

Material Damage Section - Commercial Property Investors

Definitions applicable to this Section

Basis of claims settlement

A - Reinstatement - the amount payable in respect of **buildings** and **contents** will be the cost of the reinstatement of the **damage**

For this purpose 'reinstatement' means

- 1)
 - 1.1) in any manner suitable to **your** requirements
 - 1.2) upon another site
- 2) the repair or restoration of **property insured** damaged

in either case to a condition equivalent to or substantially the same as but not better or more extensive than its condition when new

- 1) **our** liability for the repair or restoration of **property insured damaged** in part only shall not exceed the amount which would have been payable had such **property insured** been wholly lost
- 2) each Item insured is subject to this basis of claims settlement and is declared to be separately subject to the following Condition of average (underinsurance)

If at the time of reinstatement the sum representing 85 % of the cost which would have been incurred in reinstating the whole of the **property** covered by any Item subject to this basis of claims settlement exceeds its Sum Insured at the commencement of any **damage our** liability shall not exceed that proportion of the amount of the **damage** which the said Sum Insured shall bear to the sum representing the total cost of reinstating the whole of such **property** at that time

- 3) no payment beyond the amount which would have been payable in the absence of this basis of claims settlement shall be made
 - i) unless reinstatement commences and proceeds without unreasonable delay
 - ii) until the cost of reinstatement shall have been actually incurred
- 4) all the terms Conditions and Exclusions of this **policy** or Section shall apply
 - i) in respect of any claim payable under the provisions of this basis of claims settlement except insofar as they are varied hereby
 - ii) where claims are payable as if this basis of claims settlement had not been incorporated including any Condition of average (underinsurance)
- 5) **you** will at **your** own expense provide all such plans documents books and information as may be reasonably required
- 6) **we** shall not be bound to reinstate exactly but only as circumstances permit

B - Indemnity - the amount payable in respect of all other **property insured** will be the value at the time of **damage** or at **our** option the cost of reinstatement or replacement of such **property insured** or any part of it provided that

each Item insured is subject to this basis of claims settlement and is declared to be separately subject to the following Condition of average (underinsurance)

If at the time of **damage** the Sum Insured for each Item is less than 85% of the value of the Item insured then **our** liability shall be limited to that proportion of the **damage** which the Sum Insured bears to the value of the property

Buildings

means fixed permanent structures at the **premises** belonging to **you** or for which **you** are responsible that are unless otherwise stated in the **appendix** are built mainly of brick stone concrete or other non – combustible materials and includes unless more specifically insured

- 1) landlord's fixtures and fittings
- 2) internal and external fixed glass sanitary ware and signs
- 3) small outside buildings annexes conveniences external hoists gangways and staircases
- 4) walls gates fences yards driveways car parks forecourts roads and footpaths
- 5) fuel tanks and their ancillary equipment and pipe work
- 6) conveyors trunks lines wires and service pipes
- 7) security lighting security cameras and other security or fire protection devices television radio satellite receiving aerials communication aerials masts affixed to the building fixed poles or fixed pylon

Business

means **your** ownership of land and **buildings** at the **premises**

Communal areas

means those areas of the **premises** to which all tenants and or owners have access as stated in the **appendix**

Contents

means furniture and all other **property** belonging to **you** or for which **you** are responsible upon or within **communal areas** of the **premises** including

- 1) tenants improvements for which **you** are responsible
- 2) tenants stock and or possessions for which **you** are responsible held in lieu of **rent** up to £10,000 any one **premises**
- 3) the content of fuel tanks
- 4) portable or recreational communal property in the open grounds and used in connection with the **premises**

- 5) deeds documents manuscripts and business books but only for the cost of the materials and clerical labour expended in reproducing such records for an amount up to £25,000 in any one **period of insurance**
- 6) computer systems records but only for the cost of the materials and of clerical labour and computer time expended in reproducing such records if they are not otherwise insured for an amount up to £25,000 in any one **period of insurance**
- 7) partners directors **employees** and visitors personal effects of every description whilst at the **premises** in so far as they are not otherwise insured for an amount not exceeding £1,000 any one person

but excluding

- a) contents belonging to individual tenants or owners
- b) trade stock and materials
- c) jewellery watches furs precious metals precious stones or articles made from them
- d) curios works of art antiques or rare books
- e) motor vehicles
- f) **property** more specifically insured elsewhere

Damage

means loss of or destruction of or physical damage to **property insured**

Property Insured

means **buildings contents** described in the **appendix**

Unoccupied

means any **building** or any portion of a **building** that is untenanted and or unfurnished and or no longer in active use and or empty for a period in excess of 30 days

Material Damage Section - Commercial Property Investors
--

Insurance provided

Damage happening during the **period of insurance** caused by any **Specified peril** described in this Section and not stated to be otherwise excluded in the **appendix** as stated in the **basis of claims settlement**

Limit of Liability

Our liability under this Section will not exceed the Sum Insured by each Item stated in the **appendix** any one **period of insurance** or any Limit stated in any Extension to this Section

Specified perils

Fire but excluding **damage**

- a) caused by **Explosion** resulting from fire

- b) caused by **Earthquake** or **Subterranean fire**
- c) caused by its own spontaneous fermentation or heating
- d) to that portion of any item undergoing any heating process or any process involving the application of heat

Lightning

Explosion but excluding **damage**

- a) caused by or consisting of the bursting of any boiler (not being a boiler used for domestic purposes only) economiser or other vessel machine or apparatus belonging to **you** or under **your** control in which internal pressure is due to steam only
- 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 certificate or other contract providing the required inspection service

Aircraft or other aerial devices or articles dropped from them but excluding **damage** caused by pressure waves by aircraft or other aerial devices

Riot civil commotion strikers locked out workers or persons taking part in labour disturbances or malicious persons acting on behalf or in connection with any political organisation excluding **damage**

