

Property Damage

Section Contents

Definitions	PD-ENG 1
Cover	PD-ENG 1
Extensions	PD-ENG 1
Basis of Settlement	PD-ENG 7
Conditions	PD-ENG 8
Exclusions	PD-ENG 8

Definitions

The following Definitions apply to this Section in addition to the General Definitions at the front of this policy and keep the same meaning wherever they appear in the Section, unless an alternative definition is stated to apply.

Computer Equipment

Electronic computer or other data processing and storage equipment, including media and other items used in conjunction with such equipment and **Portable Computer Equipment**.

Contents

The following property used solely in connection with **Your Business**, belonging to **You** or for which **You** are legally responsible and kept at the **Premises**:

- (a) machinery and plant, trade and office furniture
- (b) fixtures, fittings, blinds and signs
- (c) patterns, models, moulds, plans and designs
- (d) deeds, documents, manuscripts, business books and computer system records
- (e) all other contents including curios and pictures
- (f) **Personal Effects** not exceeding £1,000
- (g) **Money** not exceeding £500
- (h) motor vehicles, motor chassis and their contents but excluding any property which is more specifically insured.

Declared Value

Your assessment of the cost of reinstatement of the **Buildings** at the level of costs applying at the start of the **Period of Insurance** (ignoring inflationary factors which may operate subsequently) together with in as far as the insurance provides allowance for:

- (a) the additional cost of reinstatement to comply with public authority requirements
- (b) professional fees
- (c) debris removal costs.

Personal Effects

Personal possessions normally worn, carried by, on or about the person, clothing, tools and pedal cycles not otherwise insured, belonging to **Your** directors, partners, **Employees**, customers and visitors.

Portable Computer Equipment

- (a) laptops, palmtops and notebooks
- (b) personal digital assistants
- (c) projectors, printers, scanners and other peripheral devices which are designed to be carried and used in conjunction with other Portable Computer Equipment
- (d) removable satellite navigation systems
- (e) digital cameras

Specified Stock

- (a) Tobacco, cigarettes and cigars
- (b) Wines and spirits
- (c) Jewellery, watches, precious metals and stones
- (d) Non-ferrous metals

owned by **You** or for which **You** are legally responsible for the purposes of the **Business**.

Stock

Stock and materials in trade including:

- (a) raw materials
- (b) work in progress
- (c) finished goods
- (d) goods in trust

owned by **You** or for which **You** are legally responsible for the purposes of the **Business** excluding **Specified Stock**.

Tenant's Improvements

Improvements, alterations and decorations which have been undertaken to the **Buildings** either by **You** or a previous occupier, as tenant and for which **You** are legally responsible as occupier and not as owner.

Cover

Damage occurring at or within 50 metres of the **Premises** to the **Property Insured** described in the **Schedule** occurring during the **Period of Insurance**.

Extensions

The following Extensions apply to this Section.

Additional Costs of Construction – Energy Efficiency

We will pay for the additional costs of reinstatement following **Damage** to the **Buildings** arising solely from the necessity to comply with the application of the EC Directive on Energy Performance of Buildings 2002/91 (as enacted in applicable national law) provided that **We** will not be liable under this cover for any such costs or expenses:

- (a) in respect of **Damage** occurring prior to the inception of this Section
- (b) for work which takes more than 12 months from the date of **Damage** unless prior consent has been given by **Us**
- (c) in respect of property entirely undamaged

Our liability will not exceed £1,000,000 or 15 % of the Property Damage sum insured shown in the **Schedule**, whichever is the lower.

Property Damage

continued

Additional Statutory Costs

We will pay reasonably and necessarily incurred additional costs involved in complying with statutory regulations or local authority requirements following **Damage** to the **Property Insured** provided that **We** will not be liable under this cover for any such costs or expenses:

- (a) incurred following **Damage** to **Stock** and **Specified Stock**
- (b) in respect of **Damage** occurring prior to the inception of this Section
- (c) in respect of property entirely undamaged
- (d) where notice to comply has been served upon **You** prior to the occurrence of **Damage**
- (e) for work which takes more than 12 months from the date of **Damage** unless prior consent has been given by **Us**.

Our liability will not exceed:

- (i) in respect of damaged property 15% of the sum insured shown in the **Schedule**
- (ii) in respect of undamaged portions of the property (other than foundations) 15% of the total amount for which **We** would have been liable had the property been wholly destroyed.

The total amount recoverable under any item of this Section will not exceed its sum insured.

Architects' and Surveyors' Fees

Within the overall limit of the sum insured on **Property Insured** (excluding **Stock** and **Specified Stock**) **We** will pay the cost of architects', surveyors', consulting engineers', legal and other fees necessarily and reasonably incurred with **Our** consent in the reinstatement or repair of the property following **Damage** but excluding fees charged for the preparation of any claim.

