



Policy

SOMPO IAR

The benefits payable under eligible policy are protected by PIDM up to limits.
Please refer to PIDM's TIPS Brochure or contact Berjaya Sompo Insurance Berhad or PIDM (visit www.pidm.gov.my).

Berjaya Sompo Insurance Berhad
Registration No. 198001008821 (62605-U)
Level 36, Menara Bangkok Bank,
105, Jalan Ampang, 50450 Kuala Lumpur.
Toll Free: 1-800-889-933
Tel.: 03-2170 7300
E-mail: customer@bsompo.com.my
Website: www.berjayasompo.com.my

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FSI0424

IMPORTANT NOTICE

This is your SOMPO IAR Policy. You should satisfy yourself that this Policy will best serve your needs. You should read and understand the Policy terms, conditions and warranties and discuss with your insurance advisor, agent, broker and/or with us directly for more information and/or to clarify any doubts you may have when you purchase this Policy. If there is any error or misdescription, or if the cover is not in accordance with your wishes, please return the Policy to us immediately for amendment.

You must fully observe and fulfill this Policy's terms, conditions and warranties to enjoy the coverage provided. If you have any questions after reading these documents, please contact us for further clarification. If there is any change in your declarations that may affect the insurance provided, please notify us immediately, otherwise you may not receive the benefits of this Policy.

To help preserve the environment, we will send a printed copy of this Policy Wording once only. Please keep this Policy Wording safely. In case of renewal and/or amendment of your Policy, we will send you the Policy Schedule and/or Endorsement only. If at any time you require a copy of the Policy Wording, please download a copy from www.berjaysompo.com.my based on the jacket code provided.

If you have any complaints relating to this Policy, please contact:

COMPLAINTS UNIT – CUSTOMER SERVICE CENTRE

Berjaya Sampo Insurance Berhad
Registration No. 198001008821 (62605-U)
Level 36, Menara Bangkok Bank
105 Jalan Ampang
50450 Kuala Lumpur

Tel. : 03-2170 7300

Toll Free : 1-800-889-933

Fax : 03-2170 4800

E-mail : customer@bsompo.com.my

If you are not happy with our response, you may opt to contact either:

OMBUDSMAN FOR FINANCIAL SERVICES

Level 14, Main Block
Menara Takaful Malaysia
4, Jalan Sultan Sulaiman
50000 Kuala Lumpur

Tel. : 03-2272 2811

Fax : 03-2272 1577

E-mail : enquiry@ofs.org.my

Website : www.ofs.org.my

LAMAN INFORMASI NASIHAT DAN KHIDMAT (LINK)

BNMLINK,

Bank Negara Malaysia,

P.O. Box 10922,

50929 Kuala Lumpur

Tel : 1-300-88-5465 /03-2174 1717 (Overseas)

Fax : 03-2174 1515

eLINK : <https://bnmlink.bnm.gov.my/>

For Consumer Insurance Contracts (Insurance wholly for purposes unrelated to the Insured's trade, business or profession)

This Policy is issued in consideration of the full payment of premium as specified in the Policy Schedule and the information and any other disclosure given by the Insured between the time of quotation and the time this contract is entered into. The information and any other disclosures given by the Insured shall form part of this contract of insurance between the Insured and **Berjaya Sompo Insurance Berhad** (hereinafter called "the Insurer"). However, in the event of any pre-contractual misrepresentation made in relation to the Insured's answers or in any disclosures given by the Insured, only the remedies in Schedule 9 of the Financial Services Act 2013 will apply.

This Policy reflects the terms and conditions of the contract of insurance as agreed between the Insured and the Insurer.

For Non-Consumer Insurance Contracts (Insurance for purposes related to the Insured's trade, business or profession)

This Policy is issued in consideration of the full payment of premium as specified in the Policy Schedule and the information and any other disclosure given by the Insured between the time of quotation and the time this contract is entered into. The information and any other disclosures given by the Insured shall form part of this contract of insurance between the Insured and **Berjaya Sompo Insurance Berhad** (hereinafter called "the Insurer"). In the event of any pre-contractual misrepresentation made in relation to the Insured's answers or in any disclosures made by the Insured, it may result in avoidance of the Insured's contract of insurance, refusal or reduction of the Insured's claim(s), change of terms or termination of the Insured's contract of insurance.

This Policy reflects the terms and conditions of the contract of insurance as agreed between the Insured and the Insurer.

SECTION I AND II – MATERIAL DAMAGE AND BUSINESS INTERRUPTION

THE INSURER AGREES (subject to the terms, conditions and exclusions contained herein or endorsed, compliance with which is deemed to be a condition precedent to indemnity under this Policy) that after payment is made.

SECTION I – MATERIAL DAMAGE

If any of the Interest Insured situated in the premise within the Location as specified in the Schedule, be accidentally, physically lost, destroyed or damaged other than by an excluded cause (hereinafter termed Damage) at any time during the period of insurance.

The Insurer will pay the Insured the property's actual value at the time the Damage occurred, or the Insurer, at its option, either reinstate or replace the property or any part thereof.

SECTION II – BUSINESS INTERRUPTION

If at any time during the Period of Insurance, the business carried on by the Insured at the Location specified in the Schedule is interrupted or interfered with in consequence of Damage indemnifiable under Section I, then the Insurer shall indemnify the Insured for the amount of loss resulting from such interruption or interference in accordance with the provisions contained in the specification relating to this Section.

Provided that at the time the Damage occurred, the insurance coverage is in force, covering the interest of the Insured in the property at the premises against such Damage and that

- (i) payment shall have been made or liability admitted therefor,
or
- (ii) payment would have been made, or liability would have been admitted therefor but for the operation of a proviso in such insurance excluding, liability for losses below a specified amount.

Provided that the liability of the Insurer in respect of each Section in any one period of Insurance shall in no case exceed

- (i) in respect of each item the sum expressed in the Schedule to be insured thereon or in the whole the total sum insured hereby
- (ii) any limit of liability shown in the Schedule

or such other sum or sums as may be substituted therefor by endorsement hereon or attached hereto signed by or on behalf of the Insurer.

SECTION III – MACHINERY BREAKDOWN AND MACHINERY BREAKDOWN LOSS OF PROFIT

THIS SECTION IS COVER WHEN SPECIFIED IN THE SCHEDULE.

MACHINERY BREAKDOWN

In consideration of the additional premium charged, the Insurer agrees that if at any time during the Period of Insurance, the items (or any part thereof) entered in the Schedule, whilst on the Premises mentioned therein, suffer any unforeseen and sudden physical loss or damage from causes such as defects in casting and material, faulty design, faults at a workshop or in erection, bad workmanship, lack of skill, carelessness, shortage of water in the boiler, physical explosion, tearing apart on account of centrifugal force, short-circuiting, storm, or from any other cause not specifically excluded hereinafter, in a manner necessitating repair or replacement.

The Insurer will indemnify the Insured in respect of such loss or damage, as hereinafter provided, replacement or repair (at the Insurer's option) up to the amount not exceeding the limit specified in the Schedule and not exceeding in all the total sum expressed in the Schedule as insured therein.

This Policy shall apply after the successful completion of their performance acceptance tests whether they are at work or at rest, or being dismantled for the purpose of cleaning or overhauling, or in the course of the aforesaid operation themselves, or when being shifted within the Premises, or during subsequent re-erection.

Basis of Indemnity :

- a. In cases where damage to an insured item can be repaired - the Insurer shall pay expenses necessarily incurred to restore the damaged machine to its former state of serviceability plus the cost of dismantling and re-erection incurred for the purpose of effecting the repairs, as well as ordinary freight to and from a repair shop, customs duties and dues, if any, to the extent such expenses have been included in the sum insured. If the repairs are executed at a workshop owned by the Insured, the Insurer shall pay the cost of materials and wages incurred for the purpose of the repairs plus a reasonable percentage to cover overhead charges.

