

SUN INSURANCE INDUSTRIAL SPECIAL RISKS POLICY

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INTRODUCTION

This Policy incorporates the Schedule, Sections, Definitions, Conditions, Exclusions, Endorsements, Memoranda and Warranties (if any) and any other terms herein contained which are to be read together and any word or expression to which a specific meaning has been given in any part of this Policy shall bear this meaning wherever it may appear unless such meaning is inapplicable to the context in which the word or expression appears.

Whereas the Insured named in the Schedule has paid or agreed to pay to the Insurer(s) specified below the Premium shown on the Schedule, now the Insurer(s) agree(s), subject to the terms, Conditions, Exclusions, Memoranda, Warranties, limitations and other provisions contained herein or endorsed hereon, to indemnify the Insured as specified herein against loss arising from any insured events which occur during the Period of Insurance stated in the Schedule or any renewal thereof.

Provided that the total liability of the Insurer(s) at any one Situation shall not exceed the appropriate Limit or Sub-Limit(s) of Liability as stated in the Schedule or such amount(s) as may be substituted therefore by endorsement or memorandum hereon or attached hereto and that each Insurer specified below shall only be liable to contribute to any loss covered by this Policy that proportion of the loss as is specified beside its name.

GENERAL DEFINITIONS

For the purpose of this Policy, the following definitions apply:

THE INSURER is the company or companies named in the Schedule. If there is more than one company, each company shall be separately liable only to indemnify the Insured for that proportion of any claim as is set out in the Schedule.

THE INSURED is as described in the Schedule and includes all subsidiary companies, organisations and other entities in which the Insured has a controlling interest to the extent only that each of them is engaged in carrying on the Business described in the Schedule or activities which are substantially of the same kind or related to that Business described in the Schedule or activities which are substantially of the same kind or related to that Business. For the purpose of this definition, a controlling interest shall in the case of a company mean the beneficial ownership of shares carrying more than 50% of votes capable of being cast at a general meeting of all shareholders in the company.

PROPERTY INSURED means all tangible property both real and personal of every kind and description (except as hereinafter excluded) belonging to the Insured or for which the Insured is responsible, or has assumed responsibility to insure prior to the occurrence of any damage, including all such property in which the Insured may acquire an insurable interest during the Period of Insurance.

SITUATION is the Situation or Situations shown in the Schedule.

SCHEDULE means the Schedule attached to this Policy or any other Schedule issued on renewal or variation or by way of endorsement.

PERIOD OF INSURANCE is the period referred to in the Schedule or any further period for which renewal has been agreed.

POLICY means the Schedule, Sections, Definitions, Conditions, Exclusions, Endorsements, Memoranda and Warranties (if any) and any other terms herein contained.

THE LIMIT OF LIABILITY is the maximum amount payable by the Insurer for any one loss or series of losses suffered by the Insured arising out of any one original source or cause at any one Situation, subject to any Sub-Limits of Liability and the application of any Deductible. The Limits of Liability and Sub-Limits of Liability are set out in the Schedule. If more than one Limit or Sub-Limit of Liability applies, the lesser amount shall be payable. Each Sub-Limit shall not increase the liability of the Insurer beyond the Limit of Liability. Each of the Deductibles will apply to each Sub-Limit, but will not be cumulative.

DECLARED VALUES are the values of Property Insured at each Situation/Gross Profit/Pay-Roll declared by the Insured and calculated as applicable in accordance with the Basis of Settlement Clauses. The Insured shall complete a statement of Declared Values at the commencement of the Period of Insurance, on the acquisition of Property Insured and as at the end of the Period of Insurance.

DEDUCTIBLE is the first amount of each claim which is payable by the Insured as stated in the Schedule. Should more than one Deductible apply under this Policy for any claim or series of claims arising from the one original source or course, such Deductibles shall not be aggregated and the highest single level of Deductible only shall apply.

CONTAMINATION OR POLLUTION means the discharge, dispersal, release or escape of smoke, vapours, soot, fumes, acids, alkalis, chemicals, liquids or gases, waste materials or other irritants, contaminants or pollutants into or upon any property, land, atmosphere or any water course or body of water (including ground water).

DEBRIS means the residue of Damaged Property Insured excluding any material which is itself a contaminant or pollutant and which is deposited beyond the boundaries of the Situation.

SPECIFIED DAMAGE for the purpose of any Limit or Sub-Limit of Liability or Deductible as shown in the Schedule, means damage caused by any peril or circumstance not more specifically covered or excluded by this Policy other than fire, lightning, thunderbolt, explosion, implosion, earthquake, subterranean fire, volcanic eruption, impact, aircraft and/or other aerial devices and/or articles dropped therefrom, sonic boom, theft, breakage of glass, loss of money, the acts of persons

taking part in riots or civil commotions or of strikers or locked-out workers or of persons taking part in labour disturbances or of malicious persons or the acts of any lawfully constituted authority in connection with the foregoing acts or in connection with any conflagration or other catastrophe, storm and/or tempest and/or rainwater and/or wind and/or hail, water or other liquids or substances discharged, overflowing or leaking from apparatus, appliances, pipes or any other system at the premises or elsewhere.

FLOOD means the inundation of normally dry land by water escaping or released from the normal confines of any natural water course or lake (whether or not altered or modified) reservoir, canal or dams.

DAMAGE (with Damaged having a corresponding meaning) means physical loss, damage or destruction.

MONEY means current coin, bank notes, currency notes, cheques, credit card sales and/or discount house vouchers, postal orders, money orders, unused postage and revenue stamps and including the value of stamps contained in franking machines.

SECTION 1 - MATERIAL LOSS OR DAMAGE

THE INDEMNITY

In the event of any sudden and unforeseen physical loss, destruction or damage (hereinafter in Section 1 referred to as "damage" with "damaged" having a corresponding meaning) not otherwise excluded happening during the Period of Insurance at the Situation to the Property Insured specified in the schedule of declared values the Insurer(s) will, subject to the provisions of this Policy including the limitation on the Insurer(s) liability, indemnify the Insured in accordance with the applicable Basis of Settlement.

Subject to the liability of the Insurer(s) not being increased beyond the Limit(s) of Liability already stated herein, the Insurer(s) will also indemnify the Insured for:

- (a) architects', surveyors', consulting engineers', legal and other fees and clerks of works' salaries for estimates, plans, specifications, quantities, tenders and supervision necessarily incurred in reinstatement consequent upon damage to property hereby insured but not such costs, fees and salary for preparing any claim hereunder;
- (b) any fee, contribution or other impost payable to any Government, Local Government or other Statutory Authority, where payment of such fee, contribution or impost is a condition precedent to the obtaining of consent to reinstate any building(s) insured hereunder; provided that the Insurer(s) shall not be liable for payment of any fines and/or penalties imposed upon the Insured by any such Authorities;
- (c) costs and expenses necessarily and reasonably incurred for the purpose of extinguishing fire at or in the vicinity of property hereby insured or threatening to involve such property or for the purpose of preventing or diminishing imminent damage to property hereby insured by any other peril insured against by this Policy, including damage to gain access and the cost of replenishment of fire fighting appliances and charges incurred for the purpose of shutting off the supply of water or other substance following accidental discharge from any fire protective equipment or otherwise escaping from intended confines;
- (d) costs and expenses necessarily and reasonable incurred for the temporary protection and safety of property hereby insured pending repair or replacement consequent upon damage recoverable hereunder;
- (e) costs of replacing locks and/or keys and/or combinations where if as a result of theft or any attempt thereat the keys and/or combinations are stolen or if there are reasonable grounds to believe the keys may have been duplicated; also the cost of opening safes and/or strong rooms as a result of theft of keys and/or combinations;
- (f) costs and expenses necessarily and reasonably incurred in respect of:
 - (i) the removal, storage and /or disposal of debris or the demolition, dismantling, shoring up, propping, underpinning or other temporary repairs consequent upon damage to property insured by this Policy and occasioned by a peril insured against;
 - (ii) the Insured's legal liability in respect of removal, storage and/or disposal of debris, notwithstanding Excluded Peril 8 in relation to premises, roadways, services, railway or waterways of others, consequent upon damage to the Property Insured by a peril hereby insured against, for such costs together with the cost of cleaning provided that such liability was not assumed by the Insured under an agreement entered into after the commencement of the Period of Insurance or any renewal thereof unless liability would have attached in the absence of such agreement. Provided that the insurance under this section does not extend to any liability that the Insured may incur as a consequence of pollution of any kind;
 - (iii) the demolition and removal of any property belonging to the Insured which is no longer useful for the purpose it was intended, providing such demolition and removal is necessary for the purpose of the reinstatement or replacement of Property Insured under this section and is consequent upon damage to the Property Insured by a peril hereby insured against;
- (h) damage to clothing and tools of trade belonging to directors and employees of the Insured whilst on the Premises.

Provided that the insurance under Clauses (b) to (g) inclusive shall not be subject to any Co-insurance clause or memorandum contained in this Policy.

