property insured hereunder such property shall be covered by any other insurance effected by or on behalf of the Insured which is not upon the identical basis of reinstatement set forth herein.
6. Where by reason of any of the above special provisions no payment is to be made beyond the amount which would have been payable under the policy if this memorandum had not been incorporated therein the rights and liabilities of Company and the Insured in respect of the destruction or damage shall be subject to the terms and conditions of the policy, including any Condition of Average therein, as if this memorandum had not been incorporated therein.

**A22 RENT CLAUSE** The insurance on rent applies only if (any of) the said building(s) or any part thereof is unfit for occupation in consequence of its destruction or damage and then the amount payable shall not exceed such proportion of the sum insured on Rent as the period necessary for reinstatement bears to the term of Rent insured.

**A33 LEGAL REQUIREMENTS WARRANTY** Warranted that the Insured shall duly comply with and observe all provisions, requirements and regulations of

(i) Fire Services Department	and/or
(ii) Labour Department	and/or
(iii) Dangerous Goods Ordinance	and/or
(iv) Factories and Industrial Undertaking Ordinance	and/or
(v) Any other Statutory Obligation	

including any notice given and requirements made pursuant to same the breach

and disregard of which may affect or increase the risk hereby insured except only that this Warranty shall not apply in respect of any Ordinance, Regulation Notice or Requirement expressly waived by the Company by endorsement on this Policy.

**A34 STORAGE WARRANTY** Warranted no waste materials or goods of any description whatsoever whether belonging to the Insured or not shall be stored temporarily or otherwise on any staircase or landing or in any passageway within or in common use with the premises described in the policy.

Provided that the Company shall be deemed to have waived any breach of this Warranty not occasioned by or contributed to by the Insured of which the Company shall have received written notice from the Insured prior to the occurrence of loss destruction or damage.

Warranted also that all waste materials will be kept in receptacles and removed from the building daily.

**B24 OCCUPANCY WARRANTY A** Warranted no goods or merchandise, other than samples, stored in the within described premises.

**B25 OCCUPANCY WARRANTY B** Warranted no trade processing or manufacturing carried on at the within described premises.

**B31 PETROL WARRANTY** Warranted no petrol or other liquid fuel, other than in the fuel tanks of vehicles and a quantity not exceeding 4 gallons (18 litres) in metal cans fitted with lids, kept in the within described premises.

**B54 STORAGE WARRANTY (SHOPS)**

- (a) Warranted that no trade processing or manufacturing carried on in the premises which involves the use of:
    - (i) machinery with a motive power in excess of 5 H.P. in the aggregate
    - (ii) heating or boiling apparatus other than of the small domestic type
  - (b) Warranted no storage or deposit for sale of:
    1. Acids
    2. Alcohols
    3. Ammunition, Explosives, Fireworks and Fire crackers
    4. Bamboo, Cane, Willow, Rattan and articles made therefrom
    5. Benzene and Benzine
    6. Calcium carbide
    7. Candles and Wax
    8. Chlorates, Perchlorates and chlorites
    9. Compressed Gases
    10. Cotton, Hemp, Jute and Kapok (except in fully machine pressed and metal bound bales)
    11. Cotton quilts
    12. Films (nitrocellulose base)
    13. Firewood, Charcoal and Coal
    14. Flammable substances having a flash point below 150°F
    15. Insecticides having a flash point below 150°F
    16. Joss sticks and paper
    17. Kerosene
    18. Liquefied petroleum gases
    19. Matches, other than in tin-lined cases
    20. Matting and Mat bags\* (other than Seagrass matting)
    21. Naphtha
    22. Nitrates & Nitrites
    23. Oils having a flash point below 150°F
    24. Oily and greasy rags and waste
    25. Paints, Enamels and Lacquers having a flash point below 150°F
    26. Paper flower, lanterns and the like and Paper shavings
    27. Peroxides
    28. Petrol and Petroleum spirits
    29. Phosphorus
    30. Potable spirits in containers other than bottles and jars
    31. Printing inks having a flash point below 150°F
    32. Resins having a flash point below 150°F
    33. Sodium hydroxide (Caustic soda)
    34. Wood wool and shavings
- \*Matting and Mat bags are permitted if used solely for packing or covering other goods on the premises

**Additional Cancellation Clause**

As this policy carries a bonus of a premium waiver for the second year, therefore, it is hereby noted that no return of premium will be allowed for any unexpired term within the second year period. Subject otherwise to the terms, exceptions and conditions of this Policy.