Branded Goods

In the event of **Damage** to **Property Insured** any salvage of branded goods or merchandise belonging to **You**, held in trust, on commission or goods sold but not delivered will not be disposed of by sale without **Your** consent.

If such salvage is not disposed of by sale then the amount of **Damage** will be assessed at the value agreed between **You** and **Us** and taken into consideration in the settlement of the claim.

We will pay reasonable costs **You** incur to:

- (a) stamp "salvage" on the goods or its containers provided that the stamp will not physically damage the goods; or
- (b) remove the brands or labels, provided that if doing so will not physically damage the goods. **You** must relabel the goods or its containers to comply with the law.

Capital Additions

This Section includes:

- (a) newly acquired and/or newly erected **Buildings** and **Contents** anywhere within the **Territorial Limits** in so far as such property is not otherwise insured
- (b) alterations, additions and improvements to existing **Buildings** and **Contents** at the **Premises** but excluding any appreciation in the value of such property during the **Period of Insurance** provided that **You** will notify **Us** of such capital additions as soon as possible or within 6 months of the addition and pay

the appropriate additional premium that may be required to provide retrospective cover from the commencement date of **Your** liability for such property. Following such notification the provisions of this Extension are fully reinstated.

Our liability will not exceed £1,000,000 or 15% of the Property Damage sum insured shown in the **Schedule**, whichever is the lower.

Continuing Interest and Hire Charges

In the event of **Damage** at the **Premises** where **You** are liable under contract for interest charges or continuing hire charges not recoverable under the terms of a lease or similar agreement in respect of property for which **You** are responsible and which is not otherwise insured **We** will pay such charges actually and reasonably incurred.

Our liability will not exceed £10,000 in any one **Period of Insurance**.

Contract Price

In respect of goods sold but not delivered for which **You** are legally responsible and where the sale contract is cancelled by reason of **Damage** then **Our** liability will be based on the contract price. For the purpose of the General Condition 3. Average the sum insured will be calculated on the same basis.

Contract Works

The insurance by this Section extends to include temporary or permanent works executed or in the course of execution at the **Premises** by **You** or on **Your** behalf for the purposes of alterations or improvements to the **Premises** including unfixed site materials supplied for incorporation into the works but not including property more specifically insured.

Our liability will not exceed £250,000 any one single contract.

Contractors Interest

Where **You** are required to effect insurance on the **Property Insured** in joint names of **You** and the contractor under the terms of a contract condition then the interest of the contractor in the **Property Insured** as joint **Policyholder** is hereby noted.

Our liability will not exceed £250,000 any one single contract.

Contracting Purchaser

If **You** contract to sell the **Buildings** the purchaser will be entitled to the benefit provided by this Section, between the exchange of contracts and the completion of the sale, provided that the purchaser completes the purchase and the **Buildings** are not otherwise insured.

Debris Removal Costs

- (a) The insurance by this Section extends to include costs and expenses necessarily incurred by **You** with **Our** consent in:
 - (i) removing debris
 - (ii) dismantling or demolishing
 - (iii) shoring up or proppingof the portion or portions of the **Property Insured** which has been subject to **Damage** but excluding any such costs or expenses incurred in respect of **Stock** and **Specified Stock**
- (b) where **Stock** and **Specified Stock** is insured the insurance by this Section includes costs and expenses necessarily incurred by **You** with **Our** consent in removing debris of the portion or

Property Damage

continued

portions of such insured property which has suffered **Damage** but **Our** liability in respect of **Damage to Stock** and **Specified Stock** will not be increased above the respective sum insured by the operation of this Extension provided that **We** will not be liable for any such costs or expenses:

- (i) incurred in removing debris except from the site of the **Property Insured** which has suffered **Damage** and from the area immediately adjacent to such site
- (ii) arising from pollution or contamination of property not insured by this Section.

Our liability will not exceed the Property Damage sum insured shown in the **Schedule**.

Drains, Sewers and Gutters

We will pay costs and expenses necessarily incurred by **You** with **Our** consent for cleaning and/or clearing of drains, sewers and gutters in consequence of **Damage** to the **Property Insured** provided that **We** will not be liable for any such costs or expenses:

- (a) incurred in removing debris except from the site of the **Property Insured** which has suffered **Damage** and from the area immediately adjacent to such site
- (b) arising from pollution or contamination of property not insured by this Section.

Exhibitions

We will pay for **Damage** caused to **Property Insured** excluding **Buildings** and **Tenants Improvements** whilst:

- (a) within the premises of any trade show or exhibition within **Europe** at which **You** are participating as an exhibitor
- (b) in transit thereto and therefrom any show or exhibition within **Europe** but excluding theft or attempted theft from any unattended **Vehicle**.

Our liability will not exceed £50,000 in any one **Period of Insurance**.

Fire Brigade Charges

We will pay **You** the reasonable costs charged by any Public Authority relating to the extinguishing or fighting of fire.