No deduction shall be made for depreciation in respect of parts replaced, but the value of any salvage shall be taken into account.

If the cost of repairs detailed hereinabove equals or exceeds the actual value of the machinery insured immediately before the occurrence of the damage, the item shall be regarded as destroyed and settlement shall be made on the basis provided for in b) below.

- b. In cases where an insured item is destroyed - the Insurer shall pay the actual value of the item immediately before the occurrence of the loss, including charges for ordinary freight, cost of erection and customs duties, if any, provided such expenses have been included in the sum insured, such actual value to be calculated by deducting proper depreciation from the replacement value of the item. The Insurer shall also pay any normal charges for the dismantling of the machinery destroyed, but the salvage shall be taken into account.

Any extra charges incurred for overtime, night work, work on public holidays, and express freight shall be covered by this Policy only if specially agreed in writing.

The cost of any alterations, additions, improvements or overhauls shall not be recoverable under this Policy.

The cost of any provisional repairs shall be borne by the Insurer if such repairs constitute part of the final repairs and do not increase the total cost of repair.

The Insurer shall make payments only after being satisfied by the production of the necessary bills and documents that the repairs have been effected or replacement has taken place, as the case may be.

MACHINERY BREAKDOWN LOSS OF PROFIT

The Insurer hereby agree that if during the period of insurance or any renewal thereof, the business carried on by the Insured at the premises specified in the schedule is interrupted or interfered with in consequence of an Accident (as hereinafter defined) of any machinery described in the list of machinery and plant Insured, then the Insurer shall in respect of each of each subject matter insured indemnify the Insured against the amount of loss as hereinafter defined resulting from such interruption or interference.

Provided that the liability of the Insurer in no case exceeds in respects of each subject matter Insured in any one year of Insurance the sum expressed in the schedule(s) to be insured thereon or in the whole the total Sum Insured hereby or such other sum or sums as may hereinafter be substituted therefor by endorsement signed by or on behalf of the Insurer.

Basic of Insurance :

The cover provided under this Policy shall be limited to loss of gross profit due to reduction in turnover and increase in cost of working and the amount payable as indemnity hereunder shall be

- in respect of the reduction in turnover, the sum produced by applying the rate of gross profit to the amount by which the turnover during the indemnity period, in consequence of the Accident, falls short of the standard turnover
- in respect to the increase in cost of working: the additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the reduction in turnover which but for that expenditure would have taken place during the indemnity period in consequence of the Accident, but not exceeding the sum produced by applying the rate of gross profit to the amount of the reduction thereby avoided,

less any sum saved during the indemnity period in respect to such charges and expenses of the business payable out of the gross profit as may cease or be reduced as a consequence of the Accident.

Provided that the liability of the Insurer in respect of Section III in any one period of Insurance shall in no case exceed the limit of liability shown in the Schedule.

Definitions :

Gross Profit – The amount by which the sum of the value of the turnover and the value of the closing stock exceed the sum of the value of the opening stock and the amount of the specified working expenses. The values of the opening and closing stocks shall be arrived at in accordance with the Insured's normal accountancy methods, due provision being made for depreciation.

Specified Working Expenses – The variable expenses of the business which are not insured by this Policy.
(As stated in the Schedule)

Turnover – The money (less discounts allowed) paid or payable to the Insured for goods sold and delivered and for services rendered in the course of the business at the premises.

Indemnity Period and Time Excess – The period not exceeding the indemnity period limit stated in the list of machinery and plant insured commencing with the occurrence of the Accident during which the results of the business are affected in consequence of such Accident, provided always that the Insurers are not liable for the amount of loss arising during the time excess, such time excess to commence as from the beginning of the interruption of or interference with the business resulting in a claim under this Policy.

Rate of Gross Profit)	
)	
The rate of gross profit earned on the turnover during the financial year immediately before the date of Accident)	to which such adjustments are made as maybe necessary to provide for the trend of the business and for variations in or special circumstances affecting the business either before or after the Accident or which would have affected the business had the Accident not occurred, so that the figures thus adjusted represent as nearly as may be reasonable practicable the results which but for the Accident would have been obtained during the relative period after Accident.
Standard Turnover)	
)	
The turnover during that period in the twelve months immediately before the date of the Accident which corresponds to the indemnity period)	

Accident – Unforeseen and sudden physical loss or damage occurring to the insured machinery and necessitating its immediate repair or replacement due to causes such as defects in casting and material, faulty design, faults at workshop or in erection, bad workmanship, lack of skill, carelessness, malice, shortage of water in boilers, physical explosion, tearing apart on account of centrifugal force, short circuit, storm, or any other cause not specifically excluded hereinafter whilst such machinery is

- working or at rest,
- being dismantled, moved or re-erected for the purpose of cleaning, inspection, repair or installation at another location within the premises, provided such machinery has successfully completed its performance acceptance tests.

Provisions :

Memo 1 – Benefits from Other Premises

If during the indemnity period goods are sold or services are rendered elsewhere than at the premises for the benefit of the business either by the Insured or by others acting on his behalf, the money paid or payable in respect of such sales or services shall be taken into account in arriving at the turnover during the indemnity period.

Memo 2 – Relative Importance

The term "relative importance" referred to in the list of machinery and plant insured shall be the percentage effect that a breakdown of a particular machine will have on the total gross profit, disregarding any loss-minimising measures. If, in the event

of an Accident affecting an insured item of machinery the percentage of relative importance stated in the list of machinery and plant insured for this item is lower than the actual percentage of relative importance subsequently arrived at for the period of interruption, the Insurer shall only be liable to indemnify the proportion which the percentage of relative importance stated in the list of machinery and plant insured bears to the actual percentage.

Memo 3 – Overhauls

In calculating the loss, due allowance shall be made for the time spent on any overhauls, inspections or modifications carried out during any period of interruption.

Memo 4 – Benefits after Recommissioning

If during a period of six months immediately following the recommissioning of insured machinery after an Accident, the Insured derives benefits from deferred sales or from increased production and/or profits as a consequence of an interruption, such benefits shall be taken into account in determining the indemnity payable under this Policy.

Memo 5 – Reinstatement of Loss

For the period following the occurrence of an Accident up to the end of the policy period the limit of liability shall be reinstated by payment of an additional premium on a pro rata basis, such premium to be calculated from that part of the limit of liability which corresponds to the indemnity paid; the limit of liability shall remain unaltered.

Memo 6 – Material Damage Cover for Machinery Insured

The machinery described in the list of machinery and plant insured shall be covered against machinery breakdown during the currency of this Policy.

EXCLUSIONS **(THE FOLLOWING EXCLUSIONS ARE APPLICABLE TO SECTIONS I, II AND III)**

SECTION I AND II – MATERIAL DAMAGE AND BUSINESS INTERRUPTION

A. EXCLUDED CAUSES

This policy does not cover

1. Damage to the property insured caused by
 - a) (i) faulty or defective design materials or workmanship latent defect gradual deterioration deformation or distortion or wear and tear
 - (ii) interruption of the water supply, gas, electricity or fuel systems or failure of the effluent disposal systems to and from the Premises
 - (iii) settling or bedding down of structures, shrinkage or expansion of foundations, walls, floors or ceilings

unless Damage ensues and then the Insurer shall be liable only for such ensuing Damage

- b) (i) collapse or cracking of buildings
 - (ii) corrosion, rust, extremes or changes in temperature, dampness, dryness wet or dry rot, fungus, shrinkage evaporation, loss of weight, pollution, contamination, change in colour, flavour, texture or finish, action of light, vermin, insects marring or scratching or inherent vice

unless such loss is caused directly by Damage to the property insured or to premises containing such property.