THE PROPERTY INSURED

All tangible property both real and personal of every kind and description (except as hereinafter excluded) belonging to the Insured or for which the Insured is responsible, or has assumed responsibility to insure prior to the occurrence of any damage, including all such property in which the Insured may acquire an insurable interest during the Period of Insurance.

It is understood and agreed that the term "personal property" shall include Money (which shall mean current coin, bank notes, currency notes, cheques, credit card sales and/or discount house vouchers, postal orders, money orders, unused postage and revenue stamps and including the value of stamps contained in franking machines) whilst contained in the Situation and whilst in transit to and from the Situation anywhere in Fiji, including whilst contained in the night safe of any bank or financial institution where the Insured transacts business, and in the personal custody of the Insured and/or persons authorised by the Insured whilst contained in their private residences.

BASIS OF SETTLEMENT

For the purpose of ascertaining the classification under which any property is insured, the Insurer(s) agree to accept the designation applied to such property by the Insured in its records, provided that such property is not specifically excluded by this policy.

- (a) On buildings, machinery, plant and all other property and contents (other than those specified below): the cost of reinstatement, replacement or repair in accordance with the provisions of the Reinstatement and Replacement and Extra Cost of Reinstatement Memoranda as set out herein.

Provided that if the insured elects to claim the indemnity value of the damaged property, the insurer(s) will pay to the Insured the value of such property at the time of the happening of the damage or at its/their opinion reinstate, replace such property or any part thereof. In any event the Insurer(s) will pay costs incurred by the Insured in accordance with the provisions of the Extra Costs of Reinstatement Memorandum.

- (b) On raw materials, supplies and other merchandise not manufactured by the Insured; the replacement cost at the time and the place of replacement, provided that replacement shall have been carried out with reasonable despatch or, if such property is not replaced, the original cost to the Insured of such property or the indemnity value, whichever is the lesser.
- (c) On material in process of manufacture; the replacement cost of the raw materials and the cost of labour and other manufacturing costs expended thereon at the time and the place of the damage.
- (d) On finished goods; the replacement value of the raw materials and the cost of labour and other manufacturing costs expended thereon before any allowance for profit, calculated at the time and place of the damage or the cost of restocking such goods within a reasonable time, whichever is the lesser.
- (e) On computer systems records, documents, manuscripts, securities, deeds, specifications, plans, drawings, designs, business books and other records of every description; the cost of repairing, replacing, reproducing or restoring same, including information contained therein or thereon but excluding the value to the Insured of the said information or, if repair, replacement, reproduction or restoration is not carried out with reasonable dispatch, the replacement cost of materials as blank stationery at the time and place of the damage.
- (f) On patterns, models, moulds, jigs, templates, dies or casts: the cost of repair or replacement (if actually replaced) otherwise the value of such property to the Insured calculated at the time and place of the damage.
- (g) On glass: the cost incurred in repairing or replacing the broken glass including:
- temporary shuttering and/or hiring of security service pending replacement of broken glass,
 - sign writing or ornamentation on glass,
 - replacement burglar alarm tapes on glass, and
 - removing and re-fixing of window and show-case frames and fittings,
 - heat reflecting material or process on glass.
- (h) On directors' and employees' clothing and tools of trade; the replacement cost at the time of replacement, subject to due allowance for wear and tear, depreciation and betterment.

- (i) On empty premises awaiting demolition; the salvage value of the building materials and/or landlord's fixtures and fittings, net of demolition costs.

In all cases:

- (i) where there is a sum insured shown in the schedule of declared values the maximum amount payable for any one item shall be the sum insured specified for that item; and
- (ii) the maximum amount payable in total shall not exceed the section limit.

MEMORANDA TO SECTION 1

Except to the extent that this Policy is hereby modified under the following Memoranda the terms, Conditions and limitations of this Policy shall apply.

INTERESTS OF OTHER PARTIES

The insurable interest of only those lessors, financiers, trustees, mortgagees, owners and all other parties specifically noted in the records of the Insured shall be automatically included without notification or specification; the nature and extent of such interest to be disclosed in event of damage.

LABELS, CONTAINERS AND WRAPPINGS

In the event of damage affecting labels, containers or wrappings, the insurer(s) shall not be liable for more than an amount sufficient to pay the cost of new labels, containers or wrappings, and the cost of reconditioning the goods, but in no case shall the insurer(s) be liable for more than the insured value of the damaged merchandise.

BRANDED GOODS

Any salvage of branded goods and/or merchandise, the Insured's own or held by the Insured in trust or on commission, and/or goods sold but not delivered, shall not be disposed of by sale without the consent of the Insured. If such salvage is not disposed of by sale then the value of the salvage shall be deemed to be the market value of the goods after brands, labels or names have been removed by or on behalf of the Insured.

DECLARED VALUES

The Schedule of Declared Values at each situation (in accordance with the applicable Basis of Settlement) shall not include any allowance for Extra Cost of Reinstatement nor any of the costs and expenses referred to under clauses (b) to (g) of "The Indemnity".

CUSTOMERS GOODS

The policy extends to insured goods belonging to the insured's customers at the Premises, to the extent that such goods are not otherwise insured.

REINSTATEMENT OR REPLACEMENT

(Applicable to buildings, machinery, plant and all other property and contents; other than those specified in items (b) to (i) under Basis of Settlement).

The basis upon which the amount payable is to be calculated shall be the cost of reinstatement of the damaged property insured at the time of its reinstatement, subject to the following Provisions and subject also to the terms, Conditions and Limit(s) or Sub-Limit(s) of Liability of this Policy.

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

- (a) Where property is lost or destroyed: in the case of a building, the rebuilding thereof or in the case of property other than a building, the replacement thereof 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 or the property to a condition substantially the same as, but not better or more extensive than, its condition when new.

Provided that:

1. The work of rebuilding, replacing, repairing or restoring as the case may be (which may be carried out upon any other sites(s) and in any manner suitable to the requirements of the Insured, but subject to the liability of the Insurer(s) not being thereby increased), must be commenced and carried out with reasonable dispatch, failing which the Insurer(s) shall not be liable to make any payment greater than the indemnity value of the damaged property at the time of the happening of the damage.
2. When any property insured to which this memorandum applies is damaged in part only, the liability of the insurer(s) shall not exceed the sum representing the cost, which the insurer(s) could have been called upon to, pay for reinstatement if such property had been wholly destroyed.
3. Property insured under this memorandum is separately subject to the following Co-Insurance clause;

In the event of damage to any property insured hereunder at any situation caused by any event hereby insured against, the Insurer(s) shall be liable for no greater proportion of such damage than the amount that the Insured's declaration of value of property insured at such situation on the day of the commencement of the Period of Insurance bears to the sum representing eighty-five per cent (85%) of the cost which would have been incurred in reinstatement if the whole of such property had been destroyed on that day, but not exceeding the Limit of Liability expressed in the Schedule of declared values; provided that if the sum actually incurred or expended in rebuilding or replacing the damaged property, within the meaning of sub-paragraph (a) of the abovementioned definition of reinstatement, exceeds the amount which would have been payable under this Policy if this memorandum had not been incorporated herein, but is less than the cost of reinstatement as above defined, then the sum so actually incurred or expended shall, for all purposes of this memorandum, be deemed to be the cost of reinstatement of the property.

Provided further that the above clause shall not apply if the amount of the damage does not exceed five (5) per cent of the amount of the Insured's declaration aforementioned.

4. No payment beyond the amount which would have been payable under this Policy if this memorandum had not been incorporated herein shall be made until a sum equal to the cost of reinstatement shall have been actually incurred; provided that where the Insured reinstates or replaces any lost or destroyed property at a cost which is less than the cost of reinstatement (as defined) but greater than the value of such property at the time of the happening of its loss or destruction, then the cost so incurred shall be deemed to be the cost of reinstatement.
5. All other Industrial Special Risks and/or Fire and Named Perils insurances covering the property effected by or on behalf of the Insured shall be on a similar reinstatement basis.
6. Where any lost or destroyed property cannot be economically repaired, or due to technological change is also incapable of being replaced with the same model or version in a viable format, at the option of the insured, they may;

Replace the lost or damaged property with property with a greater total function, capability and/or output.

Provided the replacement property:

- (a) Represents the manufacturers or alternative manufacturers current equivalent or substitute product to the lost or damaged property
- (b) Does not exceed in value the amount declared for insurance of the lost or damaged property (if applicable) or the Sum Insured/Limit of Liability stated in the schedule of Declared Values whichever is the lesser.

Notwithstanding clause (b) should the insured replace the lost or damaged property of greater monetary value than the amount as stated in clause (b) the insured shall be regarded as their own insurer for any amount in excess of that stated amount.

EXTRA COST OF REINSTATEMENT

(Applicable to buildings, machinery, plant and all other property and contents; other than those specified in items (b) to (i) under Basis of Settlement).