- a) arising from cessation of work or from confiscation or destruction or requisition by order of the Government or any public authority
- b) by **Fire** caused by strikers locked-out workers or persons taking part in labour disturbances or **Malicious persons**

Malicious persons not acting on behalf of or in connection with any political organisation excluding **damage** (other than by **Fire** or **Explosion**)

- a) by **Theft**
- b) in respect of any **unoccupied buildings**

Earthquake

Subterranean fire

Storm and falling trees but excluding **damage**

- a) attributable solely to change in the water table level
- b) caused by **Lightning** frost or **Subsidence**
- c) caused by felling lopping pruning trees
- d) to fences gates and moveable property in the open or in open sided building
- e) caused by escape of water from the natural confines of any natural or artificial water course lake reservoir canal drain or dam and inundation from the sea whether resulting from storm or otherwise

Flood being

- 1) the escape of water from the natural confines of any natural or artificial water course lake reservoir canal drain or dam
 - 2) inundation from the sea
 - 3) inundation by rainwater induced runoff other than where such inundation results solely from ingress of water through or via the roof of a building
- a) damage caused by **Escape of Water** or **Sprinkler Leakage**
 - b) damage solely attributable solely to change in the water table level
 - c) damage caused by **Lightning** frost or **Subsidence**
 - d) damaged in respect of fences gates and moveable **property** in the open or in open sided **building**

Escape of water from any tank apparatus or pipe excluding **damage**

- a) in respect of any **unoccupied buildings**
- b) by water discharged or leaking from any automatic sprinkler installation

Impact by any vehicle or animal not controlled or belonging to **you** or any occupier of the **premises** or their respective **employees**

Impact (Own) by any vehicle or animal controlled or belonging to **you** or any occupier of the **premises** or their respective **employees**

Sprinkler leakage being accidental escape of water from any automatic sprinkler system fitted in the **premises** but excluding **damage** caused by

- a) freezing whilst the **building** belonging to or for which **you** are responsible are **unoccupied**
- b) **Explosion Earthquake Subterranean fire** or heat caused by **Fire**

Accidental damage excluding

- a) **damage** caused by
 - i) any other of the **Specified perils** described in this Section and the causes excluded therefrom
 - ii) inherent vice latent defect gradual deterioration gradually operating cause wear and tear frost faulty or defective design or materials
 - iii) faulty or defective workmanship operational error or omission on **your** part or any **employee**
 - iv) corrosion rust wet or dry rot shrinkage evaporation loss of weight dampness dryness marring scratching vermin or insects
 - v) change in temperature colour flavour texture or finish
 - vi) 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

- vii) mechanical or electrical breakdown derangement or overloading in respect of the particular machine apparatus or equipment in which such breakdown or derangement originates but this shall not exclude **damage** to surrounding property not forming part of the same machine apparatus or equipment caused by insured **Specified perils**
- viii) electrical or magnetic disturbance or erasure of electronic recordings
- ix) acts of fraud or dishonesty by any partner director or **employee**
- x) unexplained disappearance unexplained shortage inventory shortage misfiling or misplacing of information
- xi) **your** voluntarily parting with title or possession of any property or rights to property
- xii) confiscation requisition seizure or destruction by order of the Government or any public authority
- xiii) cessation of work
- xiv) the solidification of molten material unless such **damage** is directly caused by any other **Specified peril** insured by this **policy**

b) **damage** to

- i) **buildings** or structures caused by their own collapse or cracking unless resulting from any other **Specified perils** not otherwise excluded
- ii) property or structures in course of construction or erection and materials or supplies in connection with all such property in course of construction or erection
- iii) property in the open or in **transit**
- iv) vehicles other than forklift trucks and vehicle accessories thereon licensed or intended to be licensed for road use caravans trailers railway locomotives rolling stock watercraft or aircraft
- v) livestock growing crops or trees
- vi) jewellery precious stones precious metals bullion furs curiosities rare books or works of art
- vii) land piers jetties bridges culverts or excavations

c) **damage** to any **property insured** undergoing

- i) any process of production
- ii) any process of packaging treatment testing commissioning cleaning servicing repair or any other similar process

but this will not exclude **damage** to surrounding property

- 1) not forming part of the same machine
- 2) not forming part of the same process of production or the same process of packaging treatment testing commissioning cleaning servicing repair or any other similar process caused by insured **Specified perils**

Subsidence ground heave or landslip excluding **damage**

- a) in respect of walls gates fences yards driveways car parks forecourts roads and footpaths unless a building insured under this Section are affected at the same time
- b) arising from the settlement or movement of made-up ground or by coastal or river erosion
- c) resulting from defective design or workmanship or the use of defective
- d) occurring as a result of the construction demolition alteration or structural repair of any property at the **premises** or as result of ground works or excavation at the same **premises**
- e) arising from the normal settling shrinkage or expansion of foundations walls floors ceilings or roof or bedding down of new structures or extensions
- f) happening prior to the inception of this Specified Peril under this Section

Theft or attempted theft damage

- a) involving entry to or exit from **buildings** at the **premises** by forcible and violent means
- b) following assault or violence or threat of assault or violence to **you** or any partner director **employee** of **yours** or members or their families or any other person lawfully on the **premises**
- c) to the **premises** for which **you** are responsible as a result of 1) above

but excluding **damage**

- i) caused by **you** or any partner director or **employee** of **yours** or any other person to whom **property insured** has been entrusted excepting Collusion
- ii) in respect of
 - 1) coin and similarly operated gaming and or amusement machines or their contents
 - 2) **money** except as provided for within **machinery**
 - 3) livestock growing crops or trees furs jewellery gold silver or other precious metals or precious stones or curiosities works of art or rare books
 - 4) **property insured** in gardens yards open spaces or in open sided or fronted buildings or in buildings not on permanent foundations
- iii) to any **buildings** or **property insured** in any **building** which is **unoccupied** unless **we** state otherwise in the **appendix**

Escape of fuel means accidental escape of fuel or oil from any fixed heating installation tank apparatus or pipe excluding **damage**