- c) (i) theft unless accompanied by violence or threat of violence to persons or forcible and violent entry to or exit from the Premises
 - (ii) any fraudulent scheme, trick, device or false pretence practised upon the Insured or upon any person(s) having care of the insured property at such time
 - (iii) acts of infidelity or acts of dishonesty on the part of the Insured or any of the employees of the Insured
 - (iv) disappearance, unexplained or inventory shortage, misfiling or misplacing of information shortage in supply or delivery of materials or shortage due to clerical or accounting error
 - (v) cracking, fracturing, collapse or overheating of boilers, economisers vessels, tubes or pipes, nipple leakage or the failure of welds of boilers
 - (vi) mechanical or electrical breakdown or derangement of machinery or equipment including electronic installations, computers and data processing equipment
 - (vii) Damage to boilers, economisers, turbines or other vessels, machinery or apparatus in which pressure is used, and their contents resulting from their explosion or rupture
 - (viii) bursting, overflowing discharging or leaking of water tanks apparatus or pipes when the premises becomes unoccupied and so remains for a period of more than thirty (30) days unless

- (I) Damage by a cause not excluded in the policy ensues and then the Insurer shall be liable only for such ensuing Damage and/or
 - (II) such loss is caused directly by Damage to the property insured or to premises containing such property
- (d) (i) coastal or river erosion
 - (ii) storm, tempest, water and rain to property in the open (other than property designed to exist and operate in the open)
 - (iii) the freezing, solidification or inadvertent escape of molten or gaseous material unless a fire ensues, then the insurer shall be liable for such ensuing damage
 - (iv) false programming, punching, labelling or inserting, inadvertent cancelling of information or discarding of data, media and loss of information caused by magnetic fields
2. Damage caused by or arising from
- (a) any wilful act or wilful negligence on the part of the Insured or any person acting on his behalf
 - (b) cessation of work
 - (c) delay or loss of market
 - (d) consequential losses of any description other than those insured under Section II
3. Damage occasioned directly or indirectly by or through or in consequence of any of the following occurrences, namely
- (a) mutiny civil commotion assuming the proportions of or amounting to a popular rising military rising insurrection rebellion revolution military or usurped power
 - (b) any acts of terrorism.
For this purpose, 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.
 - (c) (i) permanent or temporary dispossession resulting from confiscation, nationalisation, commandeering or requisition by any lawfully constituted authority
(ii) permanent or temporary dispossession of any building resulting from the unlawful occupation of such building by any person
provided that the Insurers are not relieved of any liability to the Insured in respect of Damage to the property insured occurring before dispossession or during temporary dispossession which is otherwise insured by this Policy
 - (d) the destruction of property by order of any public authority
- In any action suit or other proceeding where the Insurer alleges that by reason of the provisions of Exclusions A.3(a), (b) and (c) above any loss, destruction or damage is not covered by this insurance the burden of proving that such loss destruction or damage is covered shall be upon the Insured
4. Damage directly or indirectly caused by or arising from or in consequence of or contributed to by
- (a) nuclear weapons material
 - (b) ionising radiations or contamination by radioactivity from any nuclear fuel or from any unclear waste from the combustion of nuclear fuel and the combustion shall include any self-sustaining process of nuclear fission.
5. Damage directly or indirectly caused by the following perils, namely:-
- (a) Bush / Lalang Fire
 - (b) Damage by Falling Trees
 - (c) Goods Undergoing any Heating / Drying
 - (d) Spontaneous Combustion
 - (e) Sprinkler Leakage
 - (f) Subsidence and Landslip

unless an additional premium is paid and the perils are specifically stated in the policy schedule.

B. EXCLUDED PROPERTY

This Policy does not cover

- 1. (a) money, cheques, bullion, negotiable instruments and securities of all kinds, any curiosity or work of art, furs, garments trimmed with fur, jewellery, watches, pearls set or unset, precious stones, gold, silver, platinum or other precious metal and alloy
- (b) documents, manuscripts, plans, drawings, designs, patterns, models, moulds, business books or computer systems records on the information contained therein
- (c) property sold by the insured under conditional sale trust agreement instalment plan or deferred payment plan or after delivery to customers

- (d) vehicles licensed for road use (including accessories thereon) caravans railway locomotives or rolling stock watercraft aircraft spacecraft or the like
 - (e) property in transit other than within the premises specified in the Schedule
 - (f) property or structures in course of demolition construction or erection and materials or supplies in connection therewith
 - (g) land (including top-soil back-fill drainage or culverts), driveways, pavements, roads, runways, railway lines, dams of all kinds, weirs, overhead lines transmissions, mast irrigation systems, sewer systems, storage tanks and the contents thereof, reservoirs, canals, harbours, rigs, wells, pipelines, tunnels, bridges, docks, piers, jetties, excavations, wharves, mining, property underground off-shore property
 - (h) animals, livestock, growing crops, standing timber, plants, lawns, trees and shrubs
 - (i) property damaged as a result of its undergoing any process
 - (j) machinery during installation, removal or resiting (including dismantling and re-erection) if directly attributable to such operations
 - (k) property undergoing alteration, repair, testing, installation or servicing, including materials and supplies therefor if directly attributable to the operations of work being performed thereon, unless Damage ensues and then the Insurer will be liable only for such ensuing Damage
 - (l) property in course of manufacture if such loss, destruction or damage is sustained while the property is being actually worked on and directly resulting from such work unless Damage by a cause not otherwise excluded ensues and then the Insurer will be liable only for such ensuing loss
 - (m) property more specifically insured
2. 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 the marine policy or policies had this insurance not been effected

SECTION III – MACHINERY BREAKDOWN AND MACHINERY BREAKDOWN LOSS OF PROFIT

1. Loss or damage due to fire, direct lightning, chemical explosion (except flue gas explosions in boilers), extinguishing of a fire or subsequent demolition, aircraft or other aerial devices or articles dropped therefrom, theft, burglary or attempts thereat, collapse of buildings, flood, inundation, earthquake, subsidence, landslide, avalanche, hurricane, cyclone, volcanic eruption or similar natural catastrophes
2. Loss or damage for which a supplier, contractor or repairer is responsible either by law or under contract
3. Loss or damage caused by any faults or defects existing at the time of commencement of this Policy within the knowledge of the Insured or his representatives, whether such faults or defects were known to the Insurer or not.
4. loss or damage arising out of the wilful act or gross negligence of the Insured or his representatives
5. Any consequence of war, invasion, act of foreign enemy, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, mutiny, riot, strike, lock-out, civil commotion, military or usurped power, a group of malicious persons or persons acting on behalf of or in connection with any political organisation, conspiracy, confiscation, commandeering, requisition or destruction of or damage to property by order of any government de jure de facto or by any public authority
6. Any consequence of nuclear reaction, nuclear radiation or radioactive contamination
7. Loss or damage as a direct consequence of the continual influence of operation, e.g. wear and tear, cavitation, erosion, corrosion, rust, boiler scale
8. Loss of or damage to
 - a) foundations and masonry, unless specifically included and described in the list of machinery and plant insured;
 - b) exchangeable and replaceable parts such as bits, drills, knives, saw blades;
 - c) dies, moulds, patterns, blocks, stamps, punches, coatings or engravings on cylinders and rolls;
 - d) parts which by their use and/or nature suffer a high rate of wear or depreciation such as crushing surfaces, balls, hammers, screens and sieves, engraved soft metal cylinders, wear plates, elevator and conveyor belts or bands, chains, flexible pipes, jointing and packing materials, filter cloths, parts made of glass, rubber, textile or synthetics, grinding wheels, ropes, belts, straps, cables other than electrical conductors, brushes, batteries, tyres, refractory materials, grate bars, burner jets, wires

- e) operating media such as fuels, chemicals, catalysts, filter substances, heat transfer media, cleansing agents, lubricants;
9. Repair or replacement necessitated by direct damage due to wear and tear, corrosion, erosion, deposits of scale, sludge or other sediment, rust or scratching of painted or polished surfaces, or by any other direct consequences of progressive or continuous influences from working or atmospheric or chemical action, but the Insurer shall be liable for any loss resulting from interruption or interference caused by damage arising from such causes and otherwise insured by this Policy
10. Shortage, destruction, deterioration of or damage to raw materials, semi-finished or finished products or other materials required for proper operation, even if the consequence of material damage to an item indicated in the list of machinery and plant insured is involved
11. Any restrictions on reconstruction or operation imposed by any public authority
12. The Insured not having at his disposal in good time sufficient capital for repairing or replacing destroyed or damaged machinery
13. Loss of or damage to machinery, mechanical installations and their additional installations or other items which are not listed in the list of machinery and plant insured, even if the consequence of material damage to an item indicated in the list of machinery and plant insured is involved
14. Loss of business due to causes such as suspension, lapse or cancellation of a lease, licence or order, etc, which occurs after the date when the machinery affected by an accident is again in operating condition and the business could have been resumed, if said lease, license or order, etc. had not lapsed or had not been suspended or cancelled.