Further Investigation Costs

Where **You** have suffered **Damage** to **Buildings** insured by this Section and in the opinion of a competent construction professional, in respect of the same event, there is a reasonable possibility of **Damage** to:

- (a) a portion of the same **Building** which is not immediately apparent
- (b) **Buildings** for which **You** are responsible in the immediate vicinity

We will pay the reasonable costs incurred by **You** with **Our** prior consent in establishing whether or not such **Damage** has occurred.

Provided that:

- (i) part (b) above is subject to such **Buildings** in the immediate vicinity being found to have suffered **Damage** for which **We** are liable under this Section.

Our liability will not exceed £25,000 in any one **Period of Insurance**.

Glass

We will pay for **Damage** to fixed glass, lamps, signs and name plates at the **Premises** not owned by **You** or insured by this policy including necessarily incurred additional costs involved in:

- (a) boarding up or temporary glazing pending replacement of broken glass
- (b) removing and re-fixing window fittings and other obstacles to replacement

provided that **You** are legally responsible for the repair of such **Damage**.

Our liability will not exceed £25,000 in any one **Period of Insurance**.

Inadvertent Omission to Insure

This Section extends to include any **Premises** in the United Kingdom which **You** own or for which **You** are responsible which **You** have an obligation to insure but have inadvertently been left uninsured.

Provided that:

- (a) **You** advise **Us** in writing immediately **You** become aware of an omission to insure and will pay the appropriate premium from the date upon which the insurance of the property became **Your** responsibility
- (b) **You** will carry out at not less than annual intervals a check of all properties owned by **You** or for which **You** are responsible to ensure that effective insurance is in force for such properties
- (c) **Our** liability will not exceed £1,000,000 any one occurrence.

This Extension will only be effective if **We** are the sole provider of **Buildings** Insurance in respect of **Your** properties owned in connection with the **Business** as defined in the **Schedule** and where **You** have an obligation to arrange such insurance.

We will not be liable for:

- (i) any premises more specifically insured
- (ii) any appreciation in value

Index Linking

The sum insured specified in the **Schedule** will be adjusted at monthly intervals in accordance with fluctuations in suitable indices of cost. This adjustment will continue after any **Damage** if the repairs or reinstatement are done without delay.

We will not charge any extra premium during the **Period of Insurance** but at the end of the period

We will calculate the renewal premium based on the revised sum insured.

Interested Parties

Any act or omission by the leaseholder, lessee, mortgagor or **You** or by any tenant occupying or using the **Buildings** which increases the possibility of **Damage** will not prejudice the insured interest of the freeholder, lessor or mortgagee provided that:

- (a) such act or omission is entirely without the authority of the freeholder, lessor or mortgagee
- (b) as soon as the freeholder, lessor or mortgagee becomes aware of any such act or omission they will give immediate written notice to **Us** and pay any additional premium required.

Property Damage

continued

Landscaping Costs

We will pay **You** for the costs necessarily and reasonably incurred by **You** with **Our** consent in repairing or reinstating **Damage** to the landscaped gardens and grounds at the **Premises** caused by fire brigade equipment and personnel in the course of combating fire or any other insured event provided that **You** are legally responsible for the repair or reinstatement of such **Damage**.

Our liability will not exceed £50,000 in any one **Period of Insurance**.

Loss of Metered Utilities

We will pay charges for which **You** are responsible if water, oil, gas or electricity is accidentally discharged from a metered system providing service to the **Premises** as a result of **Damage** insured under this Section.

We will not be liable for any such charges incurred by **You** in respect of any **Vacant or Unoccupied Building**.

Our liability will not exceed £25,000 in any one **Period of Insurance**.

Loss Minimisation Expenses

We will pay for the costs necessarily and reasonably incurred by **You** with **Our** consent in:

- (a) preventing or reducing losses in the event of imminent **Damage** which would have been insured under this Section
- (b) alleviating **Damage** insured under this Section during and after the event of such **Damage**

Provided that:

- (i) the impending **Damage** was not reasonably foreseeable earlier and would be the inevitable outcome if such costs and expenses were not incurred
- (ii) the impending **Damage** did not arise from any defect in the **Property Insured**
- (iii) the impending **Damage** is not more specifically insured.

Our liability will not exceed £10,000 in any one **Period of Insurance**.

Metalworkers

We will pay for **Damage** to **Contents, Stock** and **Specified Stock** whilst:

- (a) at any machine maker's, engineer's, founder's or any other metalworker's premises
- (b) at any subcontractor's premises
- (c) in transit thereto and therefrom by road, rail or inland waterways anywhere in England, Scotland, Wales, Northern Ireland, The Republic of Ireland, the Channel Islands and the Isle of Man.

Our liability will not exceed:

- (a) within the United Kingdom:
 - (i) £100,000 in respect of any one premise
 - (ii) £250,000 in any one **Period of Insurance**
- (b) anywhere within **Europe**:
 - (i) £50,000 in respect of any one premise
 - (ii) £100,000 in any one **Period of Insurance**

as a result of Fire, Lightning, Explosion and Aircraft as defined in this Extension.