- a) in respect of any **unoccupied buildings**
- b) resulting from gradual leakage

Extensions

The terms Conditions and Exclusions of this **policy** and or Section apply to these Extensions

Where no Limit or maximum liability is stated in the Extensions the Section Limit of Liability applies

Additional metered water charges

This Extension provides insurance for additional metered water charges incurred by **you** or for which **you** are responsible as a result of **damage** to the water installation at the **premises** provided that **damage** in respect of any **unoccupied buildings** is excluded

Our maximum liability is £25,000 in respect of any **event of damage**

Archaeological discoveries

This Extension provides insurance for costs incurred by **you** following **damage** as a direct consequence of **your** compliance with statutory obligations subsequent to the discovery of archaeological finds and or remains exposed during site excavation provided that **you** received no notification and or were unaware of the presence of archaeological finds and or remains prior to the commencement of site works

Our maximum liability is £25,000 in respect of any **event of damage**

Automatic reinstatement

In the absence of written notice from **us** to **you** to the contrary the Sum Insured by this Section will not be reduced by the amount of agreed claim settlement and in return **you** undertake to pay an additional premium on the amount of the agreed claim settlement from the date thereof

Capital additions

This Extension provides insurance for

- 1) any newly acquired and or newly erected **buildings** and or **buildings** in course of erection excluding any **buildings** where a building contractor retains responsibility provided **your** interest is not otherwise insured and
- 2) alterations additions and improvements to **buildings** but not in respect of any appreciation in value anywhere in the **Territorial Limits** provided that
 - a) for any one **building** this Extension will not exceed
 - i) £2,000,000 in respect of any newly acquired and or newly erected **buildings** and or **buildings** in course of erection
 - ii) £500,000 in respect of alterations additions and improvements to **buildings**
 - b) **you** undertake to advise **us** as soon as practicable of 1) or 2) above and arrange specific insurance in respect of the **buildings** retrospective to the date of the commencement of **our** liability
 - c) the provisions of this Extension shall be fully maintained notwithstanding any specific insurance effected under b) above

Clearing of drains

This Extension automatically provides insurance for costs and expenses necessarily and reasonably incurred by **you** or for which **you** are responsible to clean clear and or replace drains gutters sewers and the like at **your premises** following any **event of damage** but does not include costs and expenses incurred in cleaning

and or clearing other than from the site of such **damage** and the area immediately adjacent to such site arising from **pollution and contamination of property** not insured by this Section

Concern for welfare costs

This Extension provides insurance for **damage** caused by the police or people acting under their control in gaining access to the **buildings** as a result of their concern for the welfare of an occupier of the **buildings** but **we** do not include costs and expenses incurred relating to **damage** caused by the police or people acting under their control in the course of criminal investigations

Our maximum liability is £25,000 in respect of any **event of damage**

Condition of average waiver

When a claim is submitted to **us** following **damage we** agree to waive Day one Condition of average of this Section provided that

- 1) **you** submit to **us** documentary evidence of a valuation and or revaluation by a fellow or member of the Royal Institute of Chartered Surveyors which is dated no more than three years before the **event of damage**
- 2) annual interim revaluations have been undertaken in accordance with the Royal Institute of Chartered Surveyors Rebuilding cost index
- 3) at each renewal date the Declared Value submitted is based on the valuations and or revaluations by a fellow or member of the Royal Institute of Chartered Surveyors

If undisclosed structural alterations or additions become apparent this waiver will not be valid until a subsequent revaluation has been completed and the Declared Value amended in line with the revaluation report

Contractors Interest

Where **you** are required to effect insurance on the **property insured** in the joint names of **yourself** and the contractor under the terms of a contract condition then the interest of the contractor in the insured **property** is noted as joint **insured** provided that **you** advise **us** of details of any single contract valued at £250,000 or more in advance of the commencement of the work and agree to pay any additional premium **we** may require

Contract works

This Extension provides insurance for **contract works** where **you** have contracted to arrange insurance for any **buildings** and will only apply where no other **contract** works insurance policy exists to provide an indemnity

Our maximum liability is £250,000 in respect of any **event of damage**

Damage to landscaped gardens

This Extension provides insurance for the cost of restoring any **damage** to landscaped gardens and or grounds and or trees as a result of insured **damage** but **we** do not include costs and expenses when trees shrubs plants turf and the like fail to germinate or become established

Our maximum liability is £25,000 in respect of any **event of damage**

Damage to cables and underground pipes

This Extension provides insurance for the cost of repairing **damage you** are responsible for to cables and underground pipes and drains including their inspection covers on the **premises** or connecting them to the public mains

Our maximum liability is £25,000 in respect of any **event of damage**

Emergency services

This Extension provides insurance for costs and expenses incurred by **you** or for which **you** are responsible following insured **damage** caused by actions of the emergency services in gaining access to the **buildings** including deliberate acts where such deliberate acts are for the purpose of safeguarding human life or minimising **damage to your premises**

Energy efficiency

This Extension provides insurance for the additional costs necessarily and reasonably incurred by **you** with **our** consent in rebuilding or repairing the **buildings** following **damage** in a manner that aims to reduce potential harm to the environment by improving energy efficiency but does not include

- 1) the additional cost of complying with any European Union legislation Act of Parliament and or bye-laws of any public authority
- 2) any additional costs for work **you** had already planned to be carried out prior to the **damage**
- 3) any additional costs for replacing undamaged **buildings**
- 4) any **unoccupied buildings**
- 5) additional costs where **you** choose not to rebuild or repair the **building**

Our liability under this Extension will not exceed 10% of the Sum Insured by each Item stated in the **appendix** or £50,000 whichever is the less but does not include

- a) **damage** not insured by this Section
- b) costs incurred or to be incurred where notice has been served upon **you** by any appropriate authority before the date of **damage**
- c) increase in costs attributable to unreasonable delays reinstatement or replacement unless such delays are wholly outside **your** control
- d) any rate tax duty development or other charge or assessment arising out of capital appreciation as a result of the terms of this Extension

