



QBE Hongkong & Shanghai Insurance Limited

SME Business Insurance Solution Policy

Policy Wording

QBE HONGKONG & SHANGHAI INSURANCE LIMITED welcomes you as a policy holder and we take this opportunity to recommend that you thoroughly examine this Document which sets out the limitations and benefits of the Insurance. Please store it in a safe place.

Should you have any queries, please contact your Registered Agent/Broker or our QBE office, especially if the Insurance arranged is not completely in accordance with your intentions.

QBE Hongkong & Shanghai Insurance Limited

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“WE WOULD REMIND YOU THAT YOU MUST DISCLOSE TO US, FULLY AND FAITHFULLY, THE FACTS YOU KNOW OR OUGHT TO KNOW, OTHERWISE YOU MAY NOT RECEIVE ANY BENEFITS FROM YOUR POLICY.”

QBE SME BUSINESS INSURANCE SOLUTIONS POLICY

The Insured carries on the Business and has given to QBE Hongkong & Shanghai Insurance Limited (“the Company”) a data questionnaire or, in the case of the Employee Compensation Cover Section, a proposal each of which shall, where applicable, form part of and be the basis of this Policy.

In consideration of the Insured paying the premium the Company agrees, subject to the terms, provisions, exclusions, limits and conditions contained herein or endorsed hereon that if during the Period of Insurance or during any further period in respect of which the Insured shall have paid and the Company shall have accepted the premium required, to indemnify the Insured as described in the respective Cover Sections.

GOVERNING LAW AND JURISDICTION – APPLYING TO ALL COVER SECTIONS

Unless otherwise specified in this Policy or required by applicable law, this Policy shall be governed by and construed in accordance with the laws of the Hong Kong and any dispute arising out of or relating to this Policy shall be determined exclusively by the courts of Hong Kong.

THE FOLLOWING GENERAL DEFINITIONS, GENERAL EXCLUSIONS AND GENERAL CONDITIONS FORM PART OF THIS POLICY AND APPLY TO ALL COVER SECTIONS EXCEPT THE EMPLOYEE COMPENSATION COVER SECTION.

THE EMPLOYEE COMPENSATION COVER SECTION WILL BE AN ENTIRELY SEPARATE POLICY AND WILL BE CONSTRUED ACCORDINGLY.

GENERAL DEFINITIONS

Unless otherwise deleted, replaced or supplemented, the following definitions shall apply to all Cover Sections (except for the Employees Compensation Cover Section).

- 1) **Business** shall mean the business of the Insured as shown in the Schedule.
- 2) **Excess(es)** shall mean the first amount of each claim payable by the Insured as stated in the Schedule. Should more than one Excess apply under this Policy for any claim or series of claims arising from the one original source or cause, such Excesses shall not be aggregated and the highest single level of Excess only shall apply.
- 3) **Period of Insurance** shall mean the period referred to in the Schedule or any further period which has been agreed.
- 4) **Policy** shall mean:
 - This Policy booklet, which shows the Cover Sections available for inclusion in this Policy;
 - The data questionnaire attached to the Policy Schedule;
 - The most current Schedule including any clauses and appendices attaching;
 - Any Endorsement that the Company issued or agreed to issue; and
 - Any other written change advised by the Company that varies or modifies the above documents.
- 5) **Schedule** shall mean the document issued by the Company attaching to and forming part of this Policy, specifying the party or parties insured, the Cover Sections granted and details of Limits of Liability, Sub-limits and Excess(es) applicable. Schedule includes the initial and any subsequent Schedule(s) issued by the Company noting changes or variations to the Policy and renewal.
- 6) **Time Excess** shall mean the amount of indemnity in respect of the insured damage during a prescribed time span which would otherwise be recoverable. The Time Excess will be applied to each and every Cover Section or sub-sections separately.
- 7) **Words and Gender** words importing persons shall include corporations and other legal entities. The singular includes references to the plural and vice versa and any gender Includes references to all other genders.

GENERAL EXCLUSIONS

Unless otherwise deleted, replaced, supplemented or indicated, the following exclusions shall apply to all Cover Sections, except the Employee Compensation Cover Section.

1) **Alteration of Risks**

This Policy does not cover loss, damage, injury or liability arising from any alteration in the trade or process carried on at the premises or in the nature of the occupation or other circumstances affecting the insured property in such way as to increase the risk of loss or damage unless the Company has first been notified of any such alteration and the Insured has agreed to pay any additional premium as may be required by the Company.

2) Cyber Exclusion

Where included in this policy, the Property All Risks and/or Business Interruption and/or Money and/or Fidelity Guarantee sections of this policy will be subject to the following exclusion.

This Policy excludes any loss, damage, liability, claim, cost or expense directly or indirectly caused by, contributed to by, resulting from, arising out of or in connection with any Cyber Incident.