For the purposes of this Extension the following Definitions apply:

Fire shall mean:

Fire, excluding **Damage** caused by

- (a) explosion resulting from fire
- (b) earthquake or subterranean fire
- (c) its own spontaneous fermentation or heating, or its undergoing any heating process or any process involving the application of heat

Lightning

Explosion

- (a) of boilers or of gas used for domestic purposes only but excluding **Damage** caused by earthquake or subterranean fire

Explosion shall mean:

Explosions excluding **Damage**

- (a) caused by or consisting of the bursting of any boiler, economiser (other than a boiler used for domestic purposes only) vessel, machine or apparatus in which internal pressure is due to steam only and belonging to **You** or under **Your** control but this shall not exclude subsequent **Damage** which itself results from a cause not otherwise excluded
- (b) in respect of and originating in any vessel machinery or apparatus or its contents belonging to **You** or under **Your** control which requires to be examined to comply with any statutory regulations unless such vessel, machinery or apparatus shall be the subject of a policy or other contract providing the required inspection service
- (c) by pressure waves caused by aircraft or other aerial devices travelling at sonic or supersonic speeds

Aircraft shall mean:

Aircraft or other aerial devices or articles dropped from them, excluding **Damage** by pressure waves caused by aircraft or other aerial devices travelling at sonic or supersonic speeds.

Molten Metal Breakout

We will pay for **Damage** to **Property Insured** cause by the sudden and unforeseen escape of molten metal from any furnace, ladle or apparatus.

We will not be liable for:

- (a) destruction of or **Damage** to furnace linings or the mould, ladle or apparatus from which the molten metal escapes
- (b) **Damage** to the escaped molten metal
- (c) **Damage** caused by the escape of molten metal due to faulty or defective workmanship or operational error or omission by **You** or any **Employee**. Section Exclusion 20 (c) & (d) do not apply to this Extension.

Our liability will not exceed £25,000 any one occurrence.

Non-invalidiation

The insurance by this Section, other than in respect of **Damage** by theft or any attempt thereof, will not be invalidated by any act or omission or by any alteration unknown to **You** and beyond **Your** control whereby the risk of **Damage** is increased provided that as soon as **You** become aware of any such act or omission or alteration **You** will give immediate written notice to **Us** and pay any additional premium required.

Property Damage continued

Obsolete Building Materials

We will pay the reasonable additional cost incurred in the replacement of **Damaged** materials which given consideration to the knowledge at the time of installation, construction or fitting were deemed fit for purpose but require replacement with more suitable modern materials following **Damage**.

Property Stored

We will pay for **Damage to Stock** and **Specified Stock** whilst removed from the **Premises** but remaining within the United Kingdom. We will not pay for:

- (a) **Stock** and **Specified Stock** more specifically insured
- (b) **Damage to Stock** and **Specified Stock** in any yard, car park, open space or contained within an open sided structure or open sided building
- (c) **Damage** caused other than by a **Defined Peril**.

Our liability will not exceed £100,000 any one occurrence.

Protection Equipment Expenses

We will pay **You** the cost of refilling fire extinguishing equipment and smoke cloaks used solely as a consequence of **Damage**.

Our liability will not exceed the Property Damage sum insured shown in the **Schedule**.

Reinstatement to Match (Computer Equipment)

Where **Computer Equipment** has suffered **Damage**, **You** may replace, repair or restore the property with equivalent property which employs current technology, and replacement, repair or restoration with such property for the purposes of this Section shall not be regarded as being better or more extensive than when new.

Cover also extends to include:

- (a) the cost of replacement or modification of undamaged **Computer Equipment** insofar as it is necessary to adapt it to operate in conjunction with lost, destroyed or damaged property which has been replaced, repaired or restored
- (b) the cost of replacement, repair or modification of undamaged parts of **Computer Equipment** that form part of a matching set of articles, or suite of common design or function where the **Damage** is restricted to a clearly identifiable area or to a specific part.

Provided that:

- (a) Our total liability is not increased beyond the amount:
 - (i) that would otherwise have been payable for the replacement, repair or restoration of the property lost, destroyed or damaged in its original form
 - (ii) that would have been payable for replacement, repair or modification if such property forming a set of articles, or suite of common design or function had been wholly destroyed
- (b) We will be liable only for the amount sufficient to enable **You** to resume operations in substantially the same manner as before the **Damage**
- (c) where the property is lost, destroyed or damaged in part only, We will not be liable for more than the amount representing the cost which We would have paid for repair, restoration or replacement if such property had been wholly destroyed

- (d) if **Damage to Computer Equipment** results in undamaged computer records being incompatible with the replacement **Computer Equipment**, We will pay the cost of:
 - (i) modifying the **Computer Equipment**; or
 - (ii) replacing computer records with reinstatement of programmes and/or information (but not for the value of the information to **You**)whichever is the less

Our liability will not exceed the **Computer Equipment** sum insured shown in the **Schedule**.