European Union & public authorities

This Extension provides insurance for additional cost of reinstatement as may be incurred solely by reason of the necessity to comply with

- 1) European Union legislation
- 2) building or other regulations under or framed in pursuance of any Act of Parliament or bye laws of any public authority which are hereinafter referred to as “the regulations”

in respect of the destroyed or **damaged property** thereby insured and or undamaged portions thereof

This Extension does not include

- a) the cost incurred in complying with the regulations
 - i) in respect of **damage** occurring prior to the granting of this Section Extension
 - ii) in respect of **damage** not insured by this Section
 - iii) where notice has been served upon **you** prior to the **damage**
 - iv) for which there is an existing requirement which has to be implemented within a given period
 - v) in respect of undamaged **property** or undamaged portions of **property** of the **property** destroyed or **damaged**
- b) the additional cost that would have been required to make good the **property** destroyed or **damaged** to a condition equal to its condition when new had the necessity to comply with the regulations not arisen
- c) the amount of any charge or assessment arising out of capital appreciation which may be payable in respect of the **property** or by the owner thereof by reason of compliance with the regulations

provided that

- 1) the work of reinstatement must be commenced and carried out without unreasonable delay and in any case must be completed within 12 months after the **damage** or within such further time as **we** may allow within the said 12 months and may be carried out upon another site if the regulations so necessitate subject to **our** liability under this Section Extension not being thereby increased
- 2) if **our** liability under any Item of this Section apart from this Section Extension shall be reduced by the application of any of the terms Conditions and Exclusions of this Section then **our** liability under this Section Extension in respect of any such Item shall be reduced in like proportion
- 3) the total amount recoverable under any Item of this Section and Extension will not exceed

3.1) in respect of European Union legislation

- a) 15 % of the Sum Insured
- b) where the Sum Insured by the Item applies to **property** at more than one **premises** 15 % of the total amount for which **we** would have been liable had the insured **property** by the Item at the **premises** where **damage** had occurred been totally destroyed

3.2) in respect of building or other regulations under or framed in pursuance of any Act of Parliament and or bye-laws of any public authority the Sum Insured

Expediting costs

This Extension provides insurance for costs necessarily and reasonably incurred by **you** with **our** consent for temporary repairs to the **buildings** in order to keep **your** buildings secured

Our maximum liability is £10,000 for any one **building** during any one **period of insurance**

Extinguishment and alarm resetting expenses

This Extension provides insurance for costs necessarily and reasonably incurred by **you** in refilling fire

extinguishing appliances replacing used sprinkler heads resetting fire and or intruder alarms as a result of **damage**

Failure of other insurances

This Extension extends to include **buildings** in which **you** have an insurable interest but where the terms of the lease specify the responsibility to arrange specified insurance rests with a third party leasee or third party lessor provided that

- 1) a valid and enforceable lease is in force
- 2) **you** could not have prevented the failure to arrange specified insurance
- 3) this Extension only applies
 - 3.1) in the event of failure of the third party's insurance and then only for the excess beyond the amount payable under such insurance
 - 3.2) in respect of claims arising directly from a peril in respect of which the third party leasee or third party lessor assumed responsibility to arrange specified insurance under the lease but in no case greater in scope than the insurance provided by this Section
- 4) at any one **premises** this Extension will not exceed 10% of the Total Sum Insured or £250,000 whichever is the less

This Extension will only apply when

- a) **you** can demonstrate that **you** have checked that lessors or lessors have effected and maintained adequate insurance
- b) on discovery of a failure to insure for the full Sum Insured on **buildings** in which **you** have an insurable interest as stated above **you** immediately effect adequate insurance

Fire extinguishment expenses

This Extension includes where not otherwise insured extinguishment expenses reasonably incurred by **you** in order to minimise damage

Our maximum liability is £10,000 during any one **period of insurance**

Fly tipping

This Extension includes where not otherwise insured the cost of removing materials deposited at the **premises** as a result of fly tipping

Our maximum liability is £25,000 during any one **period of insurance**

Frustrated legal costs cover

If the sale of any **buildings** is cancelled solely as a result of insured **damage** then **we** will reimburse legal costs and expenses incurred or subsequently incurred by **you** as a direct consequence of the sale cancellation

Our maximum liability is £25,000 during any one **period of insurance**

Further investigation expenses

Where a **building** has suffered **damage** and in the opinion of a competent construction professional there is a reasonable possibility of other **damage** to portions of the same **building** which is not immediately apparent **we** will pay the reasonable costs incurred by **you** with **our** consent in establishing whether or not such **damage** has occurred

We will also pay the reasonable costs incurred by **you** in establishing whether or not other **buildings** in the vicinity have suffered **damage** in the same incident but only if such **buildings** are subsequently found to have suffered such **damage** for which **we** are responsible

Our maximum liability is £2,500 in respect of any **event** of **damage**

Glass breakage

This Extension provides insurance for costs necessarily and reasonably incurred by **you** to

- 1) temporarily board up following **breakage**
- 2) remove or replace fixtures and fittings in course of the replacement of the glass
- 3) add lettering and or other ornamental work and or alarm foil to the glass

Ground rent

This Extension provides insurance for up to 24 months ground rent if the **buildings** are rendered temporarily unfit to live in and or access is denied during the period necessary for reinstatement

Our maximum liability is 10% of any one **building** Declared Value Sum Insured for during any one **period of insurance**

Inflation protection

Where a Sum Insured is not a Declared Value under this Section **we** will adjust the Sum Insured in line with suitable indices of costs and calculate the renewal premium on the adjusted Sum Insured

Inadvertent failure to insure

This Extension automatically provides insurance for

- 1) any newly acquired and or newly erected **buildings** and or **buildings** in course of erection excluding any **buildings** where a building contractor retains responsibility

and

- 2) alterations additions and improvements to **buildings** but not in respect of any appreciation in value

which **you** have an obligation to insure whether owned or leased by **you** but which have inadvertently been left uninsured anywhere in the **Territorial Limits** provided that for any one **building** this Extension will not exceed