However, this Policy will provide cover for physical loss or damage, to the property insured not otherwise excluded happening at the Risk location, including business interruption resulting therefrom, directly occasioned by a Cyber Incident. Nevertheless, any loss, damage, destruction, distortion, erasure, corruption or alteration of Electronic Data directly occasioned by the Cyber Incident shall not be recoverable hereunder, nor be considered as physical loss or damage for the purposes of this exclusion clause.

Notwithstanding the foregoing, in the event that hardware or Electronic Data storage device of a Computer System insured by this Policy, sustains physical damage by an insured peril directly occasioned by a Cyber Incident, which results in damage to or loss of Electronic Data stored on that hardware or Electronic Data storage device, then the damage to or loss of such Electronic Data shall be recoverable hereunder and the basis of valuation for the recovery of the damaged or lost Electronic Data shall be the costs of copying the Electronic Data from back-up's or from originals of the previous generation and the cost of the blank media. Such costs shall not include all reasonable and necessary expenses incurred in recreating, gathering or assembling such Electronic Data, and does not include the value of the Electronic Data to You or any other party even if such Electronic Data cannot be recreated, gathered or assembled.

Definitions

2.1 "Cyber Incident" shall include:

- 2.1.1 unauthorised or malicious acts regardless of time and place, or the threat or hoax thereof;
- 2.1.2 Malware or Similar Mechanism;
- 2.1.3 programming or operator error whether by the insured or any other person or persons;
- 2.1.4 any unintentional or unplanned – wholly or partially – outage of the insured's Computer System not directly caused by physical loss or damage;

affecting access to, processing of, use of or operation of any Computer System or any Electronic Data by any person or group(s) of persons or other computer system or machine

2.2 "Computer System" means any computer, hardware, information technology and communications system or electronic device, including any similar system or any configuration of the aforementioned and including any associated input, output or Electronic Data storage device, networking equipment or back up facility.

2.3 "Electronic Data" means facts, concepts and information converted to a form useable for communications, interpretation or processing by electronic and electromechanical data processing or electronically controlled equipment and includes programmes, software and other coded instructions for the processing and manipulation of data or the direction and manipulation of such equipment.

2.4 "Malware or Similar Mechanism" means any programme code, programming instruction or other set of instructions intentionally constructed with the ability to damage, interfere with or otherwise adversely affect computer programmes, data files or operations (whether involving self-replication or not), including but not limited to "Virus", "Trojan Horses", "Worms", "Logic Bombs" or "Denial of Service Attack".

3) Nuclear Damage

This Policy does not cover loss, damage, injury or liability caused directly or indirectly by, related to or in consequence of:

- 3.1 Ionising radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel; the radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof; any weapon or device employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter.
- 3.2 The radioactive, toxic, explosive or other hazardous or contaminating properties of any radioactive matter. This exclusion does not extend to radioactive isotopes, other than nuclear fuel or nuclear waste, when such isotopes are on the property insured and are being prepared, stored or used in the normal course of operations by the Insured for the commercial, agricultural, medical, scientific or other similar peaceful purposes for which they were intended.

4) Other Property Damage

Under any of the following circumstances the Policy ceases to attach as regards the property affected unless the Insured, before the occurrence of any loss or damage, obtains the approval of the Company, signified by endorsement upon this Policy:

- 4.1 If the building/insured property becomes unoccupied and remains so for a continuous period of more than 30 days;
- 4.2 If the interest in the insured property passes from the Insured otherwise than by will or operation of law.

5) Sanctions Exclusion

The Company shall not provide cover under this Policy nor be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose the Company or any member of the Company's group to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of any country including but not limited to the European Union, United Kingdom, United States of America, and/or Australian and local autonomous sanctions

6) Terrorism

This Policy does not cover loss, damage, death, injury, illness, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any act of terrorism regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

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

This Policy also does not cover loss, damage, death, injury, illness, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to any act of terrorism.

7) War & Confiscation

This Policy does not cover loss, damage, injury or liability caused directly or indirectly by, related to or in consequence of:

7.1 War, invasion, acts of foreign enemies, hostilities or warlike operations (whether war be declared or not), civil war, mutiny, civil commotion assuming the proportions of or amounting to a popular rising, military rising, insurrection, rebellion, revolution or usurped power;

7.2 Permanent or temporary dispossession resulting from confiscation, nationalisation, commandeering or requisition by any lawfully constituted authority; permanent or temporary dispossession of any building resulting from the unlawful occupation of such building by any person.

8) Communicable Disease Exclusion

Where included in this policy, the Property All Risks and/or Business Interruption and/or Money sections of this policy will be subject to the following exclusion.

8.1 This Policy excludes any loss, damage liability claim or expense of whatsoever, directly or indirectly caused by, contributed to by, resulting from, arising out of, or in connection with a Communicable Disease or the fear or threat (whether actual or perceived) of a Communicable Disease regardless of any other cause or event contributing concurrently or in any other sequence thereto.