This Policy extends to include the extra cost of reinstatement (including demolition or dismantling) of damaged property necessarily incurred to comply with the requirements of any Act of Parliament or Regulation made thereunder or any By-Law or Regulation of any Municipal or other Statutory Authority; subject to the following Provisions and subject also to the terms, Conditions and Limit(s) or Sub-Limits of Liability of this Policy.

Provided that:

- (i) The work of reinstatement (which may be carried out wholly or partially upon any othersite(s), if the requirements of the aforesaid Act, Regulation or By-Law so necessitate, subject to the liability of the Insurer(s) not being thereby increased), must be commenced and carried out with reasonable dispatch, failing which the Insurer(s) shall not be liable to make any payment beyond the amount which would have been payable under this Policy if this memorandum had not been incorporated herein.
- (ii) The amount recoverable shall not include the additional cost incurred in complying with any such Act, Regulation, By-Law or requirement with which the Insured had been required to comply prior to the happening of the damage.
- (iii) Co-insurance shall not be applied to the amount recoverable under this memorandum and any amount specified shall not be taken into account for Coinsurance purposes in terms set out in any clause contained in this Policy.
- (iv) All other Industrial Special Risks and/or Fire and Named Perils insurances covering the property effected by or on behalf of the Insured shall be on a similar basis.
- (v) If the cost of reinstatement of damaged property insured is less than fifty per cent (50%) of that which would have been the cost of reinstatement if such property had been destroyed, the amount recoverable hereunder shall be limited to:
 - (a) the extra cost necessarily incurred in reinstating only that portion damaged; or
 - (b) whilst applying to such property insured, the Sub-Limit stated herein, whichever is the greater. In the event of a Sub-Limit not being stated in this Policy the Insurer(s) liability shall be limited to the amount as described in sub-paragraph(a) of this provision.

UNDAMAGED PROPERTY

- (a) where any property insured hereunder is damaged but the foundations or any part thereof are undamaged whether reinstatement of the property insured is carried out upon another site(s) or not, the undamaged foundations or any part thereof will be considered as being destroyed

The term 'foundations' includes services, such as but not limited to conduits, pipes, cables and wiring, which are built into or onto footings, foundations or concrete floors, whether at, above or below ground level.

- (b) where any property insured hereunder (other than plant machinery and all other contents) is damaged and abandoned but not destroyed, including property at the same Situation as the damaged property that has been damaged, and reinstatement is carried out upon another site the abandoned undamaged property that cannot be cost effectively moved (from the standpoint of the insured)

LEASED BUILDINGS

Where the insured (as lessee) enters or has entered into any lease agreement which contains any covenant(s) or provision(s) that the lessee shall be responsible for reinstatement of any part(s) of the premises following damage thereto by any cause or event insured by this policy, and/or the lessee shall indemnify and/or hold harmless and/or release from liability the Lessor against any such damage, the insurance provided under this policy shall not be prejudiced by the insured entering, or having entered, into such an agreement and the insurer(s) shall, indemnify the insured accordingly.

ACQUIRED COMPANIES

The Policy extends to include Property located in Fiji belonging to Companies and other organizations a controlling interest in which is acquired by the Insured during the currency of this policy; subject to the insured declaring details of such acquisition to the Insurer(s) within thirty (30) days following the date of acquisition. Provided the Business of the new acquisition shall be similar to the Business as stated in the Schedule and the insurable Value does not exceed \$250,000 or any Sub-Limit of Liability set out in The Schedule of the policy whichever is lesser.

For any acquisition, the insured is to pay to pay for all applicable premium and statutory charges upon declaration of such acquisitions to be applied from the date of acquisition.

For the purpose of this Memorandum a controlling interest shall in the case of a company, mean the acquisition of shares carrying more than fifty percent (50%) of votes capable of being cast at a general meeting of ordinary shareholders in such Company.

CAPITAL ADDITIONS

This insurance extends to cover alterations, additions (including additional buildings) and improvements to property within the Territorial Limits specified in the Schedule or newly acquired property other than stock-in-trade after allowance for deletions for any amount not exceeding the Capital Additions Limit shown in the Schedule, it being understood that the Insured undertakes to advise the Insurers within a reasonable time following at the end of the period of insurance of such alterations, additions and improvements or newly acquired property and deletions and to pay the premium applicable. Following advice of any additional insurance the provisions of the Clause are fully reinstated

UNDERINSURANCE

Unless otherwise stated herein to the contrary, this policy is subject to the following Co-insurance Memorandum:

In the event of damage to the Property insured hereunder at any situation caused by any event hereby insured against, the Insurer(s) shall be liable for no greater proportion of such damage than the amount of the insured's declaration of value of such property at such situation on the day of commencement of the Period of Insurance bears to the sum representing eighty-five percent (85%) of the actual value of property insured at such situation on the of commencement of the Period of Insurance but not exceeding the Limit of Liability expressed in the Schedule of Declared Values, subject to the provisions of the Escalation Memorandum.

Provided that this clause shall not apply if the amount of damage does not exceed 5% of the amount of the Insured's declaration aforementioned.

It is expressly understood and agreed that the provisions of this underinsurance Memorandum shall not apply in respect of that part of any claim which is made under the provisions of the Reinstatement and Replacement Memorandum.

ESCALATION MEMORANDUM

In consideration of the payments of an additional premium, the Declared Value(s) insured, as stated in the Schedule of Declared Values, on Buildings and/or Plant and Machinery and/or Other Contents (Excluding Stock-in-Trade and/or Merchandise) shall, during each period of insurance, be increased by that proportion of the specified percentage which the number of days since the commencement of such period shall bear to the whole of such period.

At each renewal date the Insured shall notify the Insurers:-

- (a) the Declared Values at the commencement of the forthcoming period of insurance; and
- (b) the percentage increase required for the forthcoming period of insurance;

and in default thereof the provisions of this memorandum shall cease to apply.

All the conditions of the Policy except in so far as they may be hereby expressly varied, apply as if they had been incorporated herein.

The premium to be charged under this memorandum is to be 50% of the premium produced by applying the percentage increase specified in the Limit(s) of Liability to the first annual premium, as appropriate (or any extra premium for any endorsements during the period of insurance), on the items referred to in the Schedule of Declared Values.

ACCIDENTAL DAMAGE

For the purposes of this Policy, the term “Accidental Damage” wherever mentioned shall mean sudden and unforeseen physical loss, destruction or damage (subject to “Exclusion to All Sections”) caused other than by fire, lightning, aircraft and/or aerial devices and/or articles dropped therefrom, sonic boom, explosion, implosion, storm, tempest, wind, rainwater, and/or other liquids discharged, overflowing and/or leaking from apparatus, appliances, pipes, sprinkler and/or any other systems, malicious persons, impact by vehicles or animals, burglary, theft, breakage of glass, loss of money and any other peril or circumstance not more specifically covered under any other item of the schedule, nor excluded by this policy.

SECTION 2-BUSINESS INTERRUPTION

THE INDEMNITY

In the event of any building or any other property or any part thereof used by the Insured at the Premises for the purpose of the Business being physically lost, destroyed or damaged during the Period of Insurance by any cause or event not hereinafter excluded (loss, destruction or damage so caused being hereinafter termed "Damage") and the Business carried on by the Insured being in consequence thereof interrupted or interfered with, the Insurer(s) will, subject to the provisions of this policy including the limitation on the Insurer(s) liability, pay to the Insured the amount of loss resulting from such interruption or interference in accordance with the applicable Basis of Settlement.

Provided that the Insurer(s) will not be liable for any loss under this Section unless the Insured's property lost, destroyed or damaged is insured against such Damage (loss arising out of destruction or damage by explosion of Boilers and /or Economisers excepted) and the insurer or insurers by which such property is insured shall have paid for or admitted liability in respect of such Damage unless no payment shall have been made or liability admitted therefore solely owing to the operation of a provision in such insurance excluding liability for loss below a specified amount.

BASIS OF SETTLEMENT

Item No. 1

The insurance under this item is limited to actual 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 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 Declared Value of Gross Profit at the commencement of each Period of Insurance be less than the sum produced by applying the Rate of Gross Profit to the Annual Turnover (or its proportionately increased multiple thereof, where the Indemnity Period exceeds 12 months), the amount payable hereunder shall be proportionately reduced.

Item No. 2

The insurance under this item is to cover such reasonable professional fees as may be payable by the Insured, and such other reasonable expenses necessarily incurred by the Insured and not otherwise recoverable, for preparation of claims under the Insured's Material Damage and Consequential Loss insurance policies and the Insurer(s) shall indemnify the Insured for such reasonable fees and expenses.