POLICY CONDITIONS
(THE FOLLOWING POLICY CONDITIONS ARE APPLICABLE TO SECTIONS I, II AND III)

1. IDENTIFICATION

This Policy and the Schedule (which forms an integral part of this 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 shall appear.

2. DUTY OF DISCLOSURE

The Insured has a duty to disclose any matter that the Insured knows to be relevant to the Insurer's decision in accepting the risks and determining the rates and terms to be applied and any matter a reasonable person in the circumstances could be expected to know to be relevant otherwise it may result in avoidance of the Insured's contract of insurance, refusal or reduction of the Insured's claim(s), change of terms or termination of the Insured's contract of insurance.

The Insured also has a duty to tell the Insurer immediately if at any time after the Insured's contract of insurance has been entered into, varied or renewed with the Insurer, any of the information given in the Proposal Form (or when the Insured applied for this insurance) is inaccurate or has changed.

3. POLICY COMPLIANCE

The due observance and fulfilment of the terms, provisions, conditions and endorsements of this Policy by the Insured in so far as they relate to anything to be done or complied with by the Insured shall be conditions precedent to any liability of the Insurer to make any payment under this Policy.

4. PREMIUM WARRANTY

It is fundamental and absolute special condition of this contract of insurance that the premium due must be paid and received by the insurer within sixty (60) days from the inception date of this policy/endorsement/renewal certificate.

If this condition is not complied with then this contract is automatically cancelled and the insurer shall be entitled to the pro rata premium on the period they have been on risk.

Where the premium payable pursuant to this warranty is received by an authorised agent of the insurer, the payment shall be deemed to be received by the insurer for the purposes of this warranty and the onus of proving that the premium payable was received by a person, including an insurance agent, who was not authorised to receive such premium shall lie on the insurer.

Subject otherwise to the terms and conditions of this policy.

5. CESSATION OF RISK

Under any of the following circumstances the insurance under this Policy ceases to attach as regards the property affected unless the Insured before the occurrence of any loss or damage obtains the sanction of the Insurer signified by endorsement upon policy

- (a) if the trade or manufacture carried on be altered or if the nature of the occupation of or other circumstances affecting the building or containing the insured property be changed in such a way as to increase the risk of loss or damage
- (b) if the building insured or containing the insured property becomes unoccupied and so remains for a period of more than 30 days
- (c) if the property insured be removed to any building or place other than that in which it is herein stated to be insured
- (d) if the interest in the property insured passes from the Insured otherwise than by will or operation of law
- (e) if a notice to quit by any order by the local Authorities for the requisition or acquisition of the land on which the Insured's property is situated has been issued.
- (f) In respect of Section II and Section III (Machinery Breakdown Loss of Profits) only, if the business be wound up or carried on by a liquidator or Receiver or permanently discontinued
- (g) In respect of Section III (Machinery Breakdown Loss of Profit), the retention of standby or spare machinery or any other loss minimising factors in existence when the insurance was effected be reduced or discontinued, or such standby or spare machinery be not maintained in an efficient working condition and available for immediate use,

6. CANCELLATION

This insurance may be terminated at any time at the request of the Insured in which case the Insurer will retain the customary short period rate for the time the Policy has been in force. This insurance may also be terminated at the option of the Insurer on 30 days notice to that effect being given to the Insured in which case the Insurer shall be liable to repay on demand a rateable proportion of the premium for the unexpired term from the date of the cancellation.

7. SAFEGUARDS AND MAINTENANCE

The Insured shall at all times and as far as is reasonably practicable take steps to safeguard the property insured and maintain it in a proper state of repair. The Insured shall also take steps to enforce the observance of all statutory provisions manufacturer's recommendations and other regulations relating to the safety use and inspection of the property insured.

8. RISK INSPECTION AND IMPROVEMENT

Representatives of the Insurer shall at any reasonable time have the right to inspect and examine the Premises and Property Insured, and the Insured shall provide the representatives of the Insurer with all details and information necessary for such assessment.

9. EXTINGUISHING EXPENSES AND RESCUE TEAM COSTS (APPLICABLE TO SECTION I ONLY)

The insurance of this Policy is held to include

- i) Wages of the Insured's employee other than full time members of a Works Fire Brigade.
- ii) The cost of replenishment of fire fighting appliances and destruction of or damage to materials (including employees' clothing and personal effects unless otherwise specifically insured)
- iii) Other costs (including loss or damage to property to gain access)

necessarily and reasonably incurred in extinguishing fires or in saving property or life from loss or damage by any peril herein at or adjoining the situation of the property insured or immediately threatening to involve such property.

10. CLAIMS

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

- (a) immediately
 - (i) notify the Insurer either by writing, telephone or telegram
 - (ii) take all reasonable steps within his power to minimise the extent of the loss or damage;
 - (iii) give notice to the police if the event be theft or suspected theft or wilful or malicious damage
 - (iv) preserve the parts affected and make them available for inspection by a representative or surveyor of the Insurer
- (b) within 30 days or such further time as the Insurer may in writing allow deliver to the Insurer
 - (i) a claim in writing for the loss or damage containing as particular an account as may be reasonably practical of all the several articles or items of property lost or damaged and the amount of loss or damage thereto respectively having regard to their value at the time of the loss or damage
 - (ii) particulars of all other insurances if any.

The Insured shall at all times at his own expense produce, procure and give to the Insurer all such further particulars, plans, specifications, books, vouchers, invoices, duplicates or copies thereof, documents, proofs and information with respect to the claim and the origin and cause of the loss or damage and the circumstances under which the loss or damage occurred and any matter touching the liability or the amount of liability of the Insurer as may be reasonably required by or on behalf of the Insurer together with a declaration on oath or in other legal form of the truth of the claim and any matters connected therewith.

11. INSURERS' RIGHTS AFTER A LOSS

On the happening of any loss or damage to any of the property insured by this Policy the Insurer may

- (a) enter and take and keep possession of the building or premises where the loss or damage has happened

- (b) take possession of or require to be delivered to it any property of the Insured in the buildings or on the premises at the time of the loss or damage
- (c) keep possession of any such property and examine, sort, arrange, remove or otherwise deal with the same
- (d) sell any such property or dispose of the same for account of whom it may concern.

The powers conferred by this Condition shall be exercisable by the Insurer at any time until notice in writing is given by the Insured that he makes no claim under this Policy or if any claim is made until such claim is finally determined or withdrawn.

The Insurer shall not by any act done in the exercise or purported exercise of its powers hereunder incur any liability to the Insured or diminish its rights to rely upon any of the Conditions of this Policy in answer to any claim.

If the Insured or any person acting on his behalf shall not comply with the requirements of the Insurer or shall hinder or obstruct the Insurer in the exercise of its powers hereunder all benefit under this Policy shall be forfeited.

The Insured shall not in any case be entitled to abandon any property to the Insurer whether taken possession of by the Insurer or not.