**IT Clarification Clause**

Property damage covered under the policy shall mean physical damage to the substance of property.

Physical damage to the substance of property shall not include damage to data or software, in particular any detrimental change in data, software or computer programs that is caused by a deletion, a corruption or a deformation of the original structure.

Consequently the following are excluded from the policy:

- (a) Loss of or damage to data or software, in particular any detrimental change in data, software or computer programs that is caused by a deletion, a corruption or a deformation of the original structure, and any business interruption losses resulting from such loss or damage. Notwithstanding this exclusion, loss of or damage to data or software which is the direct consequence of Insured physical damage to the substance of property shall be covered.
- (b) Loss or damage resulting from an impairment in the function, availability, range

of use or accessibility of data, software or computer programs, and any business interruption losses resulting from such loss or damage.

(c)

**Nuclear Exclusion Clause**

The company shall not indemnify the insured in respect of loss, damage or liability directly or indirectly caused by or arising out of nuclear weapons, material, ionizing radiation or contamination by radioactivity from any nuclear fuel or from any nuclear waste, from the combustion of nuclear fuel and for the purposes of this exception combustion shall include any self-sustaining process of nuclear fission.

**Sanction Limitation and Exclusion Clause**

No insurer shall be deemed to provide cover and no insurer shall be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose that insurer to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America.

**Terrorism Exclusion Clause for Contamination and Explosives**

It is agreed that regardless of any contributory causes, this insurance does not cover any loss, damage, cost or expense directly or indirectly arising out of

- (a) biological or chemical contamination
- (b) missiles, bombs, grenades, explosives

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

For the purpose of (a) "contamination" means the contamination, poisoning, or prevention and/or limitation of the use of objects due to the effects of chemical and/or biological substances.

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

**Terrorism Exclusion Endorsement**

Notwithstanding any provision to the contrary within this insurance or any endorsement thereto it is agreed that this insurance excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any act of terrorism regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

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

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

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

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

**Total Asbestos Exclusion Clause 2021 - Property**

Any liability, including all loss, cost or expense, directly or indirectly arising out of, resulting as a consequence of, or related to asbestos, whether or not there is another cause of loss which may have contributed concurrently or in any sequence to a loss.

**War/Political Risks Exclusion**

The Company shall not indemnify the Insured in respect of loss, damage or liability directly or indirectly caused by or arising out of:

- (a) War, invasion, act of foreign enemy, hostilities or warlike operations (whether war be declared or not), civil war;
- (b) Permanent or temporary dispossession resulting from confiscation, commandeering or requisition by any lawfully constituted authority, mutiny, civil commotion assuming the proportions of or amounting to a popular rising, military rising, insurrection, rebellion, revolution, military or usurped power, martial law or state of siege or any of the events or causes which determine the proclamation or maintenance of martial law or state of siege.

**Year 2000 Exclusion Clause**

This Policy excludes DAMAGE and/or CONSEQUENTIAL LOSS directly or indirectly caused by or consisting of or arising from the failure or inability of any computer, data processing equipment or media, microchip, embedded chip, integrated circuit or similar device or any computer software, whether the property of insured or not, and whether occurring before, during or after the year 2000.

- 1. correctly to recognise any date as its true calendar date.
- 2. to capture save or retain, and/or correctly to manipulate, interpret or process any data or information or command or instruction as a result of treating any date.
- 3. to capture save retain or correctly to process any data as a result of the operation

of any command which has been programmed into any computer software, being a command which causes the loss of data or the inability to capture save retain or correctly to process such data on or after any date.

**Exclusion of Rights of Third Parties under Contracts (Rights of Third Parties) Ordinance**

Any person or entity who is not a party to this Policy shall have no rights under the Contracts (Rights of Third Parties) Ordinance (Cap 623 of the Laws of Hong Kong) to enforce any terms of this Policy.