Item No. 3

The insurance under this item is limited to loss in respect of Pay-Roll and the amount payable as indemnity thereunder shall be:

- (a) **In respect of Reduction of Turnover:**
- (i) during the portion of the Indemnity Period beginning with the occurrence of the Damage and ending not later than the number of weeks thereafter specified in the Schedule: the sum produced by applying the Rate of Pay-Roll to the Shortage in Turnover during the said portion of the Indemnity Period less any saving during the said portion of the Indemnity Period, through reduction in consequence of the Damage, in the amount of Pay-Roll paid;
- (ii) during the remaining portion of the Indemnity Period: the sum produced by applying the Rate of Pay-Roll to the Shortage in Turnover during the said remaining portion of the Indemnity Period less any saving during the said

remaining portion of the Indemnity Period, through reduction in consequence of the Damage, in the amount of Pay-Roll paid; but not exceeding the sum produced by applying the percentage of the Rate of Pay-Roll specified in the Schedule to the Shortage in Turnover during the said remaining portion of the Indemnity Period, increased by such amount as is deducted for savings under the terms of Clause (a)(i).

Note: At the option of the Insured the number of weeks referred to in Clause (a)(i) above may be increased to the number of weeks specified in the Schedule under the heading "Consolidated Period"; provided that the amount arrived at under the provisions of Clause (a)(ii) shall not exceed such amount as is deducted under Clause(a)(i) for savings effected during the said increased number of weeks.

(c) In respect of Increase in Cost of Working:

so much of the additional expenditure described in Clause (b) of Item 1 as exceeds the amount payable thereunder, but not more than the additional amount which would have been payable in respect of Shortage in Turnover under the provisions of Clauses (a) (i) and (ii) of this item had such expenditure not been incurred. Provided that if the Declared Value of Insured Pay-Roll at the commencement of each Period of Insurance be less than the sum produced by applying the Pay-Roll Limits to the sum produced by applying the Rate of Pay-Roll to the Annual Turnover (or its proportionately increased multiple thereof, where the Indemnity Period exceeds 12 months) the amount payable shall be proportionately reduced.

Item No. 4

The insurance under this item is limited to increase in cost of working (not otherwise recoverable hereunder) necessarily and reasonably incurred during the Indemnity Period in consequence of the Damage for the purpose of avoiding or diminishing reduction in Turnover and/or resuming and/or maintaining normal business operations and/or services.

DEFINITIONS (SECTION 2)

GROSS PROFIT: the amount by which:

- (a) the sum of the Turnover and the amount of the Closing Stock and Work in Progress shall exceed
- (b) the sum of the amount of the Opening Stock and Work in Progress and the amount of

the Uninsured Working Expenses as set out in the Schedule **Note:** The amounts of the Opening and Closing Stocks and Work in Progress shall be arrived at in accordance with the Insured's normal accountancy methods; due provisions being made for depreciation.

TURNOVER: the money (less discounts if any allowed) paid or payable to the Insured for goods sold and delivered and for services rendered in course of the Business at the Premises.

INDEMNITY PERIOD: the period beginning with the occurrence of the Damage and ending not later than the number of months specified in the Schedule thereafter during which the results of the Business shall be affected in consequence of the Damage.

PAY-ROLL: the remuneration paid to all employees of the Insured (including but not limited to holiday pay, sick pay, long service leave pay and bonus) plus payments for payroll tax, fringe benefits tax, superannuation and pension fund contributions, workers compensation insurance premiums, accident compensation levies and the like.

SHORTAGE IN TURNOVER: The amount by which the Turnover during a period shall, in consequence of the Damage, fall short of the part of the Standard Turnover which relates to that period.

RATE OF GROSS PROFIT: The rate of Gross Profit Earned on the Turnover during the financial year Immediately before the date of the damage

ANNUAL TURNOVER: The turnover during the 12 months immediately before the date of the damage.

STANDARD TURNOVER: The Turnover during that period in the 12 months immediately before had the Damage not occurred, so The date of the Damage which corresponds with The indemnity Period

MEMORANDA TO SECTION 2

Except to the extent this Policy is hereby modified under the following Memoranda the terms, Conditions and limitations of this Policy shall apply.

TURNOVER ELSEWHERE AFTER DAMAGE

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

DEPARTMENTAL CLAUSE

If the Business be conducted in departments of which the independent trading results are ascertainable, the provisions of clauses (a) and (b) of Items Nos. 1 and 3 shall apply separately to each department affected by the Damage.

NEW BUSINESS

In the event of Damage occurring at the Premises before completion of the first year's trading of the Business the terms "Rate of Gross Profit", "Annual Turnover" and "Rate of Pay-Roll" 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 period between the date of the commencement of the Business and the date of the Damage.

ANNUAL TURNOVER : the proportional equivalent, for a period of 12 months, of the Turnover realised during the period between the commencement of the Business and the date of the Damage.

STANDARD TURNOVER: The proportional equivalent, for a period equal to the Indemnity Period, of the Turnover realised during the period between the commencement of the business and the date of the Damage.

RATE OF PAY-ROLL: The rate of Pay-Roll to Turnover during the period between the date of the commencement of the Business and the date of the Damage. Adjustments shall be made to the Rate of Gross Profit, Annual Turnover, Standard Turnover and Rate of Pay-Roll as may be necessary to provide for the trend of the Business and for variation in or other circumstances affecting the Business either before or after the Damage or which would have affected the Business had the Damage not occurred, so that the figures thus adjusted shall represent as nearly as may be reasonably practicable the results which, but for the Damage, would have been obtained during the relative period after the damage.

ACCUMULATED STOCKS

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

BOOKS OF ACCOUNT

Any particulars or details contained in the Insured's books of account or other business books or documents which may be required by the Insurer(s) for the purpose of investigating or verifying any claim hereunder may be produced and certified by the Insured's auditors and their certificate shall be prima facie evidence of the particulars and details to which such certificate relates. The words and expressions used herein shall have the meanings usually attached to them in the books and accounts of the Insured unless otherwise defined in this Policy.

PUBLIC UTILITIES EXTENSION

Any loss resulting from interruption of or interference with the Business in consequence of damage to property, caused by a peril damage as a result of which is insured hereunder, at any electricity station or sub -station, gas works or water works of a public supply undertaking which is situated on or immediately adjacent to the Premises shall be deemed to be loss resulting from Damage to property used by the Insured at the Premises.

TURNOVER/OUTPUT ALTERNATIVE

If the Insurer and the Insured agree, the term "Output" may be substituted for the term "Turnover" and, for the purpose of this Policy, "Output" shall mean the sale and/or invoice value of goods manufactured and /or processed by the Insured in course of the Business at the Premises. Provided that only one such meaning shall be operative in connection with any one event involving Damage.

If the meaning set out above be used, the memorandum "Turnover Elsewhere After Damage" shall be altered to read as follows:

"If during the Indemnity Period goods shall be manufactured and/or processed other than at the Premises for the benefit of the Business either by the Insured or by others on the Insured's behalf the sale and/or invoice value of the goods so manufactured and/or processed shall be brought into account in arriving at the Output during the Indemnity Period" and the definition of Gross Profit shall be altered to read; "The difference between the sale value of production and the amount of Uninsured Working Expenses".

COMPUTER

This Policy extends to include loss (not otherwise recoverable) resulting from interruption of or interference with the Business occasioned by Damage to computer installations, including ancillary equipment and data processing media utilised by the insured anywhere in Fiji.

SALVAGE SALE

If, following Damage giving rise to a claim under this Policy, the Insured shall hold a salvage sale during the Indemnity Period:

(i) Clause (a) of Item 1 on this Section shall, for the purpose of such claim, read as follows:

(a) In respect of Reduction in Turnover:

the sum produced by applying the Rate of Gross Profit to the amount by which the Turnover during the Indemnity Period (less the Turnover for the period of the salvage sale) shall, in consequence of the Damage, fall short of the Standard Turnover, from which shall be deducted the Gross Profit actually earned during the period of the salvage sale.

(ii) The definition of Shortage in Turnover shall, for the purpose of such claim, read as follows:

Shortage in Turnover shall mean:

the amount by which the Turnover during a period (less the Turnover for the period of the salvage sale) shall, in consequence of the Damage, fall short of the part of the Standard Turnover which relates to that period, from which shall be deducted the Pay-Roll paid out of the proceeds of the salvage sale.

PREMISES IN THE VICINITY (PREVENTION OF ACCESS)

Loss as insured by this Policy resulting from interruption of or interference with the Business in consequence of damage to property in the vicinity of the Premises caused by a peril, damage as a result of which is insured hereunder, which shall prevent or hinder the use thereof or access thereto, whether the Premises or property of the Insured therein shall be damaged or not, shall be deemed to be loss resulting from Damage to property used by the Insured at the Premises.

Loss as insured by this Policy resulting from interruption of or interference with the Business in consequence of damage to property in the vicinity of and forming part of or contained in the complex of which the Premises forms part caused by a peril, damage as a result of which is insured hereunder, which results in a cessation or diminution of trade due to temporary falling away of potential custom whether the Premises or property of the Insured therein shall be damaged or not shall be deemed to be loss resulting from Damage to property used by the Insured at the Premises.