12. REPAIR AND REPLACEMENT

The Insurer may at its option reinstate or replace the property damaged or destroyed or any part thereof instead of paying the amount of the loss or damage or may join with any other Insurer or Insurers in so doing but the Insurer shall not be bound to reinstate exactly or completely but only as circumstances permit and in reasonably sufficient manner and in no case shall the Insurer be bound to expend more in reinstatement than it would have cost to reinstate such property as it was at the time of the occurrence of such loss or damage nor more than the sum insured by the Insurer thereon.

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

13. AVERAGE

The sums insured of each item under Section I and of Section II of this policy are declared to be separately subject to Average.

Section I :

If the Property Insured at the time of any loss, destruction or damage be collectively of greater value than the sum insured than the Section 1 Sum Insured specified in the Schedule, the Insured shall be considered as being his own insurer for the difference and shall bear a rateable proportion of the loss accordingly.

Section II :

The Insurance is limited to loss of Gross profit due to (a) Reduction in Turnover and (b) Increase in Cost of Working and the amount payable as indemnity thereunder shall be :

- a) in respect of Reduction in Turnover : the sum produced by applying the Rate of Gross Profit to the amount by which the Turnover during the Indemnity Period shall in consequence of the damage fall short of the Standard Turnover.
- b) in respect of Increase in Cost of Working : the additional expenditure (subject to the provisions of the Uninsured Standing Charges Clause) necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the reduction in Turnover which but for that expenditure would have taken place during the Indemnity Period in consequence of the damage but not exceeding the sum produced by applying the Rate of Gross Profit to the amount of the reduction thereby avoided:

less any sum saved during the Indemnity Period in respect of such of the charges and expenses of the Business payable out of Gross Profit as may cease or be reduced in consequence of the damage :

provided that if the Sum Insured by this item be less than the sum produced by applying the Rate of Gross Profit to the Annual Turnover (or to a proportionately increased multiple thereof where the Maximum Indemnity Period exceeds twelve months) the amount payable shall be proportionately reduced.

14. DEDUCTIBLES

This policy does not cover the amounts of the deductibles stated in the Schedule in respect of each and every loss as ascertained after the application of all other terms and conditions of the policy including any condition of average.

It is further warranted that during the currency of the policy the Insured shall not effect insurance in respect of the amounts of the deductibles stated in the Schedule.

15. TIME LIMITATION

In no case whatever shall the Insurer be liable for any loss or damage after the expiration of twelve months

- (i) in respect of Section I, from the happening of the loss or damage

- (ii) in respect of Section II, from the end of the Indemnity Period or, if later, three months from the date on which payment shall have been made or liability admitted by the Insurer covering the Damage giving rise to the said claim

unless the claim is the subject of pending action or arbitration.

16. FORFEITURE

If any claim upon this policy be in any respect fraudulent or if any fraudulent means or devices are used by the Insured or any one acting on his behalf to obtain any benefit under this policy or if the loss destruction or damage be occasioned by the wilful act or with the connivance of the Insured all benefit under this policy shall be forfeited.

If a claim be made and rejected and an action or suit be not commenced within three (3) months after such rejection or (in case of an arbitration taking place in pursuance of condition 14 of this policy) within three (3) months after the Arbitrator or Arbitrators or Umpire shall have made their award all benefit under this policy shall be forfeited.

17. CONTRIBUTION

If at the time of any loss destruction or damage happening to any subject matter insured there be any other subsisting insurances whether by the Insured or by any other person or persons covering the same subject matter, the Insurer shall not be liable to pay or contribute more than their rateable proportion of such loss destruction or damage.

18. OTHER INSURANCE

The Insured shall give notice to the Insurer of any Insurance or Insurances already effected, or which may subsequently be effected, covering any of the property hereby insured. Such notice should be given and endorsed by the Insurer in this Policy before the occurrence of any loss or damage.

19. ARBITRATION

If any difference arises as to the amount of any loss or damage such difference shall independently of all other questions be referred to the decision of an Arbitrator to be appointed in writing by the parties in difference or if they cannot agree upon a single Arbitrator to the decision of two disinterested persons as Arbitrators of whom one shall be appointed in writing by each of the parties within two (2) calendar months after having been required so to do in writing by the other party. In case either party shall refuse or fail to appoint an Arbitrator within two (2) calendar months after receipt of notice in writing requiring an appointment the other party shall be at liberty to appoint a sole Arbitrator and in case of disagreement between the Arbitrators the difference shall be referred to the decision of an Umpire who shall have been appointed by them in writing before entering on the reference and who shall sit with the Arbitrators and preside at their meetings. The death of any party shall not revoke or affect the authority or powers of the Arbitrator(s) or Umpire respectively and in the event of the death of an Arbitrator or Umpire another shall in each case be appointed in his stead by the party or Arbitrators (as the case may be) by whom the Arbitrator or Umpire so dying was appointed. The costs of the reference and of the award shall be at the discretion of Arbitrator(s) or Umpire making the award. And it is hereby expressly stipulated and declared that it shall be a condition precedent to any right of action or suit upon this policy that the award by such Arbitrator(s) or Umpire of the amount of the loss or damage if disputed shall be first obtained.

20. SUBROGATION

The Insured shall at the expense of the Insurer do and concur in doing and permit to be done all such acts and things as may be necessary or reasonably required by the Insurer for the purpose of enforcing any rights and remedies or of obtaining relief and indemnity from other parties to which the Insurer shall be or would become entitled or subrogated upon their paying for or making good any loss destruction or damage under this policy whether such acts and things shall be or become necessary or required before or after his indemnification by the Insurer.

CLAUSES/WARRANTIES/ENDORSEMENTS
(THE FOLLOWING CLAUSES/WARRANTIES/ENDORSEMENTS ARE APPLICABLE TO SECTIONS I, II AND III)

1. COMMUNICABLE DISEASE EXCLUSION (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).

All other terms, conditions and exclusions of the policy remain the same.

2. DATE RECOGNITION

It is noted and agreed this policy is hereby amended as follows:-

- A. The Insurer will not pay for any loss or damage including loss of use with or without physical damage or any consequential loss directly or indirectly caused by, consisting of, or arising from, the failure or inability of any computer, data processing equipment, media microchip, operating systems, microprocessors (computer chip), integrated circuit or similar device, or any computer software, whether the property of the Insured or not, and whether occurring before, during or after the year 2000 that results from the failure or inability of such device and/or software as listed above to :
 1. correctly recognise any date as its true calendar date;
 2. capture, save, or retain, and/or correctly manipulate, interpret or process any data or information or command or instruction as a result of treating any date other than as its true calendar date; and/or
 3. capture, save, retain or correctly 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 process such data on or after any date.
- B. It is further understood that the Insurer will not pay for the repair or modification of any part of any electronic data processing system or any part of any device and/or software as listed above in A.
- C. It is further understood that the Insurer will not pay for any loss or damage including loss of use with or without physical damage or any consequential loss directly or indirectly arising from any advice, consultation, design, evaluation, inspection, installation, maintenance, repair or supervision done by the Insured or for the Insured or by or for others to determine, rectify or test, any potential or actual failure, malfunction or inadequacy described in A. above.
- D. It is further understood that the Insurer will not pay for any consequential loss resulting from any continuing inability of the computer and equipment described in A above to correctly recognise any date as its true calendar date after the lost or damaged property has been replaced or repaired.

Such loss or damage or any consequential loss referred to in A, B, C or D above, is excluded regardless of any other cause that contributed concurrently or in any other sequence to the same.

Saving clause

This endorsement shall not exclude subsequent loss or damage or consequential loss which itself results from an insured peril as defined in the policy.

Subject otherwise to the terms and conditions of the policy.