Seasonal Stock Increase

The sums insured for **Stock** and **Specified Stock** is increased by 25% during each **Period of Insurance** either:

- (a) during November, December and the first 15 days of January and the 30 days up to and including Easter Day and 7 days thereafter
- (b) during any other period during the year where the seasonal trend of **Your Business** requires such an increase in the sum insured, provided that such trend can be supported by previous trading records and that the period of the increase does not exceed 90 days in any **Period of Insurance**.

Seventy Two Hour Clause

Damage caused by Storm, Flood or Earthquake if insured hereby occurring within each and every separate period of seventy-two hours during the currency of this Section will be deemed to be one occurrence in determining the application of any deductible or the **Excess**.

Sprinkler Upgrade Costs

We will pay the costs incurred following **Damage to Property Insured** to upgrade an automatic sprinkler installation within **Your Buildings** in order to comply with current Loss Prevention Council (LPC) rules.

Provided that:

- (a) at the date of **Damage** the installation conforms to the LPC rules current at the date of installation
- (b) the system has a complete service record up to the date of **Damage**.

Stock of Non-Ferrous Metals

Where an item for Non-ferrous metals is shown in the **Schedule** this shall be deemed to be the **Declared Value** for such item, upon which the premium has been calculated accordingly.

Special Conditions

1. At the start of each **Period of Insurance You** must notify **Us** of the **Declared Value** of Non-ferrous metals, if **You** fail to notify **Us** of the **Declared Value** at the start of each **Period of Insurance We** will use the last **Declared Value** notified to **Us** for the following **Period of Insurance**
2. If at the time of **Damage** the **Declared Value** of the Non-ferrous metals is less than the cost of reinstatement at the beginning of the **Period of Insurance** then **You** will be considered as being **Your** own insurer for the difference and shall bear a proportionate share of that loss

Property Damage

continued

3. Basis of Settlement **(a)** does not apply in respect of **Specified Stock** consisting of Non-ferrous metals

Our liability in respect of Non-ferrous metals will not exceed 125% of the **Declared Value**.

Subrogation Waiver

In the event of a claim arising under this Section **We** agree to waive any rights remedies or relief to which **We** may become entitled by subrogation against:

- (a) any company standing in the relation of Parent to Subsidiary or Subsidiary to Parent to **You** as defined in the Companies Act or Companies (N.I.) Order as appropriate current at the time of the **Damage**
- (b) any company which is a Subsidiary of a Parent Company of which **You** are yourself a Subsidiary in each case within the meaning of the Companies Act or Companies (N.I.) Order as appropriate current at the time of the **Damage**
- (c) any tenant or lessee who contributes to the cost of the premiums but excluding **Damage** arising out of the tenant's or lessee's gross negligence or as a result of the tenant's or lessee's wilful act or recklessness.

Temporary Removal

We will pay for **Damage** to:

- (a) **Computer Equipment** and **Contents** whilst temporarily removed from the **Premises** for cleaning, renovation, repair or similar purposes and in transit thereto and therefrom anywhere within the **Territorial Limits**.

Our liability any one occurrence will not exceed:

- (i) 15% of the sum insured on each Item
 - (ii) in the case of documents, manuscripts plans and the like 15% of the total value.
- (b) **Contents, Stock** and **Specified Stock** whilst being transferred between **Premises** described in the **Schedule** including transit by road, rail or inland waterway between such **Premises**.
Our liability will not exceed the amount which would have been recoverable had the **Damage** occurred at the **Premises** from which the property is transferred or £50,000 whichever is the less in respect of any such transfers at any one time.

We will not pay for property more specifically insured.

Temporary Removal – Documents and Computer System Records

We will pay for **Damage** to the following whilst temporarily removed to premises not in **Your** occupation but whilst remaining within the **Territorial Limits**:

- (a) deeds and other documents, manuscripts, plans and writings of every description and books (but excluding computer system records)
- (b) computer system records

We will not pay for property more specifically insured.

Our liability any one occurrence will not exceed:

- (i) in the case of deeds, documents and the like 15% of the **Contents** sum insured
- (ii) in the case of computer system records 10% of the **Contents** sum insured.

Theft Damage to Buildings

We will pay for **Damage** to the **Buildings** at the **Premises** not owned by **You** or insured by this policy resulting from theft or any attempt thereat provided that **You** are legally responsible for the repair of such **Damage**.

Our liability will not exceed £50,000 or 15% of the Property Damage sum insured shown in the **Schedule**, whichever is the lower.

Theft of Fixed Fabric of the Building

We will pay for theft of the fixed fabric of the **Buildings**, which **You** own or are legally responsible for including fixed external CCTV equipment and security lighting.

Our liability will not exceed £50,000 in any one **Period of Insurance**.