EXCLUSIONS TO ALL SECTIONS

PROPERTY EXCLUSIONS

This Policy does not cover physical loss, destruction of or damage to the following property or loss under Section 2 resulting therefrom:

1. property (except Money) whilst in transit other than during the incidental movement of such property within situations occupied by the Insured. This exclusion shall not apply during temporary removal of property (other than stock and/or merchandise) and unregistered motor vehicles to any situation in the Republic of Fiji but, whilst such property is in transit, cover is limited to physical loss, destruction or damage caused by fire lightning, explosion earthquake, aircraft, riot, strikes, malicious damage and storm and/or tempest.
2. Money:
 - (a) whilst being carried by professional money carriers, professional carriers or common carriers which is more specifically insured excepting the excess amount over and above such more specific insurance which excess is held to be covered hereunder. Provided that where in the ordinary course of business the Insured enters into an agreement with such carriers and such agreement provides that the Insured shall indemnify and/or hold harmless and/or release from liability such carriers in respect of loss, destruction or damage which may occur as a result of any event hereby insured against, this insurance shall operate as if this Property Exclusion 2(a) had been deleted.
 - (b) stolen from an unlocked and unattended vehicle;
 - (c) stolen from a safe or strong room opened by a key or by use of details of a combination, either of which has been left at the Situation outside business hours, unless such key or combination details have been properly secured;
 - (d) where the loss is not discovered within five (5) working days of the event;
 - (e) where the loss arises out of:
 - (i) kidnapping,
 - (ii) bomb threat,
 - (iii) hoax,
 - (iv) extortionor any attempted threat.
3. Jewellery, furs, bullion, precious metals or precious stones other than where used as stock and/or merchandise of the Business and specified as such on the list of declared values.
4.
 - (a) any locomotive or rolling stock or watercraft other than as stock or merchandise of the Business; provided always that no cover shall apply hereunder whilst any watercraft is on or in water.
 - (b) any aircraft (including its accessories and/or spare parts) other than where used as stock or merchandise of the Business; provided always that no cover shall apply during taxing, take-off, flight or landing of any aircraft.
5. Vehicles, trailers, mobile plant and equipment.
6. livestock, animals, birds or fish.
7. standing timber, growing crops and pastures.
8. land, unmined or unrecovered oil, gas and mineral deposits, provided that this exclusion shall not apply to structural improvements on or in the land if such structural improvements are not otherwise excluded in this Policy.
9. bridges, canals, roadways and tunnels, railway tracks (other than on the premises occupied or used by the insured) dams and reservoirs (other than tanks) and their contents.
10. docks, wharves and piers not forming part of any building.

11. mining property located beneath the surface of the ground unless otherwise expressly stated in this Policy.
12. property during the course of, and as a result of, its processing.
13. (a) gates, fences, retaining walls, textile awnings and blinds;
- (b) property in the open air unless such property comprises or forms part of a permanent structure designed to function without the protection of the walls or roof;

Where the damage is caused by wind, rainwater or hail.

14. (a) property included in a project of construction, erection, alteration or addition, including the partial dismantlement of existing structures, where the total contract value of all work to be carried out at any one situation during such activity exceeds 10% of the Limit of Liability or \$500,000, whichever is the lesser. Provided that this Exclusion 14(a) shall apply only to the works comprising such construction, erection, alteration or addition and not to any original or existing structures.
- (b) empty premises upon which demolition work has commenced.
15. oil and gas drilling and/or production rigs
16. Silicone chips
17. all Machinery (as defined in this exclusion), electronic data processing equipment or electronic control equipment occasioned by or happening through any mechanical, electrical, electro-mechanical, electronic or hydraulic malfunction, failure, derangement, breakdown or non-operation of whatsoever kind provided that Property Exclusion 17 shall not apply to any subsequent loss, destruction of or damage to such Machinery, electronic data processing equipment or electronic control equipment occasioned by or happening through any cause or event not otherwise excluded herein which results from any of the events referred to in this exclusion.

For the purpose of Property Exclusion 17, "Machinery" means:

any apparatus whether or not functioning independently or as any component part of a collection of apparatus which generates, contains, controls, transmits, receives, transforms or utilises any form or source of energy or power.

18. any boiler (other than a boiler used for domestic purposes), economiser or other pressure vessel, including pipes, valves and other apparatus thereof in respect of which a certificate is required to be issued under the terms of any statute or regulation occasioned by or arising from explosion, rupture, collapse, bursting, cracking or overheating thereof; provided that this exclusion shall be limited to the aforementioned items immediately affected and shall not extend to other property as a result of such loss or destruction or damage. This exclusion shall not apply to Section 2 as specifically stated therein.

PERIL EXCLUSIONS

This Policy excludes any loss, damage or liability arising directly or indirectly from or occasioned by or through or in consequence directly or indirectly of or claim for:

1. (a) directly or indirectly occasioned by or happening through or connected with war, invasion, act of foreign enemy, hostilities or war-like operations (whether war be declared or not), civil war, mutiny, civil commotion assuming the proportions of or amounting to a popular rising, rebellion, revolution, insurrection, military or usurped power or any act of any person or persons acting on behalf of or in connection with any organization the objects of which are to include the overthrowing or influencing of any de jure or de facto government by terrorism or by any violent means.
- (b) resulting from confiscation, nationalisation, requisition or damage to property by or under the order of any Government or Public or Local Authority.

Notwithstanding the provisions of Perils Exclusion 1(b) the Insurer(s) shall be liable for loss, destruction of or damage to, or the cost of removal of, sound property at the Premises for the purpose of preventing or diminishing imminent damage by, or inhibiting the spread of, fire or any other peril insured against under this Policy;

2. (a) ionising radiation or contamination by radioactivity from any nuclear waste or from the combustion of nuclear fuel. For the purpose of this exclusion only, "combustion" shall include any self sustaining process of nuclear fission.
(b) nuclear weapons materials;
3. (a) flood, which shall mean the inundation of normally dry land by water escaping or released from the normal confines of any natural water course or lake (whether or not altered or modified), reservoir, canal or dam or storm water drain.
(b) water from or action by the sea, tidal wave or high water,
4. (a) moths, termites or other insects, vermin, rust or oxidation, mildew, mould, contamination or pollution, wet or dry rot, corrosion, change of colour, dampness of atmosphere or other variation in temperature, evaporation, disease, inherent vice or latent defect, loss of weight, change in flavour, texture or finish, smut or smoke from industrial operation (other than sudden and unforeseen damage resulting therefrom);
(b) smut or smoke from industrial operations (other than sudden and unforeseen damage resulting therefrom)
(c) wear and tear, fading scratching or marring, gradual deterioration or developing flaws, normal upkeep or making good;
(d) error or omission in design, plan or specification or failure of design;
(e) normal settling, seepage shrinkage or expansion in buildings or foundations, walls, pavements, roads and other structural improvements, creeping, heaving and vibration;
(f) faulty materials or faulty workmanship.

Provided that this Exclusion 4(a) to (f) shall not apply to subsequent loss, destruction of or damage to the Property Insured occasioned by a peril (not otherwise excluded) resulting from any event or peril referred to in this exclusion;

5. (a) incorrect siting of buildings consequent upon:
 - (i) error in architectural design or specification, faulty workmanship,
 - (ii) non-compliance by the Insured (or anyone acting on behalf of the Insured) with the necessary permits issued by Government, Public or Local Authorities;
(b) demolitions ordered by Government or Public or Local Authorities due to failure on the part of the Insured or their agents to obtain the necessary permits required.
6. (a) theft of property (other than money if insured) unless accompanied by violence or threat of violence to persons or violent and forcible entry to or exit from any securely locked buildings at the premises.
(b) mysterious disappearance
(c) unexplained or inventory shortage, disappearance resulting from clerical or accounting errors, shortage in the supply or delivery of materials to or from the insured
7. mechanical, electrical or electronic breakdown or derangement of equipment.
8. (a) spontaneous combustion
(b) spontaneous fermentation or heating or any process involving the direct application of heat.

Provided that Perils Exclusions 8 shall be limited to the item or items immediately affected and shall not extend to other property damaged as a result of such spontaneous combustion, fermentation or heating or process involving the direct application of heat;

9. (a) (i) fraudulent or dishonest acts, fraudulent misappropriation, embezzlement, forgery, counterfeiting, data corruption, unauthorised amendment of data and erasure by electronic or non-electronic means involving the Property Insured by the Insured or any employee(s) of the Insured acting lone or in collusion with any other person(s).
- (ii) access by any persons(s) other than the Insured's employee(s) to the Insured's computer system via data communication media that terminate in the Insured's computer system.

Provided that this exclusion shall not apply to theft consequent upon forcible and violent entry upon premises or felonious concealment upon premises committed by an employee of the Insured;

- (b) the cessation, interruption or retarding of any process or operation, as a result of industrial dispute.

Provided that this Exclusion shall not apply in respect of physical loss, destruction or damage directly caused during industrial disputes.

- (c) erosion, subsidence, earth movement or collapse resulting therefrom

- (d) kidnapping, bomb threat, threat of contamination, hoax, extortion or any attempt thereat.