3. INDUSTRIES, SEEPAGE, POLLUTION & CONTAMINATION CLAUSE

This Policy does not cover any liability for :-

- (1) Personal Injury or Bodily Injury or financial loss or loss of, damage to, or loss of use of property directly or indirectly caused by seepage, pollution or contamination, provided always that this paragraph (1) shall not apply to liability for Personal Injury or Bodily Injury or loss of or physical damage to or destruction of tangible property, or loss of use of such property damaged or destroyed, where such seepage, pollution or contamination is caused by a sudden, unintended and unexpected happening during the period of this insurance.
- (2) The cost of removing, nullifying or cleaning up seepage, polluting contaminating substances unless the seepage, pollution or contamination is caused by sudden, unintended and unexpected happening during the period of this insurance.
- (3) Fines, penalties, punitive or exemplary damages.

This clause shall not extend this Policy to cover any liability which would not have been covered under this Policy had this clause not been attached.

Subject otherwise to the terms, conditions and exceptions of this policy.

4. 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 unauthorised, malicious or criminal act or series of related unauthorised, 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, smartphone, 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.

5. RADIOACTIVE/NUCLEAR ENERGY RISKS EXCLUSION CLAUSE

This insurance does not cover loss, damage cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any of the following regardless of any other cause or event contributing concurrently or in any other sequence to the loss :-

- 1) ionising radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel;
- 2) the radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof
- 3) any weapon of war employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter.

6. SANCTION LIMITATION AND EXCLUSION CLAUSE LMA3100

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.

7. UNVALUED POLICY CLAUSE

This is an unvalued policy. The onus is on the Insured to prove the actual value of the Property insured at the time of the happening of its destruction or the actual amount of such damage.

8. WAR AND TERRORISM EXCLUSION ENDORSEMENT

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

- (1) war, invasion, acts of foreign enemies, hostilities or warlike operations (whether war be declared or not), civil war, rebellion, revolution, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power; or
- (2) 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 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 any liability, loss, damage, cost or expenses 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 (1) and/or (2) above.

If the Insurer alleges that by reason of this exclusion, any liability, 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.

Subject otherwise to the terms, conditions and exceptions of this policy.

9. TRANSMISSION AND DISTRIBUTION LINES EXCLUSION

All above ground transmission and distribution lines, including wire, cables, poles, pylons, standards, towers, other supporting structures and any equipment of any type which may be attendant to such installations, for the purpose of transmission or distribution of electrical power, telephone or telegraph signals, and all communication signals whether audio or visual.

This exclusion applies to all equipment other than those on or within 1,000 metres (1,600 metres for Japanese risks for policy issued in Malaysia) from an insured structure and or premises.

This exclusion applies both to physical loss or damage to the above mentioned equipments and all business interruption, consequential loss and/or other contingent losses related to transmission and distribution lines.

However it is agreed that public utilities extension involving any transmission and distribution lines feeding to the insured's structure and or premises is not subject to this exclusion.

CLAUSES/WARRANTIES/ENDORSEMENTS (THE FOLLOWING CLAUSES/WARRANTIES/ENDORSEMENTS ARE APPLICABLE TO SECTIONS I)

1. PURCHASER CLAUSE

If at the time of any loss or damage to any building hereby insured the Insured shall have contracted to sell his interest in such building and the purchase shall not have been but shall be thereafter completed the Purchaser on the completion of the purchase if and so far as the property is not otherwise insured by or on behalf of the Purchaser against such loss or damage shall be entitled to the benefit of this Policy so far as it relates to such loss or damage without prejudice to the rights and liabilities of the Insured or for the Insurer under this Policy up to the date of completion of the purchase.

2. BRAND CLAUSE

In the event of loss or damage to the property insured under this Policy it is understood and agreed that any branded goods and/or merchandise shall not be disposed of by sale without the consent of the Insured. In the event of the Insured not consenting to such sale the salvage value as agreed shall be taken into account in the settlement of loss.

3. REINSTATEMENT MEMORANDUM

It is hereby declared and agreed that in the event of the property insured under the within Policy being lost destroyed or damaged the basis upon which the amount payable under the policy is to be calculated shall be the cost of replacing or reinstating on the same site property of the same kind or type but not superior to or more extensive than the insured property when new subject to the following Special Provisions and subject also to the terms and conditions of the Policy except insofar as the same may be varied hereby.

SPECIAL PROVISIONS

- i) The work of replacement or 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 Insurer not being thereby increased) must be commenced and carried out with reasonable despatch and in any case must be completed within 12 months after the loss destruction or damage or within such further time as the Insurer may (during the said 12 months) in writing allow 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.
- ii) Until expenditure has been incurred by the Insured in replacing or reinstating the property lost destroyed or damaged the Insurer shall not be liable for any payment in excess of the amount which would have been payable under the Policy if this memorandum had not been incorporated therein.
- iii) If at the time of replacement or reinstatement the sum representing the cost which would have been incurred in replacement or reinstatement if the whole of the property covered had been destroyed exceeds the sum insured thereon at the breaking out of any fire or at the commencement of any loss destruction of or damage to such property by any other peril insured against by this Policy then the Insured shall be considered as being his own insurer for the excess and shall bear a rateable proportion of the loss accordingly. Each item of

the Policy (if more than one) to which this memorandum applies shall be separately subject to the foregoing provision.

- iv) This Memorandum shall be without force or effect if
 - a) The Insured fails to intimate to the Insurer within 6 months from the date of loss destruction or damage or such further time as the Insurer may in writing allow his intention to replace or reinstate the property destroyed or damaged
 - b) The Insured is unable or unwilling to replace or reinstate the property lost destroyed or damaged on the same or another site.
- v) 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 loss 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 therein.
- vi) 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 the Insurer and the Insured in respect of the loss 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.

4. PUBLIC AUTHORITY CLAUSE

The property insured under this Policy extends to include such additional cost of the destroyed or damaged property thereby insured as may be incurred solely by reason of the necessity to comply with Building or other Regulations under or framed in pursuance of any Government Act or Bye-laws of any Municipal or Local Authority provided that

- (1) The amount recoverable under this extension shall not include
 - (a) The cost incurred in complying with any of the aforesaid Regulations or Bye-laws
 - (i) in respect of loss destruction or damage occurring prior to the granting of this extension
 - (ii) in respect of loss destruction or damage not insured by the Policy
 - (iii) under which notice has been served upon the Insured prior to the happening of the loss destruction or damage
 - (iv) in respect of undamaged property or undamaged portions of the property
 - (b) the additional cost that would have been required to make good the property lost damaged or destroyed to a condition equal to its condition when new had the necessity to comply with any of the aforesaid Regulations or Bye-Laws not arisen
 - (c) the amount of any rate tax duty development or other charge or assessment arising out of capital appreciation which may be payable in respect of the property or by the owner thereof by reason of compliance with any of the aforesaid Regulations or Bye-laws.
- (2) The work of reinstatement must be commenced and carried out with reasonable despatch and in any case must be completed within twelve months after the loss destruction or damage or within such further time as the Insurer may (during the said twelve months) in writing allow and may be carried out wholly or partially upon another site (if the aforesaid Regulations or Bye-laws necessitate) subject to the liability of the Insurer under this extension not being thereby increased.
- (3) If the liability of the Insurer under (any item of) the Policy apart from this extension shall be reduced by the application of any of the terms and conditions of the Policy then the liability of the Insurer under this extension (in respect of any such item) shall be reduced in like proportion.
- (4) The total amount recoverable under any item of the Policy shall not exceed the sum insured thereby.
- (5) All the conditions of the Policy except insofar as they may be hereby expressly varied shall apply as if they had been incorporated herein.

5. CAPITAL ADDITIONS CLAUSE

The insurance hereby extends to cover alterations additions and improvements (but not appreciation in value in excess of the Sum Insured) to the property insured under this Policy hereof for an amount not exceeding RM2,000,000/- (Malaysian Ringgit Two million only) it being understood that the Insured undertake to advise the Insurer each quarter of such alterations additions and improvements and to pay the appropriate additional premium thereon.