- 2) £2,000,000 in respect of any newly acquired and or newly erected **buildings** and or **buildings** in course of erection
- b) £500,000 in respect of alterations additions and improvements to an insured **building**

You must advise **us** in writing as soon as reasonably practicable when **you** become aware of a building inadvertently left uninsured and pay the appropriate premium due from the date **our** responsibility commenced

You must carry out at least once every twelve months a check of all **buildings** owned or leased by **you** or for which **you** are responsible to ensure that effective insurance is in force for each of them

Landlords gardening equipment

This Extension provides insurance for **damage** to Landlords gardening equipment whilst in any locked outbuilding at **your premises**

Our maximum liability is £10,000 during any one **period of insurance**

Landscaping and garden restoration

This Extension provides insurance for costs for restoration of gardens and or ornamental features incurred with **our** consent as a result of **damage** caused by the fire brigade or other emergency services following insured **damage** to the **premises**

Our maximum liability is £25,000 during any one **period of insurance**

Loss minimisation and prevention expenditure

This Extension provides insurance for costs necessarily and reasonably incurred by **you** or on **your** behalf to

- 1) prevent or minimise further **damage** at the **premises**
- 2) prevent threatened **damage** by the illegal deposit of combustible **property** in on or around the **premises**

where these costs are a direct consequence or directly relate to **damage** or threatened **damage** and are

- a) not more specifically insured under this or any other insurance policy bond indemnity security and or other legally binding contract
- b) incurred with **our** consent where **damage** or threatened **damage** is likely to exceed £2,500 any one **event of damage**

You will be responsible for the first 10% or £350 whichever is the greater of all costs payable under this Extension and will contribute either amount before **we** make any payment

Our maximum liability is £25,000 during any one **period of insurance**

Loss of rent and alternative residential accommodation

Where **damage** occurs and as a result any residential portions of the **buildings** become unfit to live in and or access is denied and where no other insurance policy exists to provide an indemnity **we** will pay the following

- 1) loss of rent and management charges **you** should have received but have lost
- 2) the costs of reasonable alternative accommodation and temporary storage of residents furniture
- 3) the cost of reasonable accommodation in kennels or catteries for residents dogs and cats

Our maximum liability is 20% of any one **building** Declared Value Sum Insured for during any one **period of insurance**

Mortgagors Freeholders and Leasors

The interest of mortgagors freeholders and leasors will not be prejudiced by any increase in the risk of

damage which results from any act of negligence of any mortgagee leaseholder leasee or occupier of any **buildings** insured by this Section provided

- 1) such increase in risk is without their prior knowledge or authority
- 2) **we** are notified immediately they become aware of such increase in risk

Non-invalidating

The insurance provided by this Section will not be invalidated by any act omission and or by any alteration whereby the risk of **damage** is increased unknown to or beyond **your** control provided that immediately **you** become aware of any act omission and or alteration **you** give notice to **us** and pay an additional premium if required

Obsolete building materials

This Extension provides insurance for costs necessarily and reasonably incurred by **you** with **our** consent in the replacement of **damaged buildings** where more modern materials are used provided that the original materials used at the time of installation were appropriate for the type of building considering other materials available at that time

Other interests

The interest of other parties having a financial interest in **buildings** or **contents** under a hiring leasing mortgage and or similar agreement is noted by this Extension the nature and extent of any such interest to be disclosed in the **event of damage**

Payment on account

In the **event of damage we** will make monthly payments to **you** if required

Personal possessions

This Extension provides insurance for directors partners customers visitors and **employees of yours** where no other insurance policy exists to provide an indemnity

Our maximum liability is £1,000 for any one person

Privity of contract

This Extension provides insurance for costs **you** become legally liable to pay as indemnity following **damage** to tenants in respect of repair or reinstatement of **premises** previously owned but which are no longer **your** property and where the current owner has failed to maintain adequate insurance cover provided that

- 1) **you** take all reasonable and appropriate steps to obtain release from **your** liabilities under covenants to insure such **property** on its disposal
- 2) **our** liability under this Extension will not include contribution in respect of any more particular insurance effected by any succeeding owner or tenant or sub-tenant
- 3) **our** liability under this Extension will not include any
 - 3.1) **event of damage** which is more than seven years before the commencement date of the current **period of insurance**

3.2) costs **you** become legally liable to pay which do not arise during a **period of insurance**

Our maximum liability is £2,000,000 in any one **period of insurance**

Professional fees

This Extension provides insurance for architects surveyors legal and or consulting engineers fees incurred with **our** consent in the reinstatement and or repair of **property insured** subsequent to **damage** but **we** do not include any fees for preparation or presentation of any claim

Our maximum liability is the Declared Value Sum Insured of any one **building** during any one **period of insurance**

Reinstatement to Match

When insured **property** has suffered **damage you** may replace repair and or restore the **property insured** with equivalent property which employs current technology such property replacement repair and or restoration will for the purposes of this Section not be regarded as being better or more extensive than when new

This Extension also includes the replacement or modification of undamaged **property insured** insofar as it is necessary to adapt it to operate in conjunction with that **property** which has been replaced repaired or restored provided that **our** total liability is not increased beyond the amount that would otherwise have been payable for the replacement repair or restoration of the **property insured** destroyed or **damaged** in its original form

Repairs of alterations

This Extension notes that joiners and other tradesmen may be engaged to effect repairs or other structural alterations in all and any of the insured **buildings** without prejudice to the insurance provided by this Section

Removal of debris

This Extension provides insurance for costs and expenses necessarily incurred by **you** with **our** consent in

- 1) removing debris
- 2) dismantling and or demolishing
- 3) shoring up or propping of the portions of **property insured**
- 4) clearing drains sewers and gutters at the **premises** as a result of insured **damage**