Provided that this Exclusion 9(a) to 9(d) shall not apply to subsequent loss, destruction or damage to the Property Insured occasioned by a peril (not otherwise excluded) resulting from any event or peril referred to in this exclusion.

10. any legal liability of whatsoever nature
11. consequential loss of any kind including consequential loss due to delay, lack of performance, loss of contract or depreciation in the value of land or stock, except as herein provided in Section 2.
12. gale, windstorm, hurricane , cyclone
13. any time or date device or any item of which it forms a part arising from its failure to recognize any date, character or value as the correct date, character or value (eg Year 2000)
14. 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 clause, an act of terrorism means an act, including but not limited to the use of force and/or violence and/or threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organization(s) or government(s), which from its nature of context is done for, or in connection with political, religious, ideological, ethnic or similar purposes or reasons, including the intention to influence any government and/or to put the public, or any section of the public, in fear.

This policy does not cover 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.

15. (1) total or partial destruction, distortion, erasure, corruption, alteration, misinterpretation or misappropriation of electronic data;
- (2) error in creating, amending, entering. Deleting, or using electronic data; or
- (3) total or partial inability or failure to receive, send, access or use electronic data for any time or at all

From any cause whatsoever, regardless of any other contributing cause or event whenever it may occur.

Electronic data means facts, concepts and information converted to a form useable for communications, display, distribution, interpretation or processing by electronic and electromechanical data processing or electronically controlled equipment and it includes programmes, software and other coded instructions

However, in the event that a peril listed below (being a peril insured by this policy but for this exclusion) is caused by any of the matters described in paragraphs (1-3) above, this policy, subject to all its provisions, will insure:

- (a) Physical loss or damage or destruction to property insured directly caused by such listed peril; and/or
- (b) Consequential loss insured by this policy

Further, this exclusion does not apply in the event that a peril listed below (being a peril insured by this policy but for this exclusion) causes any of the matter described in paragraphs (1-3) above.

Fire, explosion, lightning, windstorm, hail tornado, cyclone, hurricane, earthquake, volcano, tsunami, flood, freezing, weight of snow, impact by aircraft or other aerial objects dropped therefrom, impact by any road vehicle or animal, bursting overflowing discharging or leaking of water tanks apparatus or pipes, or theft of electronic data solely where such theft is accompanied by theft of the computer hardware, firmware, medium, microchip, integrated circuit or similar device containing such electronic data.

For the purposes of any provision setting out the basis of settlement, computer systems records includes electronic data as defined above.

Any terrorism exclusion in this policy or any endorsement thereto prevails over this endorsement

MEMORANDA APPLICABLE TO ALL SECTIONS

Except to the extent that this Policy is hereby modified under the following Memoranda the terms, Conditions and limitations of this Policy shall apply.

AMOUNT OF POLICY NOT REDUCED BY LOSS

The insurance under each section and/or item of this Policy and the Indemnity Period shall be automatically reinstated in the event of any loss in consideration of the payment by the Insured of a pro-rata additional premium calculated on the amount of the loss settlement at the rate(s) agreed for the Period of Insurance.

EVENT

Only for the purpose of the application of any deductible: all loss, destruction or damage resulting from earthquake, volcanic eruption, gale, windstorm, hurricane or cyclone, shall be considered for the purpose of the application of any limit and sub-limit of liability and of the Deductible as resulting from one original source or cause. Each period shall be deemed to have commenced on the first happening of any such Damage which does not occur within any period of seventy two (72). This Clause shall apply to any of these causes whether continuous or sporadic in their sweep or scope and whether Damage was due to the same seismological condition.

SUBROGATION WAIVER

The Insurer(s) agree(s) to waive any rights and remedies or relief to which it/they may become entitled by subrogation against:

- (a) any corporation or organisation (including its directors, officers, employees or servants) owned or controlled by any Insured named herein or subsidiary to any Insured named herein or any co-owner of the property insured hereunder;
- (b) any Insured named or described by this Policy (including its directors, officers, employees or servants).

ADJUSTMENT OF PREMIUM (applicable to Section 2 only)

(a) The Premium applicable to Section 2 of the policy is provisional and is calculated on the Declared Values of:

- (i) Gross Profit and
- (ii) Insured Pay-Roll,

on the day of commencement of each Period of Insurance.

- (b) The Insured undertakes to declare to the Insurer(s) within a reasonable time after the day of expiry of the Period of Insurance the amount of the Gross Profit earned and Pay-Roll paid, in accordance with the cover afforded in the respective items of Section 2, in the course of the Business during the accounting period of 12 months most nearly concurrent with the Period of Insurance.
- (c) The provisional premium shall be adjusted by payment to the Insurer(s) of an additional premium or by allowance to the Insured of a return premium, as the case may be, calculated at the agreed rate on the full agreed rate hereunder on the difference between the amounts declared under Clauses (a) and (b).
- (d) It is agreed to make allowance for any abnormal fluctuation in values and to charge a premium commensurate with the risk; such premium to be agreed between the parties to this agreement, however it is further agreed and declared that notwithstanding the provisions of this Adjustment of Premium Clause the insurer(s) shall not be liable to refund to the insured more than fifty percent (50%) of the provisional premium paid by the insured under clause (a).
- (e) The Declaration of Values at the expiry of the Period of Insurance declared in accordance with this memorandum shall not be reduced as the result of loss, destruction or damage in respect of which a claim has been paid or is payable under this Policy.

CONDITIONS APPLICABLE TO ALL SECTIONS

1. MISREPRESENTATION AND NON-DISCLOSURE

The Policy shall be voidable in the event of misrepresentation, misdescription, or non-disclosure in any material particular.

2. BURDEN OF PROOF

In any action, suit or other proceedings where the company alleges that by reason of the Perils Exclusions 1, 14 and 15 any loss or damage is not covered by this policy, the burden of proving that such loss or damage is not excepted shall be borne by the Insured.

3. ALTERATION

The Insurer(s) shall not be liable for loss, destruction of or damage to any property insured hereunder caused or contributed to by any alteration after the commencement of this Policy:

- (a) by removal of such property from the Premises other than as provided under the terms of Property Exclusion 1;
- (b) in the trade or processes of manufacture carried on at the Premises or whereby the nature of the occupation or other circumstances affecting the Premises and/or the Insured's property therein contained shall be changed in such a way as to increase the risk of loss, destruction or damage;
- (c) whereby any premises containing any property insured hereunder shall become unoccupied, and so remain for a period of more than thirty consecutive days; or
- (d) whereby the Insured's interest ceases except by will or the operation of law,

Provided that any such alteration, upon coming to the knowledge of the Insured's officer responsible for insurance, shall be immediately notified to the Insurer(s) and, if agreed to by the Insurer(s) in writing, an appropriate additional premium paid if required.

4. SPRINKLER INSTALLATIONS/FIRE EXTINGUISHING DEVICES - APPLICABLE PREMISES OWNED BY THE INSURED OR INSTALLATIONS FOR WHICH THE INSURED IS RESPONSIBLE

The Insured warrants that in such of the Premises as are protected or as are required by law to be protected by fire extinguishing devices and installation of automatic sprinklers, automatic external alarm signal and automatic alarm signal connected with a fire brigade station, in or on the Premises due diligence shall be used so that the same shall at all times be maintained in good working order.

Notice of all alterations and additions to the sprinkler installation shall be given by the insured to the insurer(s) as soon as reasonably practicable.

5. INTRUDER ALARM/BURGLARY PROTECTION DEVICES - APPLICABLE PREMISES OWNED BY THE INSURED OR INSTALLATIONS FOR WHICH THE INSURED IS RESPONSIBLE

The insured warrants that where the premises are protected by or are required to be protected by the Intruder alarm or other such Burglary Protection Device:

- (a) whenever the premises are closed for business or left unattended the intruder alarm and/or other such Burglary Protection Device shall be tested and put into proper operation before the premises are left
- (b) The insured shall maintain the Intruder Alarm and/or other such Burglary Protection Device in proper working order and arrange for periodic inspections to be carried out by a reliable alarm company.
- (c) if at any time a defect is discovered the insured shall:-
 - (i) Immediately notify the manufacturer or a reliable Intruder Alarm repairer and give instructions for the necessary repairs to be carried out forthwith;
 - (ii) Notify the Insurer(s) at the earliest possible opportunity (by telephone and later confirm same in writing) the details of such defect and put into immediate effect such additional temporary precautions and safeguards as the insurer(s) may require.

6. OTHER INSURANCE

The Insured shall give written notice as soon as practicable to the Insurer(s) of any other insurance or insurance effected covering the Property Insured.