6. DESIGNATION CLAUSE

For the purpose of determining where necessary the heading under which any property is insured the Insurer agrees to accept the designation under which such property had been entered in the Insured's books.

7. AUTOMATIC REINSTATEMENT OF LOSS CLAUSE

In the event of the Insurer meeting a claim under this Policy in respect of loss or damage to property insured the Insurer will (in the absence of written notice by the Insured to the contrary) automatically reinstate the sum or sums

insured in full from the time of such loss or damage and the Insured shall pay to the Insurer a proportionate additional premium calculated from the time of such loss or damage provided always that the Insurer's liability in respect of each and every occurrence shall in no case exceed in respect of each item the sum stated in the Schedule for which such item is insured.

8. TEMPORARY REMOVAL CLAUSE

The property insured under this Policy is covered (limited to RM2,000,000/- Malaysian Ringgit Two million only) whilst temporarily removed for cleaning renovation modification repair or other similar purpose elsewhere on the same or any other premises and in transit thereto and therefrom by road rail and inland waterway all in Malaysia.

The amount recoverable under this extension in respect of the property so removed shall not exceed the amount which would have been recoverable had the loss or damage occurred in that part of the premises from which the property is temporarily removed.

This extension does not apply to property if and so far as it is otherwise insured nor does it apply to items covering stock and merchandise of every description nor as regards losses occurring elsewhere than at the premises from which the property is temporarily removed to

- (a) Motor vehicles and motor chassis
- (b) Property (other than machinery and plant) held by the Insured in trust.

9. STOCK DECLARATION

- (a) In consideration of the premium by this Policy being provisional in that it is calculated on 100% of the sum insured hereby and is subject to adjustment on expiry of each period of insurance.

The Insured AGREES to declare to the Insurer in writing the value of the insured stocks (other than retail) less any amount insured by policies other than declaration policies on the basis of the average of the value at risk on each day of the month and to make such declaration within thirty days of the expiry of each calendar month such declaration to be signed by the Insured or by a responsible person authorised to sign on his behalf.

If other policies on a declaration basis cover the stocks hereby insured the declaration shall be made so as to apportion to each policy a share of the value of the stocks insured under such declaration policies pro rate to the respective amounts named in the policies.

In the event of a declaration not being made within the thirty days mentioned above then the Insured shall be deemed to have declared the sum insured hereby as the value at risk. On the expiry of each period of insurance the premium shall be calculated at the agreed rate on the average sum insured 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 be greater than the provisional premium the Insured shall pay the difference if it be less the difference shall be repaid to the Insured but such repayment shall not exceed 50% of the provisional premium.

- (b) The basis of value for declaration shall be the market value and any loss or damage hereunder shall be settled on the basis of the market value immediately anterior to the loss or damage.
- (c) If at the time of any loss or damage there be any other subsisting insurance or insurances on other than a declaration basis whether effected by the Insured or by any other person or persons covering the stocks hereby insured this Policy shall apply only to the excess of the value of such stocks at the time of the loss or damage over the sum insured by such insurance or insurances and this Insurer shall not be liable to pay or contribute more than that proportion of such loss or damage which such excess (or if there be other declaration insurances covering the same stocks a rateable proportion of such excess) but not exceeding the sum insured hereby bears to the total value of the stocks.
- (d) If after the occurrence of a loss or damage it is found that the amount of the last declaration previous to the loss or damage is less than the amount that ought to have been declared then the amount which would have been recoverable by the Insured shall be reduced in such proportion as the amount of the said last declaration bears to the amount that ought to have been declared.
- (e) Notwithstanding the occurrence of a loss or damage it is understood that the sum insured will be maintained at all times during the currency of the Policy and the Insured therefore undertakes to pay extra premium on the amount of any loss pro rata from the date of such loss or damage to the expiry of the period of insurance the premium being 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.
- (f) In the event of this Policy being cancelled by the Insured during its currency (whether stocks exist or not) the premium to be retained by the Insurer shall be the pro rata proportion of the premium calculated on the average amount insured up to the date of cancelment or 50% of the provisional premium whichever is the greater but if the Policy is cancelled by the Insured after a loss or damage has occurred the premium to be retained by the Insurer shall be the pro rata proportion of the premium calculated on the average amount up to the date of cancelment plus the pro rata proportion of the premium from the date of loss or damage to the

expiry of the period of insurance in the amount of the loss paid or 50% of the provisional premium whichever is the greater.

- (g) The maximum liability of the Insurer shall not exceed the sum insured hereby and premium shall not be receivable on values in excess thereof. The sum insured may however be increased by prior agreement with the Insurer in which event the new sum insured and the date from which it is effective will be recorded on the Policy by endorsement.
- (h) If the stocks hereby insured shall at the time of loss or damage be collectively of greater value than the sum insured thereon then the Insured shall be considered as being his own insurer for the difference and shall bear a rateable proportion of the loss accordingly. Every item if more than one on stocks (other than retail) shall be separately subject to this condition.
- (i) It is warranted that every other policy on a declaration basis covering the stocks insured hereby shall be identical in wording with this Policy.
- (j) This insurance is subject in all respects to the printed conditions of the Policy except insofar as they may be varied by these Special Conditions.

10. ARCHITECT'S, SURVEYOR'S, ENGINEER'S AND CONSULTANT'S FEES

(a) Architect's, Surveyor's, Engineer's and Consultant's Fees (with separate sum insured)

The insurance is in respect of Architect's, Surveyor's and Consulting Engineer's fees for estimates plans specifications quantities tenders and supervision necessarily incurred in the reinstatement of the property insured consequent upon its loss destruction or damage but not such fees for preparing any claim hereunder. The amount payable for such fees shall not exceed those authorised under the scales of the Associations of the respective professions prevailing at the time of loss or damage subject to the limit of the sum insured on this item(s).

(b) Architect's, Surveyor's, Engineer's and Consultant's Fees (without separate sum insured).

The insurance on buildings plant and machinery hereby insured includes Architect's, Surveyor's and Consulting Engineer's fees for estimates plans specifications quantities tenders and supervision necessarily incurred in the reinstatement of the property insured consequent upon its loss destruction or damage but not such fees for preparing any claim hereunder. The amount payable for such fees shall not exceed those authorised under the scales of the Associations of the respective professions prevailing at the time of loss destruction or damage subject to the Insurer maximum liability for any loss damage and fees not exceeding the sum insured against each item.

11. REMOVAL OF DEBRIS

(a) Removal of Debris (with separate sum insured)

The insurance by this item is in respect of costs and expenses necessarily incurred by the Insured with the consent of the Insurer in the :-

- (a) removal of debris
- (b) dismantling and/or demolishing
- (c) shoring up or propping

of the portion or portions of the property insured by this policy destroyed or damaged by any peril hereby insured against. (Item (b) and (c) above are deemed to be deleted when neither Building nor machinery are insured).

The Insurer will not pay any costs or expenses

- (i) incurred in removing debris except from the site of such property destroyed or damaged and the area immediately adjacent to such site.
- (ii) arising from pollution or contamination of property not insured by this policy.

(b) Removal of Debris (without separate sum insured)

The insurance hereby includes costs and expenses necessarily incurred by the Insured with the consent of the Insurer in the :-

- (a) removal of debris
- (b) dismantling and/or demolishing
- (c) shoring up or propping

of the portion or portions of the property insured by the said Item(s) above of this policy destroyed or damaged by any perils hereby insured against. (Items (b) and (c) above are deemed to be deleted when neither Building nor machinery is insured.)

The amount payable for such costs and expenses shall not exceed 10% of the Sum Insured of each Item or RM2,000,000 whichever is lower.

The Insurer will not pay any costs or expenses

- (i) incurred in removing debris except from the site of such property destroyed or damaged and the area immediately adjacent to such site.
- (ii) arising from pollution or contamination of property not insured by this policy.