Theft of Keys

We will pay **You** costs and expenses necessarily and reasonably incurred for the replacement of locks or keys to the **Buildings** or to any safe or strongroom therein resulting from loss of keys following their theft:

- (a) from the **Buildings** or the home of any authorised **Employee**
- (b) involving assault or violence or threat thereof whilst such keys are in the personal custody of **You** or any authorised **Employee**.

Our liability will not exceed £25,000 in any one **Period of Insurance**.

Tobacco and Alcohol

We will pay **You** for **Damage** to tobacco, cigarettes, cigars, wines and spirits kept solely for entertainment purposes belonging to **You** or for which **You** are responsible.

Our liability will not exceed £1,000 in any one **Period of Insurance**.

Trace and Access

In the event of **Damage** at the **Premises** resulting from the escape of water or oil from any fixed installation, **We** will pay for costs necessarily and reasonably incurred in:

- (a) locating the source of **Damage** in order to effect repairs
- (b) making good

Our liability will not exceed £50,000 in any one **Period of Insurance**.

Trade Samples

We will pay for **Damage** caused to trade samples whilst anywhere in **Europe** including while in transit thereto and therefrom but excluding theft or attempted theft from any unattended **Vehicle**.

Our liability will not exceed:

- (a) £1,000 in respect of any one single item
- (b) £10,000 any one **Period of Insurance**.

Unauthorised Use of Electricity Gas or Water

We will pay **You** for the cost of metered electricity, gas or water for which **You** are legally responsible arising from its unauthorised use by persons taking possession of or occupying **Premises** without **Your** authority.

Provided that **You** shall take all practical steps to terminate such unauthorised use as soon as it is discovered.

Our liability will not exceed £50,000 any one occurrence.

Property Damage continued

Workmen

Workmen shall be allowed on the **Premises** for the purpose of carrying out minor repairs, decorations or alterations without affecting the cover provided by this Section.

Optional Extensions of Cover

Your Schedule will show if this Extension is operative.

Subsidence

Exclusion 17 of this Section is deleted.

This Section is extended to include **Damage** caused by subsidence, ground heave or landslip of any part of the site on which the **Property Insured** stands.

We will not be liable under this Extension for:

- (a) **Damage** to yards, forecourts, terraces, drives, roads, pavements, walls, gates and fences unless a **Building** at the same **Premises** is damaged by the same cause at the same time
- (b) **Damage** caused by or consisting of bedding down of new structures or by the settlement or movement of made up ground or by coastal or river erosion
- (c) **Damage** occurring whilst the whole or part of the **Property Insured** is in the course of erection, structural alterations or repair or demolition
- (d) **Damage** caused by defective design or workmanship or defective materials
- (e) **Damage** which commenced prior to the inception of the cover under this Extension
- (f) **Damage** caused by or consisting of fire, subterranean fire, explosion, earthquake or the escape of water from any tank, apparatus or pipe
- (g) the amount of the **Excess** stated in the **Schedule** applicable to Subsidence

Provided that:

Insofar as this insurance relates to **Damage** caused by subsidence, ground heave or landslip **You**:

- (a) keep the **Property Insured** in good and substantial repair
- (b) notify **Us** immediately **You** become aware of any demolition, groundworks, excavation or construction being carried out on any adjoining site. **We** shall then have the right to vary the terms or cancel the cover provided by this Extension.

Basis of Claims Settlement Clauses

Average

Each Item of **Property Insured** under this Section is similarly but separately subject to Average as specified in General Condition 3.

Basis of Settlement

In the event of **Damage** to **Property Insured** by this Section the basis upon which the amount payable will be calculated is as follows:

- (a) **Stock and Specified Stock** - the cost price of replacing the goods at the time of the **Damage**

- (b) deeds, documents and business books - their value as stationery only together with the cost of clerical labour expended in writing up and not for the value to **You** of the information contained therein
- (c) computer systems records - the value of the materials only together with the cost of clerical labour and computer time expended in reproducing the records provided that **We** will not pay for the value to **You** of the information contained therein or for any expense in connection with the production of information to be recorded therein
- (d) patterns, models, moulds, plans and designs - the value of the materials only together with the cost of labour expended in reinstatement of such property
- (e) **Personal Effects** not otherwise insured - the cost of repair or replacement at the time of the **Damage**
- (f) rent - the loss of rent payable by or to **You** whilst necessary reinstatement or repairs are carried out following **Damage** to the **Buildings** which makes them uninhabitable, subject to the indemnity period as stated in the **Schedule**
- (g) **Buildings, Computer Equipment, Tenants Improvements, and Contents** - subject to the following Special Conditions the basis upon which the amount payable in respect of any item on **Buildings, Computer Equipment, Tenants Improvements, or Contents** is to be calculated will be the reinstatement of the property subject to **Damage**. For this purpose 'Reinstatement' means:
 - (i) the rebuilding or replacement of property subject to **Damage** which, provided that **Our** liability is not increased, may be carried out:
 - in any manner suitable to **Your** requirements
 - upon another site
 - (ii) the repair or restoration of property subject to **Damage** in either case to a condition equivalent to or substantially the same as but not better or more extensive than its condition when new

Special Condition

1. At the start of each **Period of Insurance** **You** must notify **Us** of the **Declared Value** of each item on **Buildings, Computer Equipment, Tenants Improvements** and **Contents**. The premium is based on **Declared Value** (shown in the **Schedule**).