7. CANCELLATION

- (a) This Policy may be cancelled at any time at the request of the Insured, in which case the Insurer(s) will retain the customary short-period rate for the time this Policy has been in force.
- (b) The Insurer(s) may also cancel this Policy by giving the Insured written notice to that effect where:
 - (i) the Insured or any person who was at any time the Insured failed to comply with the duty of utmost good faith;
 - (ii) the person who was the Insured at the time when this Policy was entered into failed to comply with the duty of disclosure;
 - (iii) the person who was the Insured at the time when this Policy was entered into made a misrepresentation to the Insurer(s) during the negotiations for this Policy but before it was entered into;
 - (iv) the Insured or any person who was at any time the Insured failed to comply with a provision of this Policy, including a provision with respect to the payment of the Premium;
 - (v) the Insured has made a fraudulent claim under this Policy or any other policy of insurance (whether with the Insurer(s) or some other insurer) that provided insurance cover during any part of the period during which this Policy provides insurance cover;
 - (vi) the Insured failed to notify the Insurer(s) of any specific act or omission where which notification is required under the terms of this Policy; or
 - (vii) the Insured acted in contravention of or omitted to act in compliance, with any condition of this Policy which empowers the Insurer(s) to refuse to pay, or reduce its/their liability in respect of, a claim in the event of such contravention or omission
- (c) The Insurer(s) notice of cancellation takes effect at the earlier of the following times:
 - (i) the time when another policy of insurance between the Insured and the Insurer(s) or some other insurer, being a policy that is intended by the Insured to replace this Policy, is entered into; or
 - (ii) 4.00 p.m. on the thirtieth business day after the day on which notice was given to the Insured.

In the event that the Insurer(s) cancel(s) this Policy, the Insurer(s) will repay to the Insured a rateable proportion of the Premium for the unexpired Period of Insurance from the date of cancellation.

8. NOTIFICATION OF CLAIMS

On the happening of any loss, destruction or damage, the Insured shall forthwith give notice thereof in writing to the Insurer(s) and shall [within thirty (30) days after such loss, destruction or damage or such further time as the Insurer(s) may in writing allow], at the Insured's own expense, deliver to the Insurer(s) a claim, in writing containing as particular an account as may be reasonably practicable of the several articles or portions of property lost, destroyed or damaged and of the amount of loss, destruction or damage thereto, having regard to their value at the time of the loss, destruction or damage, together with details of any other insurances on any property hereby insured.

The Insured shall use due diligence and do and concur in doing all things reasonably practicable to minimise any interruption of or interference with the Business or to avoid or diminish the loss and shall also deliver to the Insurer(s) a statement in writing of any claim certified by the Insured's auditor, with all particulars and details reasonably practicable of the loss and shall produce and furnish all books of accounts and other business books, invoices, vouchers and all other documents, proofs, information, explanations and other evidences and facilities as may reasonably be required for investigation and verification of the claim together with (if demanded) a statutory declaration of the truth of the claim and of any matters connected therewith.

No claim under this Policy shall be payable unless the Insured has complied with the terms of this condition.

9. FRAUD

If any claim be in any respect fraudulent or if any fraudulent means or devices be used by the Insured or anyone acting on the Insured's behalf to obtain any benefit under this Policy, or if any destruction or damage be occasioned by the wilful act or with connivance of the Insured, the Insurer(s), without prejudice to any other right(s) the Insurer(s) might have under this Policy, shall be entitled to refuse to pay such claim.

10. REINSTATEMENT

If the Insurer(s) elect(s) or become(s) bound to reinstate or replace any property, the Insured shall at the Insured's own expense, produce and deliver to the Insurer(s) all such plans, documents and information as the Insurer(s) may reasonably require. The Insurer(s) shall not be bound to reinstate exactly or completely, but only as circumstances permit and in reasonably sufficient manner and shall not in any case be bound to expend more than the applicable Limit of Liability.

11. INSURER(S) RIGHTS

On the happening of any loss, destruction or damage in respect of which a claim is or may be made under this Policy the Insurer(s) and every person authorised by the Insurer(s) may, without thereby incurring any liability, and without diminishing the right of the Insurer(s) to rely upon any Conditions of this Policy, enter, take or keep possession of any building or premises where the loss, destruction or damage has happened and may take possession of or require to be delivered to the Insurer(s) any of the property hereby insured and may keep possession of and deal with such property for all reasonable purposes and in any reasonable manner.

This condition shall be evidence of the leave and licence of the Insured to the Insurer(s) so to do. If the Insured or any one acting on the Insured's behalf shall not comply with the requirements of the Insurer(s) or shall hinder or obstruct the Insurer(s) in doing any of the abovementioned acts, then all benefits under this Policy shall be forfeited. The Insured shall not in any case be entitled to abandon any property to the Insurer(s) whether taken possession of by the Insurer(s) or not.

12. SUBROGATION

- (a) Any person claiming under this Policy shall, at the request and at the expense of the Insurer(s), 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(s) for the purpose of enforcing any rights and remedies, or of obtaining relief or indemnity from other parties to which the Insurer(s) shall be or would become entitled or subrogated upon the Insurer(s) paying for or making good any destruction or damage under this Policy or paying any moneys under Section 2 of this Policy.
- (b) If the Insurer(s) make(s) any recovery as a result of such action, the Insured may only recover from the Insurer(s) any amount by which the amount recovered by the Insurer(s) exceeded the amount paid to the Insured by the Insurer(s) in relation to the loss.

13. PRECAUTIONS TO PREVENT LOSS

The Insured shall take all reasonable precautions to prevent loss, destruction or damage to the property insured by this Policy.

14. INSURED'S ACTION AFTER THEFT OR DAMAGE

The Insured shall, upon becoming aware of any loss by theft or of any wilful or malicious damage which may give rise to a claim under this Policy, take all practicable steps to trace and recover any missing property and to discover by whom the property was stolen or damaged, including reporting the matter to the police and any other responsible authority.

15. TERMINATION OF COVER UNDER SECTION 2

Notwithstanding anything contained herein to the contrary, if during any period in respect of which this Policy is in force:

- (a) the Insured ceases to carry on the Business, or any part of the Business is disposed of, permanently discontinued, or the Insured's interest in the Business or such part thereof ceases otherwise than by death;
or
- (b) the Insured (being a corporation) is placed in liquidation (or provisional liquidation), is placed under Official Management, enters into a Scheme of Arrangement, has Receivers and/or Managers appointed over its assets or undertaking(s); or

- (c) the Insured (being a natural person) becomes bankrupt or enters into a scheme of arrangement or compromise or composition with creditors;

then the insurance cover provided under Section 2 of this Policy in respect of such Business or Insured shall automatically and forthwith cease.

In the event of the Indemnity Period having begun to run in respect of any claim relating to such Business or part thereof, the Indemnity Period shall thereupon be at an end, unless its continuance be admitted by memorandum signed for or on behalf of the Insurer(s).

16. OBSERVANCE OF TERMS AND CONDITIONS

The due observance and fulfilment of these conditions and the other terms of this Policy and the correctness of all statements made in connection with this policy or any claim made under it, are conditions precedent to any liability of the Insurer(s) to make any payment under this Policy.

14. PROGRESS PAYMENTS

Provided that liability has been admitted, progress payments on account of any claim may be made to the Insured at such intervals and for such amounts as may be agreed upon production of a report by the Loss Adjuster (if appointed) provided such payment(s) shall be deducted from the amount finally determined upon adjustment of the claim.

16. HEADINGS

Headings have been included for ease of reference and it is understood and agreed that the terms and Conditions of this Policy are not to be construed or interpreted by reference to such headings.

14. DUE CARE

The insured and any employee, agent or person acting on the Insured's behalf must not cause or facilitate loss, damage or destruction by any unreasonable, reckless or willful act or omission, and must at all times comply with all statutory obligations, regulations or by laws.

GROSS RENTALS SPECIFICATION

The following clauses are deleted from the Policy: _ Item 1 Gross Profit _ Item 3 Payroll Definitions of: _ Gross Profit _ Turnover _ Payroll _ Shortage in Turnover _ Rate of Gross Profit _ Annual Turnover _ Standard Turnover _ Rate of Payroll Memoranda entitled: _ Turnover elsewhere after the Damage _ Departmental Clause _ New Business _ Accumulated Stocks _ Turnover/Output Alternative _ Salvage Sale and replaced by the following clauses: Item no. 1 The Insurance under this Item is limited to loss of Gross Rentals due to (a) **Reduction in Gross Rentals** and (b) **Increase in Cost of Working** and the amount payable as indemnity thereunder shall be:

(a) **In respect of reduction in Gross Rentals:** The amount by which the Gross Rentals during the Indemnity Period shall, in consequence of the Damage, fall short of the Standard Gross Rentals,

(b) **In respect of increase in Cost of Working:** The additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the reduction in Gross Rentals which but for that expenditure would have taken place during the Indemnity Period in consequence of the Damage, but not exceeding the loss of Gross Rentals thereby avoided, less any sum saved during the Indemnity Period in respect of such charges and expenses of the Business as may cease or be reduced in consequence of the Damage. Provided that if the estimated value of Gross Rentals declared at the commencement of each Period of Insurance is less than the Annual Gross Rentals (or the appropriate multiple if the Indemnity Period exceeds twelve months), the amount payable hereunder shall be proportionately reduced.