This Extension does not include any costs or expenses

- a) incurred in removing debris except from the site of such **property insured** destroyed and or **damaged** and the immediate area adjacent to such site
- b) arising from **pollution or contamination** of **property** not insured by this Section

Our maximum liability is the Declared Value Sum Insured of any one **building** during any one **period of insurance**

Removal of debris – tenants contents

This Extension provides insurance for irrecoverable costs and expenses necessarily incurred with **our** consent

where no other insurance policy exists to remove from the **buildings** the debris of **contents** which neither belong to **you** or for which **you** are responsible as a result of insured **damage**

This Extension does not include any costs or expenses

- 1) incurred in removing debris except from the site of such **property** destroyed and or **damaged** and the immediate area adjacent to such site
- 2) arising from **pollution or contamination** of **property** not insured by this Section

Our maximum liability is £2,500 in respect of any **event** of **damage**

Removal of wasp and or bee nests

This Extension provides insurance for reasonable costs incurred by **you** in removing wasp or bee nests from insured **buildings**

Our maximum liability is £1,000 for any one **event**

Sprinkler upgrade costs

This Extension extends to include additional costs of reinstatement incurred with **our** consent to upgrade a sprinkler installation to comply with the current edition of the Sprinkler Rules of the Loss Prevention Council provided that the additional costs incurred are solely as a direct result of insured **damage** insured under this Section

Our maximum liability is the Declared Value Sum Insured of any one **building** during any one **period of insurance**

Subrogation waiver

Excluding Section Extension Failure of other insurances **we** agree to waive any rights remedies and or relief to which **we** may become entitled against

- 1) any subsidiary or parent company of **yours** or any fellow subsidiary where **you** are also a subsidiary as defined by current legislation
- 2) any tenant of the insured **buildings** provided that
 - 2.1) **damage** has not been caused or contributed to by the fraudulent or criminal or malicious act of such tenant
 - 2.2) **damage** has occurred to part of the **buildings** not leased or rented by such tenants other than **communal areas**
 - 2.3) the **event** of **damage** is insured by the **Specified perils** of this Section and the tenant has contributed towards the insurance premium for the insured **property**

Temporary removal

This Extension extends to include temporary removal of

- 1) **property** insured by this Section for cleaning renovation or repair
- 2) deeds documents and plans

to any building within the **territorial limits**

Our maximum liability is £25,000 in any one claim

Temporary repairs

This Extension provides insurance for costs and expenses incurred by **you** or for which **you** are responsible following insured **damage** to the **buildings** to

- 1) provide temporary doors for the purpose of weather proofing or securing the **buildings**
- 2) weather proofing **buildings**
- 3) securing the site

Theft of keys

This Extension provides insurance for costs necessarily and reasonably incurred by **you** or on **your** behalf to replace external door locks at the insured **buildings** subsequent to loss of keys caused by

- 1) theft from the insured **buildings** and or **your** registered office and or residential home
- 2) theft following hold-up whilst such keys are in **your** personal custody

or any principal director partner or **employee** authorised to hold such keys or reasonable evidence that the keys have been duplicated by an unauthorised person

Our maximum liability is £10,000 in any one claim

Theft damage to buildings

If **Specified peril Theft** is operative **we** will indemnify **you** for **damage** to the **premises** for which **you** are responsible which does not involve forcible and violent entry to or exit from **buildings** but this does not include **damage** of or to

- 1) Any **unoccupied building**
- 2) **property** in respect of which **you** are not liable for repair costs or which **you** are able to recover repair costs from another source or which is more specifically or otherwise insured

Our maximum liability is £10,000 in any one **period of insurance**

Trace and Access

This Extension provides insurance for costs necessarily and reasonably incurred by **you** or on **your** behalf in locating the source and subsequent making good **damage** resulting from

- 1) the escape of water from any tank apparatus or pipe
- 2) accidental damage to cables underground pipes and drains serving the insured **buildings**

Our maximum liability is £25,000 in any one claim

Transfer of interest

If at the time of **damage** **you** have contracted to sell **your** interest in any insured **buildings** and the purchase

was incomplete but subsequently completes the purchaser on completion of the purchase and where no other insurance policy exists to provide an indemnity to the purchaser against the **event of damage** will be entitled to the benefit of this Section so far as the insurance relates to such **damage** without prejudice to **your** or **our** rights and liabilities under this Section up to the date of completion

Tree felling or lopping

This Extension provides insurance for costs necessarily and reasonably incurred by **you** or on **your** behalf in felling and or lopping trees at the insured **premises** which are an immediate threat to the safety of life and or **damage**

This Extension does not include any

- 1) legal or local authority costs involved in removing trees
- 2) costs incurred by **you** solely to comply with a preservation order

Our maximum liability is £5,000 in any one claim

Tree removal

This Extension provides insurance for costs necessarily and reasonably incurred by **you** or on **your** behalf in removing fallen trees and branches from the **premises** resulting from **damage**

Our maximum liability is £1,000 for any one **event** and £5,000 during any one **period of insurance**

Unauthorised occupation

If during the **period of insurance** unauthorised persons take possession keep possession and or occupy the insured **buildings** without **your** authority **we** will pay the costs **you** incur in terminating such unauthorised use

Our maximum liability is £5,000 for any one **buildings** and £25,000 during any one **period of insurance**

Unauthorised use of utilities

This Extension provides insurance for costs incurred by **you** or for which **you** are legally responsible arising from unauthorised use of metered electricity gas or water by persons taking possession keeping possession and or occupying the insured **buildings** without **your** authority provided that

- 1) as soon as **you** become aware of unauthorised use **you** immediately commence all practical steps to terminate the unauthorised use
- 2) **you** fully comply with the requirements of Section Condition Unoccupied buildings

Our maximum liability is £25,000 in any one claim

Undamaged portions of buildings

This Extension provides insurance for costs and expenses necessarily incurred by **you** with **our** consent in replacing and or modifying non **damaged** portions of the **buildings** providing it is necessary to make replacement and or modification which are in keeping with the repairs and or restoration and or replacement of the **damaged** portion of the **buildings**