If **You** fail to notify **Us** of the **Declared Value** at the start of each **Period of Insurance** **We** will use the last **Declared Value** notified to **Us** for the following **Period of Insurance**.

2. In respect of each Item to which this Clause applies General Condition 3. Average is amended to read:

If at the time of **Damage** the **Declared Value** of an Item for **Buildings** is less than 85% of the cost of **Reinstatement** at the inception of the **Period of Insurance** then **Our** liability for the **Damage** will not exceed the proportion thereof which the **Declared Value** bears to such cost of **Reinstatement**.
3. **Our** liability for the repair or restoration of property which is only partially damaged will not exceed the amount which would have been payable had the property been wholly destroyed.

Property Damage

continued

4. No payment beyond the amount which would have been payable in the absence of this Basis of Settlement will be made:
 - (a) unless **Reinstatement** commences and proceeds without unreasonable delay
 - (b) until the cost of **Reinstatement** has actually been incurred
 - (c) if at the time of **Damage** the **Property Insured** is insured by any other insurance effected by **You** or on **Your** behalf which is not upon the same basis of **Reinstatement**.
5. All the terms and conditions of the policy shall apply
 - (a) in respect of any claim payable under the provisions of this Clause except in so far as they are varied hereby
 - (b) where claims are payable as if this Basis of Settlement had not been incorporated except that the sum(s) insured shall be limited to 115% of the **Declared Value(s)**
- (h) all other property - the cost of repairing or reinstating the property equal to its condition when new provided that:
 - (i) this is carried out without delay and in the most economical manner
 - (ii) until **Reinstatement** has been completed no payment will be made for more than the amount which would be payable if an allowance had been made for wear, tear or depreciation.

Maximum Amount Payable

The most **We** will pay in respect of any one occurrence will not exceed the sum insured stated against each item or the total of all sums insured stated against all items insured by this Section as shown in the **Schedule**.

Designation

For the purpose of determining where necessary the item against which any property is insured **We** agree to accept the designation under which such property has been entered in **Your** books.

Conditions

The following **Conditions** apply to this Section in addition to the **General Conditions and Claims Conditions** at the front of this policy.

Fire Extinguishing Appliances

It is a condition precedent to **Our** liability that **You** will maintain all fire extinguishing appliances in efficient working order and under a contract of maintenance during the **Period of Insurance**.

Subject to the observance of this Condition this Section will not be invalidated by any defect in any of the said appliances due to any circumstances unknown to **You** or beyond **Your** control.

Exclusions

The following **Exclusions** apply to this Section in addition to the **General Exclusions** at the front of this policy.

This Section does not cover:

1. water (other than loss of metered water as described in this Section), air, runways, railway lines, dams, reservoirs, storage lakes, canals, rigs, wells, tunnels, docks, piers, jetties, excavations, wharfs, mines, and off-shore property
2. animals and growing crops
3. bullion, furs, explosives or contraband
4. jewellery, precious metals, precious stones or furs except where specifically mentioned in the **Schedule**
5. overhead electrical and telecommunication transmission and distribution lines, overhead transformers or other similar overhead communication, transmission or distribution equipment and their supporting structures other than those within the **Premises** for which **You** are responsible
6. vehicles required to be licensed for road use (including accessories thereon), caravans, trailers, railway locomotives or rolling stock, watercraft, aircraft or spacecraft (including but not limited to satellites)
7. property or structures in the course of demolition, construction or erection and materials, equipment or supplies in connection therewith unless specifically mentioned as insured by this Section
8. moveable property in the open, fences, gates, vegetation, lawns and shrubs in respect of **Damage** caused by wind, rain, hail, sleet, snow, flood, dust or falling trees
9. property from a garden, yard, open space or any open fronted or open sided building therein by theft or any attempt thereat or malicious damage
10. **Property Insured** at any **Vacant or Unoccupied Buildings** unless agreed by **Us**
11. **Damage** to property stored in any outbuildings or basement caused by storm, flood, leakage of oil or water following bursting or overflowing of oil or water tanks, apparatus or pipes or from any automatic sprinkler installation, unless such property is raised at least 100mm above the ground floor level of the outbuilding or the floor level of the basement
12. **Damage** to any electrical machine or apparatus or component thereof occasioned by its over-running, excessive pressure, short-circuiting or self-heating not resulting in fire
13. **Damage** caused by or consisting of the bursting of any boiler, economiser (other than a boiler used for domestic purposes only) vessel, machine or apparatus in which internal pressure is due to steam only and belonging to **You** or under **Your** control but this shall not exclude subsequent **Damage** which itself results from a cause not otherwise excluded