GROSS RENTAL DEFINITIONS

Gross Rentals: The money paid or payable to the Insured by tenants in respect of rental of the premises and for services rendered by or on behalf of the Insured.

Gross Rentals elsewhere after Damage: If during the Indemnity Period the Business shall be conducted elsewhere than at the Premises, the Gross Rentals derived from such other premises shall be brought into account in arriving at the Gross Rentals during the Indemnity Period.

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 no. 1 shall apply separately to each department affected by the Damage.

New Business: In the event of Damage occurring at Premises before completion of the first years trading of business, the terms Standard Gross Rentals and Annual Gross Rentals shall bear the following meanings and not as within stated:

Standard Gross Rentals:

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

Annual Gross Rentals: The Gross Rentals earned during the twelve months immediately before the date of the Damage. To which such adjustments shall be made as may be necessary to provide for the trend of the Business and for variations in or other circumstances affecting the Business either before or after the Damage or which would have affected the Business had the Damage not occurred, so that the figures thus adjusted shall represent as nearly as may be reasonably practicable the results which but for the Damage would have been obtained during the relative period after the Damage.

Standard Gross Rentals: The proportional equivalent for a period equal to the Indemnity Period of the Gross Rentals realised during the period between the commencement of the Business and the date of the Damage.

Annual Gross Rentals: The proportional equivalent, for a period of twelve months of the Gross Rentals realised during the period between the commencement of the business and the date of the damage. To which such adjustments shall be made as may be necessary to provide for the trend of the business and for variations in or other circumstances affecting the Business either before or after the Damage or which would have affected the Business had the Damage not occurred, so that the figures thus adjusted shall represent as nearly as may be reasonably practicable the results which but for the Damage would have been obtained during the relative period after the Damage.

GROSS REVENUE SPECIFICATION

Item no. 1 The Insurance under this Item is limited to loss of Gross Revenue due to (a) **Reduction in Gross Revenue** and (b) **Increase in Cost of Working** and the amount payable as indemnity thereunder shall be:

(a) **In respect of reduction in Gross Revenue:** The amount by which the Gross Revenue during the Indemnity Period shall, in consequence of the Damage, fall short of the Standard Gross Revenue,

(b) **In respect of increase in Cost of Working:** The additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the loss of Gross Revenue which, but for that expenditure, would have taken place during the Indemnity Period in consequence of the Damage but not exceeding the amount of the reduction in Gross Revenue thereby avoided, less any sum saved during the Indemnity Period in respect of such charges and expenses of the Business as may cease or be reduced in consequence of the Damage. Provided that if the estimated value of Gross Revenue declared at the commencement of each Period of Insurance is less than the Annual Gross Revenue (or the appropriate multiple if the Indemnity Period exceeds twelve months), the amount payable hereunder shall be proportionately reduced.

GROSS RENTAL DEFINITIONS

Gross Revenue: The money paid or payable to the Insured for services rendered (and goods, if any, sold) in the course of the Business at the Premises.

Gross Revenue elsewhere after Damage: If during the Indemnity Period services shall be rendered or goods shall be sold elsewhere than at the Premises for the benefit of the Business either by the Insured or by others on the Insured's behalf the money paid or payable in respect of such sales or services shall be brought into account in arriving at the Gross Revenue during the Indemnity Period.

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 no. 1 shall apply separately to each department affected by the Damage.

New Business: In the event of Damage occurring at the Premises before completion of the first year's trading of business, the terms Standard Gross Revenue and Annual Gross Revenue shall bear the following meanings and not as within stated:

Standard Gross Revenue:

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

Annual Gross Revenue: The Gross Revenue earned during the twelve months immediately before the date of the Damage. To which such adjustments shall be made as may be necessary to provide for the trend of the Business and for variations in or other circumstances affecting the Business either before or after the Damage or which would have affected the Business had the Damage not occurred, so that the figures thus adjusted shall represent as nearly as may be reasonably practicable the results which but for the Damage would have been obtained during the relative period after the Damage.

Annual Gross Revenue: The proportional equivalent, for a period of twelve months of the Gross Revenue realised during the period between the commencement of the Business and the date of the Damage.

Standard Gross Revenue: The proportional equivalent, for a period equal to the Indemnity Period, of the Gross Revenue realised during the period between the commencement of the Business and the date of the damage. To which such adjustments shall be made as may be necessary to provide for the trend of the Business and for variations in or other circumstances affecting the Business either before or after the Damage or which would have affected the Business had the Damage not occurred, so that the figures thus adjusted shall represent as nearly as may be reasonably practicable the results which but for the Damage would have been obtained during the relative period after the Damage.

Duty of Disclosure

Before you enter into a contract of general insurance with an insurer, you have a duty, to disclose to the insurer every matter that you know, or could reasonably be expected to know, is relevant to the insurer's decision whether to accept the risk of the insurance and, if so, on what terms. You have the same duty to disclose those matters to the insurer before you Renew, Extend, Vary or Reinstate a contract of General Insurance. Your duty however does not require disclosure of matter: a). That diminishes the risk to be undertaken by the insurer. b). That is common knowledge. c). That your insurer knows or, in the ordinary course of their business, ought to know. d). As to which compliance with your duty is waived by the insurer.

Non – Disclosure

If you fail to comply with your duty of disclosure, the insurer may be entitled to reduce his liability under the contract in respect of a claim or may cancel the contract. If your non-disclosure is fraudulent, the insurer may also have the option of avoiding the contract from its beginning.

GALE, WINDSTORM, HURRICANE, CYCLONE MEMORANDA

Notwithstanding any exclusion stated in this policy to the contrary, this insurance extends to cover loss or damage to any property insured by this policy occasioned by or through or in consequence of Gale, Windstorm, Hurricane, Cyclone.

PROVIDED ALWAYS THAT THE Provisions and Conditions of the Policy (except insofar as they may be hereby varied) shall apply as if they had been incorporated herein and for the purpose hereof any destruction or damage as aforesaid shall be deemed destruction or damage by fire.

PROVIDED FURTHER that in respect of each insured building and separately for the contents hereof, hereby insured, the Company shall not be liable under this extension unless the amount of loss or damage shall exceed the "deductible" specified below (then only for the amount in excess of the deductible).

SPECIAL CONDITIONS

No liability shall attach to the Company hereunder occurring before the expiration of 7 days after 4 O'clock p.m. on the day of acceptance by the Company of the cover, evidenced by the insurance of a cover note, certificate or policy except for the renewal of an existing insurance policy.

NO CLAIM WILL BE ADMITTED IN RESPECT OF:

loss or damage caused by water or rain, unless such loss or damage is caused by water or rain entering the building through an opening in the wall(s) &/or roof(s) made by Gale, Windstorm, Hurricane or Cyclone.

loss or damage caused by sea, tidal wave, high water, flood, erosion, subsidence and/or landslide.

loss or damage to solar heating appurtenance, water tanks, gates, fences, awnings, blinds, signs, power and/or telephone poles and appurtenances, aerials, masts, decorative masi, thatching or any other outdoor fixtures or fittings of any description.

loss of or damage to buildings &/or their contents in course of construction reconstruction or repair unless such buildings are entirely enclosed with all outside doors, windows and roofs permanently in place.

deterioration of frozen &/or chilled goods &/or stocks resulting from electricity power failure.

loss or damage to insured buildings (& contents contained therein) which have not been certificated by an accredited engineer which is acceptable by the Company.

IT IS A CONDITIONAL PRECEDENT TO ANY LIABILITY OF THE COMPANY UNDER THIS EXTENSION OF COVER THAT:

all the Insurance covering the identical interest thereunder be extended concurrently and in the same manner and for the total sum Insured thereon.

the Insured shall use due diligence to minimise and avert damage.

should any damage to the Insured items by any of the specified perils have occurred prior to the issue of renewal of this insurance policy such damage not having been repaired or made good, the Company shall not be liable for any damage occurring subsequently.

all fixed glass on ground and first levels including external windows glass panels, skylights or glass doors be protected by cyclone shutters constructed and affixed in accordance with the minimum standards as laid down by the Company. Such shutters to be in place immediately following an official cyclone warning and to remain in place during the time the official cyclone warning remains in force.

REINSTATEMENT OF THE SUM INSURED

In the event of loss by Gale, Windstorm, Hurricane or Cyclone the sum insured will be reduced by the amount of such loss but may be reinstated upon application to the company and upon the payment of a full annual premium based on the amount of the loss but always subject to acceptance by the Company.

DEDUCTIBLES

20% of the loss with a minimum of \$1,000 with a maximum of 10% of the sum insured.

MINIMUM STANDARD OF CONSTRUCTION OF CYCLONE SHUTTERS

if made of plywood: to be no less than 15mm in thickness.

if made of battens: each batten to be no less than 25mm in thickness and the spaces between each batten to be no greater than 25mm each space.