Our maximum liability for the undamaged portions of the **buildings** (other than foundations) is 15% of the total cost of rebuilding had the **damaged buildings** been totally destroyed

Value added tax

This Extension includes Value Added Tax (VAT) paid by **you** which is not subsequently recoverable provided that

- 1) **your** liability for such tax arises solely as a result of the reinstatement or repair of the **buildings** following **damage**
- 2) **we** have paid or have agreed to pay for such **damage**
- 3) if any payment made by **us** for reinstatement and or repair of **damage** is less than the actual cost of the reinstatement and or repair of the **damage** then any payment under this Extension resulting from that **damage** shall be reduced in like proportion
- 4) **our** liability for VAT does not arise from the replacement **building** having a greater floor area than or being better or more extensive than the destroyed or **damaged building**
- 5) If **you** opt to reinstate on another site **our** liability under this Extension will not exceed the amount of VAT that would have been payable had the **building** been rebuilt on its original site
- 6) **our** liability under this Extension will not include amounts payable by **you** as penalties and or interest for non payment or late payment of VAT
- 7) **you** have taken all reasonable precautions to insure adequately for VAT liability at inception of the Section and at each subsequent renewal date

Where this Extension applies all other reference to the contrary will be substituted by the following

- a) for the purpose of any Condition of average costs will be exclusive of VAT
- b) **our** liability may exceed the Sum Insured by an item or in the whole the Total Sum Insured where such excess is solely in respect of VAT

Workmen

Workmen are allowed in or about any of the **premises** for the purpose of carrying out minor alterations repairs decorations and or any maintenance without prejudice to this insurance

Conditions additional to the policy Conditions

Change in Tenancy

It is a **condition precedent** to **our** liability to indemnify **you** in relation to any claim for **damage** under this **Material Damage Section** that **you** must advise **us** in line with the **policy** Alteration Condition of all changes in tenancy or occupation within the insured **premises**

Day one average

- A) Subject to the Special Conditions below the basis upon which the amount payable in respect of **property insured** for Sums Insured in the **appendix** featuring the suffix "DV" is to be calculated shall be the reinstatement of the **damaged** property and for this purpose 'reinstatement' means
 - 1) the rebuilding or replacement of **property insured damaged** which provided **our** liability is not increased may be carried out

- 1.1) in any manner suitable to **your** requirements
- 1.2) upon another site
- 2) the repair or restoration of **property insured damaged** in either case to a condition equivalent to or substantially the same as but not better or more extensive than its condition when new
- B) **You** have stated in writing the Declared Value for each Item stated in the **appendix** to which this Condition applies and the premium has been calculated accordingly. Declared Value means **your** assessment of the cost of reinstatement of the **property insured** arrived at in accordance with paragraph 1) above at the level of costs applying at the inception of the **period of insurance** (ignoring inflationary factors which may operate subsequently) together with and insofar as the insurance by the Item provides due allowance for
 - 1) the additional cost of reinstatement to comply with public authority requirements
 - 2) professional fees
 - 3) debris removal costs
 - 4) fitted carpets and other furnishings

Special Conditions

- 1) at the inception of each **period of insurance** **you** will notify **us** of the Declared Value of **property insured** stated as (DV) in the **appendix**. In the absence of declaration from **you** **we** will assume the last amount declared by **you** should be taken as the Declared Value for the ensuing **period of insurance**
- 2) if at the time of **damage** the Declared Value of each Item of **property insured** stated as (DV) in the **appendix** is less than the cost of reinstatement as defined in paragraph 2) above at the inception of the **period of insurance** then **our** liability for any **damage** will not exceed that proportion thereof which the Declared Value bears to such cost of reinstatement
- 3) **our** liability for the repair or restoration of **property insured damaged** in part only will not exceed the amount which would have been payable had such **property insured** been wholly destroyed
- 4) no payment beyond the amount which would have been payable in the absence of this Condition will be made
 - 4.1) unless reinstatement commences and proceeds without unreasonable delay
 - 4.2) until the cost of reinstatement shall have been actually incurred
 - 4.3) if the **property insured** at the time of its destruction or **damage** 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 Conditions and Exclusions of this **policy** and or Section apply in respect of any claim payable under the provisions of this Condition except insofar as they are varied hereby
- 6) where by reason of
 - 6.1) any of the above Special Conditions no payment is to be made beyond the amount which would have been payable under this Section if this Condition had not been incorporated therein

or

- 6.2) **you** elect not to rebuild the **property insured** in a condition equal to but not better or more extensive than its condition when new then the provisions of this Condition are cancelled and **our** rights and liabilities and **yours** in respect of the **damage** will be subject to the terms Conditions and Exclusions of this **policy** and or Section including the following Condition of Average

The insurance for each Item of this Section is declared to be subject to Average i.e. if the **property insured** shall at the breaking out of any **damage** insured hereby be collectively of greater value than 115% of the Declared Value stated in the **appendix** then **you** will be considered to be **your** own insurer for the difference and will bear a rateable share of the claim loss amount accordingly

Electrical Inspection

It is a **condition precedent** to **our** liability to indemnify **you** in relation to any claim for **damage** under **Specified perils Fire** of this **Material Damage Section** that **you** undertake

- 1) to complete an inspection and test of the **buildings** electrical installation by a qualified electrician in accordance with IET Regulations for Electrical Installations and a Completion and Inspection Certificate is issued following such inspection and test which will be available to **us** upon request
- 2) to complete all remedial work stated as Priority 1 or 2 on the Completion and Inspection Certificate within 60 days subsequent to the date of the inspection and test
- 3) to provide **us** upon request a copy of each Completion and Inspection Certificate(s)
- 4) a further electrical installation inspection and test within the timescale recommended on the Completion and Inspection Certificate(s)