**Aggregate Limit of Indemnity to Riot, Strike and Malicious Damage Clause (FPA)**

It is hereby noted and agreed that the aggregate limit of indemnity recoverable under both Riot & Strike (EP06A) and Malicious Damage (EP06C) shall not exceed HKD2,000,000.00 or the sum insured specified in the Schedule, whichever is the lesser, any one occurrence and in aggregate during the period of insurance.

**Communicable Disease Endorsement - Property (LMA5393)**

1 This policy, subject to all applicable terms, conditions and exclusions, covers losses attributable to direct physical loss or physical damage occurring during the period of insurance. Consequently and notwithstanding any other provision of this policy to the contrary, this policy does not insure any loss, damage, claim, cost, expense or other sum, directly or indirectly arising out of, attributable to, or occurring concurrently or in any sequence with a Communicable Disease or the fear or threat (whether actual or perceived) of a Communicable Disease.

2 For the purposes of this endorsement, loss, damage, claim, cost, expense or other sum, includes, but is not limited to, any cost to clean-up, detoxify, remove, monitor or test:

- 2.1. for a Communicable Disease, or
- 2.2. any property insured hereunder that is affected by such Communicable Disease.
- 3 As used herein, a Communicable Disease means any disease which can be transmitted by means of any substance or agent from any organism to another organism where:
  - 3.1. the substance or agent includes, but is not limited to, a virus, bacterium, parasite or other organism or any variation thereof, whether deemed living or not, and
  - 3.2. the method of transmission, whether direct or indirect, includes but is not limited to, airborne transmission, bodily fluid transmission, transmission from or to any surface or object, solid, liquid or gas or between organisms, and
  - 3.3. the disease, substance or agent can cause or threaten damage to human health or human welfare or can cause or threaten damage to, deterioration of, loss of value of, marketability of or loss of use of property insured hereunder.
- 4 This endorsement applies to all coverage extensions, additional coverages, exceptions to any exclusion and other coverage grant(s).

**Property Cyber and Data Exclusion – (LMA5401)**

- 1. Notwithstanding any provision to the contrary within this Policy or any endorsement thereto this Policy excludes any:
  - 1.1 Cyber Loss;
  - 1.2 loss, damage, liability, claim, cost, expense of whatsoever nature directly or indirectly caused by, contributed to by, resulting from, arising out of or in connection with any loss of use, reduction in functionality, repair, replacement, restoration or reproduction of any Data, including any amount pertaining to the value of such Data; regardless of any other cause or event contributing concurrently or in any other sequence thereto.
  - 2. In the event any portion of this endorsement is found to be invalid or unenforceable, the remainder shall remain in full force and effect.
  - 3. This endorsement supersedes and, if in conflict with any other wording in the Policy or any endorsement thereto having a bearing on Cyber Loss or Data, replaces that wording.

**Definitions**

- 4. Cyber Loss means any loss, damage, liability, claim, cost or expense of whatsoever nature directly or indirectly caused by, contributed to by, resulting from, arising out of or in connection with any Cyber Act or Cyber Incident including, but not limited to, any action taken in controlling, preventing, suppressing or remediating any Cyber Act or Cyber Incident.
- 5. Cyber Act means an unauthorized, malicious or criminal act or series of related unauthorized, malicious or criminal acts, regardless of time and place, or the threat or hoax thereof involving access to, processing of, use of or operation of any Computer System.
- 6. Cyber Incident means:
  - 6.1 any error or omission or series of related errors or omissions involving access to, processing of, use of or operation of any Computer System; or
  - 6.2 any partial or total unavailability or failure or series of related partial or total unavailability or failures to access, process, use or operate any Computer System.
- 7. Computer System means:
  - 7.1 any computer, hardware, software, communications system, electronic device (including, but not limited to, smart phone, laptop, tablet, wearable device), server, cloud or microcontroller including any similar system or any configuration of the aforementioned and including any associated input, output, data storage device, networking equipment or back up facility, owned or operated by the Insured or any other party.
  - 8. Data means information, facts, concepts, code or any other information of any kind that is recorded or transmitted in a form to be used, accessed, processed, transmitted or stored by a Computer System.

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