Provided always the Insurer's maximum liability shall not exceed the sum stated in the Schedule for which the Item(s) is/are insured.

12. CONTRACT PRICE

It is agreed that in respect only of goods sold but not delivered for which the Insured is responsible and with regard to which under the conditions of the sale, the sale contract is cancelled by reason of loss or damage hereby insured against either wholly or to the extent of the loss or damage the liability of the Insurer shall be based on the contract price for the purpose of calculating the value of all goods to which this clause would in the event of destruction or damage be applicable the same basis shall be used.

13. COMPUTER SYSTEMS RECORDS

Computer systems records are insured only for the value of the materials together with the cost of clerical labour and computer time expended in reproducing such records (excluding any expenses in connection with the production of information to be recorded therein) and not for the value of the information contained therein.

Note : If a more extensive cover than that available under the above wordings is required it is permissible to issue a separate policy or to add an appropriate item to the material damage policy as the case may be.

14. TEMPORARY STORAGE CLAUSE

The property (excluding buildings) insured under this Policy is covered whilst temporarily stored anywhere in Malaysia and Singapore PROVIDED that:

- (a) the period of temporary storage shall not exceed sixty (60) days
- (b) the liability of the Insurer is limited to RM500,000 (Malaysian Ringgit five hundred thousand only) for property covered under this clause
- (c) the Insurer shall not be liable for any loss or damage to the property whilst in transit (including the processes of loading and unloading incidental to such transit)
- (d) this insurance does not apply to property in so far as it is otherwise insured nor does it apply to motor vehicles and motor chassis licensed for road use or being used on a road as defined in the Road Transport Act 1987 (including accessories thereon).

15. APPRAISEMENT CLAUSE

If the aggregate claim for any one loss or damage does not exceed RM5,000 (Malaysian Ringgit five thousand only) by the item or items affected no special inventory or appraisal of the undamaged property shall be required.

If two or more buildings are included in a single item this provision shall apply to the range of buildings and/or contents of the item or items affected.

16. VEHICLE LOAD CLAUSE

In the event of any of the Insured's vehicles being left loaded overnight whilst in or on the premises described in the specification hereto the Insurer will indemnify the Insured in respect of such load in the event of loss or damage by any of the perils insured against by this Policy.

17. ALTERATIONS AND REPAIRS CLAUSE

Workmen are allowed on or about the insured property to carry out alterations and repairs provided the trade manufacture nature of occupation and/or construction of the building remains unchanged.

18. UNVALUED POLICY CLAUSE

This is an unvalued policy. The onus is on the Insured to prove the actual value of the Property insured at the time of the happening of its destruction or the actual amount of such damage.

19. CONTINGENT INCONVENIENCE ALLOWANCE

Payable in the event that there is a valid claim payable under Section 1 of this policy. The inconvenience allowance will be paid immediately when such payable loss is expected to exceed RM20,000.00. The amount payable shall not exceed 20% of Sum Insured or RM5,000 whichever is lower.

20. TEMPORARY PROTECTION COST

This policy extends to cover expenses whenever it is necessary to protect the Insured property from further damage. It is for the purpose of maintaining or restoring safety and protection of the insured property while pending for full permanent repair and/or replacement of the damage.

This benefit is only for a valid claim that is payable under this Policy.

In the event the temporary protection forms part of the permanent repair and/or replacement of the damaged insured property, the total claim payable shall deduct the amount the Insurer has paid for this temporary protection cost.

The amount payable shall not exceed 10% of loss payable or RM5,000 whichever is lower in any one occurrence and in aggregate for the period of insurance.

CLAUSES/WARRANTIES/ENDORSEMENTS
(THE FOLLOWING CLAUSES/WARRANTIES/ENDORSEMENTS ARE APPLICABLE TO SECTIONS II)

1. ACCOUNTANTS' CLAUSE

Any particulars or details contained in the Insured' books or documents which may be required by the Insurer under condition 6 of this Policy for the purpose of investigating or verifying any claim hereunder may be produced by professional accountants if at the time they are regularly acting as such for the Insured and their report shall be prima facie evidence of the particulars and details to which such report relates.

2. PAYMENT ON ACCOUNT CLAUSE

Payment on account will be made to the Insured if desired provided that it is established that the loss is indemnifiable under this policy.

3. DEPARTMENTAL CLAUSE

If the business be conducted in departments the independent trading results of which are ascertainable the provisions of Clauses (a) and (b) of Item 1 of the specifications attached shall apply separately to each Department affected by the damage except that if the Sum Insured by the said item be less than the aggregate of the Sums produced by applying the rate of Gross Profit for each department of the business (whether affected by the damage or not) to the relative annual output thereof, the amount payable shall be proportionately reduced.

4. ALTERNATIVE BASIS CLAUSE

It is agreed and declared that in the event of a claim, adjustment may be based on 'Turnover or Output' whichever affords the most equitable result, and except in the definition of turnover the word 'Turnover' wherever used in this Policy shall read as 'Turnover or Output'. 'Output' shall mean sale value of goods manufactured by, or sold by, the Insured in the course of the Business at the Premises, provided that: (a) only one such meaning shall be operative in connection with any one occurrence involving damage as within defined. (b) if the meaning set out in this Clause be used MEMO 1 shall be held to be altered to read as follows:

Alternative Trading Clause

If during the Indemnity Period goods shall be manufactured elsewhere than at The Premises affected by the damage for the benefit of The Business either by the Insured or by others on the Insured's behalf the sale value of the goods so manufactured shall be brought into account in arriving at the output during the Indemnity Period.

5. SALVAGE SALES CLAUSE

If, following damage giving rise to a claim under this Policy, the Insured shall hold a salvage sale during the Indemnity Period, Clause (a) of Item No.1 of the specifications attached shall for the purpose of such claim read as follows:-

- (a) IN RESPECT OF REDUCTION IN TURNOVER: the sum produced by applying Rate of Gross Profit to the amount by which the Turnover during the Indemnity Period (less the Turnover for the period of the salvage sale) shall in consequence of the damage, fall short of the Standard Turnover from which sum shall be deducted from the Gross Profit actually earned during the period of the salvage sale.

6. REINSTATEMENT OF LOSS CLAUSE

In consideration of the Insured undertaking to pay an additional premium at the agreed rate on the amount of loss calculated on a pro rata basis from the date of such loss to the expiry of the current period of insurance, it is agreed that in the event of loss the insurance hereunder shall be maintained in force for the full sum insured.

7. INTERDEPENDENCY CLAUSE

It is hereby expressly declared and agreed that if damage to any of the joint Insured's premises/property should result in another of the Insured suffering a reduction in turnover or increase in cost of working then such loss is deemed to be covered by this Policy notwithstanding that no material damage was sustained by the latter premises/property.

8. ACCUMULATION OF STOCK CLAUSE

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

9. NEW BUSINESS CLAUSE

For the purpose of any claim arising from damage occurring before the completion of the first year's trading of the business at the premises, the terms, 'Rate of Gross Profit' 'Annual Turnover' and 'Standard Turnover' shall bear the following meanings and not as within stated:-

RATE OF GROSS PROFIT - The rate of Gross Profit earned on the turnover during the financial year immediately before the date of damage.)	to which such adjustment shall be made as may be necessary to provide for the trend of business and for variations in or special circumstances affecting the business either before or after the damage or which would have affected the business had the damage not occurred so that the figures thus adjusted shall represent as nearly as may be reasonably practicable the results which but for the damage would have
ANNUAL TURNOVER - The Turnover during the twelve months immediately before the date of the damage.)	
)	
)	

STANDARD TURNOVER - The Turnover during) been obtained during the relative period after the
that period in the twelve months immediately) damage.
before the date of the damage which corresponds)
with the Indemnity Period.

After twelve months of trading have been completed the normal specification wording operates.