Fire extinguishment – automatic sprinkler installations

It is a **condition precedent** to **our** liability to indemnify **you** in relation to any claim for **damage** under **Specified perils Fire Lightning and Explosion** of this **Material Damage Section** that **you** in consideration of the discount and or reduced rate granted for the automatic sprinkler installation(s) will

- 1) conduct a test every working day for the purpose of ascertaining the condition of the circuit between the alarm switch and the control unit unless
 - 1.1) this function is continuously monitored
 - 1.2) a ring circuit or one break of wire(s) will not prevent an alarm signal being transmitted
- 2) conduct a test at least once a week for the purpose of ascertaining the condition of
 - 2.1) the connection with the public fire station central fire alarm depot or public fire brigade control unless **you** have with a written undertaking from the public fire brigade that they will carry out this test
 - 2.2) the relevant batteries provided that where the circuit is not continuously monitored test must be made and recorded every working day
 - 2.3) have a contract with approved installing engineers providing for the maintenance of and half-yearly inspection of the installation(s) and obtain from them following each inspection certification that they are in satisfactory working order
 - 2.4) conduct a test every week for the purpose of ascertaining that the alarm bell is in working order and that the stop valves controlling the individual water supplies and the installation(s) are fully open

- 2.5) conduct tests each week for the purpose of ascertaining that the pump(s) can be started both automatically and manually and that in respect of any diesel engine driven pump the battery electrolyte level and density are correct and record the completion of these tests
- 2.6) conduct quarterly or half-yearly tests if required by **us** to do so for the purpose of ascertaining that each water supply is in order and record the particulars of each test
- 2.7) remedy promptly any defect disclosed by such tests or otherwise
- 2.8) notify **us** before any installation is rendered inoperative or immediately in the event of emergency

We shall have access to the premises at all reasonable times for the purpose of inspecting the sprinkler installation(s)

Flat roof

It is a **condition precedent** to **our** liability to indemnify **you** in relation to any claim for **damage** under **Specified perils Storm** of this **Material Damage Section** where any **building** has a flat roof and or flat roof portions and the mineral felt and or covering material has not been replaced within the last 5 years then **you** are required to arrange before August every year an annual inspection of these roof areas by a competent roofing contractor and implement any of their maintenance repair or replacement recommendations

Unoccupied buildings

- 1) **We** must be notified in writing as soon as reasonably practicable by **you** if any **unoccupied building** and or any **unoccupied** portion of a **building** insured by this Section becomes occupied or any occupied **building** or any portion of a **building** insured becomes **unoccupied** and **you** agree to pay an additional premium if required
- 2) Whenever a **building** or any portion of a **building** insured by this Section becomes **unoccupied** the Unoccupied Buildings Condition stated below will apply
- 3) An **excess** of £1000 applies to any **unoccupied building** or any **unoccupied** portions thereof for any **event of damage** after the application of all other terms Conditions and Exclusions of this **policy** and or Section including any Condition of Average
- 4) When a **building** or any portion of a **building** insured by this Section becomes **unoccupied** the insurance provided by this Section immediately alters and **Specified perils** stated in the **appendix** are cancelled and replaced by the **Specified perils Fire Lightning Explosion and Aircraft**
- 5) The Extension Glass breakage is cancelled and of no effect

Unoccupied Buildings Condition

It is a **condition precedent** to **our** liability to indemnify **you** in relation to any claim for **damage** by **Specified perils Fire Lightning Explosion and Aircraft** of this **Material Damage Section** that whenever a **building** or any portion of a **building** insured becomes **unoccupied**

- a) **you** notify **us** as soon as reasonably practicable when **you** become aware
 - i) that the **building** or any portion of a **building** insured becomes **unoccupied**
 - ii) of any destruction or **damage** to the **unoccupied building** and or any **unoccupied** portion of a **building** whether such destruction or **damage** is insured or not and **you** rectify any destruction or

damage as soon as reasonably practicable

- b) **you** complete or arrange on **your** behalf an internal inspection of the **building** or any **unoccupied** portion of a **building** at least once each week and retain a log of the inspection dates findings and remedial action undertaken following inspection
- c) all trade refuse and waste materials are removed from the interior of the **building** or any **unoccupied** portion of a **building** and no refuse and or waste is allowed to accumulate in those areas of the **premises** for which **you** are responsible
- d) waste accumulation from any renovation work is to be kept outside the **premises** in skips at least 5 metres from the **buildings** and such skips are removed at least weekly from the site
- e) **you** secure the **building** or any portion of a **building** insured and put all locking and or protective devices and any fire or intruder alarm protection into effective operation and seal any letterboxes to prevent the accumulation of mail
- f) all electricity gas and or water supplies are turned off at the mains with the exception of electricity needed to maintain any fire or intruder alarm system in operation. Any sprinkler system is to be drained and during the months of October to March inclusive the water system is drained
- g) **you** agree to implement any additional protections **we** may require **you** to complete within the time scale **we** state in an **endorsement** issued in accordance with **policy** Condition Subjectivity

Exclusions additional to the policy Exclusions

We will not indemnify **you** for

- 1) delay loss of market loss of use or subsequent or inevitable loss and or **damage** of any kind unless specifically insured as an Item under this Section
- 2) **damage** to
 - 2.1) any **property** more specifically insured by **you** or on **your** behalf
 - 2.2) electrical appliances and or installations and or electrical apparatus through short circuiting overrunning or excessive pressure
 - 2.3) motor vehicles or their contents more specifically insured
- 3) **damage** caused by
 - 3.1) **pollution or contamination** unless the **pollution or contamination** is itself caused by a **Specified peril** that is insured under this Section
 - 3.2) the accidental or deliberate introduction of a **virus** or other instruction information or code into any electronic equipment
- 4) **damage** in respect of any **property** more specifically insured by **you** or on **your** behalf except as provided under Extension Failure of other insurances
- 5) **damage** which originated prior to the inception date of this insurance Section
- 6) the **excess** amount stated in the **appendix**