Property Damage

continued

14. Explosion in respect of and originating in any vessel machinery or apparatus or its contents, belonging to **You** or under **You** control which requires to be examined to comply with any statutory regulations unless such vessel, machinery or apparatus is the subject of a policy or other contract providing the required inspection service
15. **Damage** arising solely from a change in the water table level (i.e. the level below which the ground is saturated with water)
16. **Damage** by falling trees caused by felling or lopping carried out by **You** or on **Your** behalf
17. **Damage** caused by subsidence, ground heave or landslip
18. **Damage to Property Insured:**
 - (a) caused by fire resulting from its undergoing any heating process or any process involving the application of heat
 - (b) (other than fire or explosion) resulting from its undergoing any process of production, packaging, treatment, testing, commissioning, servicing or repair
19. **Damage** caused by or arising from or consisting of:
 - (a) collapse or cracking of **Buildings**
 - (b) denting or mechanical or electrical defect, failure, breakdown or derangement
 - (c) gradually operating causes, including but not limited to atmospheric or climatic conditions, wet or dry rot, fungus, rust, corrosion, woodworm, moths, insects, vermin or pests, marring or scratching
 - (d) joint leakage, failure of welds, cracking, fracturing, collapse or overheating of boilers, economisers, superheaters, pressure vessels or any range of steam and feed piping in connection therewith
 - (e) any process involving drying, cleaning, dyeing, staining, repairing, restoring, renovating, fitting, installation, alteration or maintenance of any property
 - (f) use of any article contrary to manufacturers' instructions
 - (g) change in temperature, colour, flavour or finish but this shall not exclude:
 - such **Damage** not otherwise excluded which itself results from a **Defined Peril**
 - subsequent **Damage** which itself results from a cause not otherwise excluded
20. **Damage** caused by or consisting of:
 - (a) inherent vice, latent defect, defective design, plan or specification or the use of faulty materials
 - (b) wear, tear or depreciation or diminution in value
 - (c) faulty or defective workmanship by **You** or any of **Your Employees** other than in respect of £25,000 in excess of the first £10,000 of any one occurrence in respect of such **Damage**.
 - (d) operational error or omission by **You** or any of **Your Employees** other than in respect of £25,000 in excess of the first £10,000 of any one occurrence in respect of such **Damage**
21. theft or attempted theft where **You** or any director, partner or **Employee** of **Yours** or any member of **Your** family or household be concerned as principal or accessory
22. theft or attempted theft unless:
 - (a) involving forcible and violent entry to or exit from a **Building** at the **Premises**
 - (b) involving assault or violence or threat thereof to **You** or any of **Your Employees**
 - (c) as provided for under Section Extension Theft of Fixed Fabric of the Building
23. **Damage** by theft or attempted theft from any unattended **Vehicle** being any **Vehicle** with no person in charge or keeping the **Vehicle** under observation and able to observe or prevent any attempt by any person to interfere with the **Vehicle** unless:
 - (a) all windows and other openings have been closed, all doors have been secured and any other protective devices put into full and effective operation
 - (b) any property insured by this Section is secured in the locked boot, storage compartment or closed glove compartment; (the luggage space at the rear of an estate car or hatchback under the top cover and out of view is deemed to be a locked boot)
 - (c) **Overnight** or after the completion of any **Working Day of the Driver** all windows and other openings have been closed and the **Vehicle** is locked and garaged in a secure building or compound
 - (d) any unattended **Vehicle** in an unattended building (not at the **Premises**) unless all security devices are put into full and effective operation and such theft or attempted theft involves forcible and violent entry to or exit from the building
24. in respect of **Stock** and **Specified Stock** whilst in transit:
 - (a) **Damage** due to:
 - (i) leakage, spillage, contamination or deterioration
 - (ii) breakage of china, glass or other brittle articles unless caused by fire, theft or an accident involving the **Vehicle**
 - (b) **Damage** resulting from faulty packing or labelling
 - (c) **Damage** to property conveyed in any soft or open topped or soft or open sided **Vehicle** caused by:
 - (i) theft or attempted theft unless caused by or arising from theft or attempted theft of the conveying **Vehicle**
 - (ii) storm or malicious damage
25. **Damage** caused by theft or attempted theft occurring outside **Business Hours** to any till or cash register unless its drawer has been left in an open position
26. any losses, **Damage**, costs or expense of any kind which occurs as a result of interruption of or interference with the **Business** under this Section, except loss of rent payable where this is shown as covered in **Your Schedule**

Property Damage

continued

27. losses not directly associated with the incident that caused **You** to claim
28. the **Excess** stated in the **Schedule**.