8.2 Subject to the other terms, conditions and exclusions contained in this reinsurance agreement, this reinsurance agreement will cover physical damage to property insured under the original policies and any Time Element Loss directly resulting therefrom where such physical damage is directly caused by or

arising from any of the following perils: fire, lightning, explosion, aircraft or vehicle impact, falling objects, windstorm, rainstorm, hail, tornado, cyclone, typhoon, hurricane, earthquake, seaquake, seismic and/or volcanic disturbance/eruption, tsunami, flood, freeze, ice storm, weight of snow or ice, avalanche, meteor/asteroid impact, landslip, landslide, mudslide, bush fire, forest fire, riot, riot attending a strike, civil commotion, vandalism and malicious mischief.

Definitions

8.3 Communicable Disease means any disease which can be transmitted by means of any substance or agent from any organism to another organism where:

8.3.1 the substance or agent includes, but is not limited to, a virus, bacterium, parasite or other organism or any variation thereof, whether deemed living or not, and

8.3.2 the method of transmission, whether direct or indirect, includes but is not limited to, airborne transmission, bodily fluid transmission, transmission from or to any surface or object, solid, liquid or gas or between organisms, and

8.3.3 the disease, substance or agent can cause or threaten damage to human health or human welfare or can cause or threaten damage to, deterioration of, loss of value of, marketability of or loss of use of property.

8.4 Time Element Loss means business interruption, contingent business interruption or any other consequential losses.

GENERAL CONDITIONS

Unless otherwise deleted, replaced or supplemented, the following conditions shall apply to all Cover Sections, except the Employee Compensation Cover Section.

1) Adjustment of Premium

If the premium for this Policy or any part thereof shall have been calculated on estimates furnished by the Insured, the Insured shall within thirty (30) days after the expiry of the Period of Insurance furnish the Company such matters, particulars and information relevant to the Policy as the Company may reasonably require. The premium for the Period of Insurance shall thereupon be adjusted and any difference paid by or allowed to the Insured as the case may be.

The Insured will keep a record of all matters, particulars and information requested by the Company and must on reasonable notice, allow the Company or its nominee to inspect and make copies of such records.

2) Assignment of Policy

This Policy is not assignable and the Company shall not be affected by notice of any trust, charge, lien, assignment or other dealing with this Policy.

3) Cancellation of Policy

The Company may cancel this Policy by giving thirty (30) days' written notice by registered letter to the Insured at the Insured's last known address and in such event the Company will return to the Insured the premium paid less the pro-rated premium payable for the period during which the Policy had been in force.

This Policy may be cancelled at any time by the Insured giving seven (7) days written notice to the Company that the Insured requests cancellation of the Policy and, if so cancelled, provided no claim has arisen during the period which this Policy has been in force, the Insured shall be entitled to a return premium based on the following Short Term Rate Table and also subject to any adjustment of premium required by the terms or conditions of this Policy.

SHORT TERM RATE TABLE

TIME ON RISK	PREMIUM REFUND
Up to 1 month	90% of Annual Premium
Up to 2 months	80% of Annual Premium
Up to 3 months	70% of Annual Premium
Up to 4 months	60% of Annual Premium
Up to 5 months	50% of Annual Premium
Up to 6 months	40% of Annual Premium
Up to 7 months	30% of Annual Premium
Up to 8 months	20% of Annual Premium
Up to 9 months	10% of Annual Premium
Exceeding 9 months	No Refund

When the premium is subject to adjustment, cancellation will not affect the obligation of the Insured to supply to the Company such information as is necessary to permit the premium adjustment to be calculated and to pay the amount of the adjustment applicable up to the date of cancellation.

Where "Insured" involves more than one person, the Company will only cancel this Policy at the request of the "Insured" when a written request to cancel this Policy is received from all persons named as the "Insured".

4) Claims Procedure

4.1 On the happening of any accident, loss or damage the Insured shall forthwith give notice thereof to the Company, and shall within thirty (30) days after the accident, loss or damage, or such further time as the Company may allow in writing, deliver to the Company:

4.1.1 A claim in writing for the accident, loss or damage containing as particulars an account, as may be reasonably practicable, of all injuries and/or the several articles or items of property damaged or destroyed and the amount of the loss or damage thereto respectively, having regard to their value at the time of the loss or damage, not including profit of any kind.

4.1.2 Particulars of all other insurances, if any.

The Insured shall also, at all times at the Insured's expense produce and give to the Company all such further particulars, plans, specifications, books,

vouchers, invoices, duplicates or copies thereof, documents, proofs and information with respect to the claim and the origin and cause of the event/circumstances under which the accident, loss or damage occurred, and any matter touching the liability or the amount of the liability of the Company as may be reasonably required by or on behalf of the Company together with a declaration on oath or in other legal form of the truth of the claim and of any matters connected therewith.

4.2 The Insured must not:

4.2.1 Admit liability, make an admission, offer, promise or payment if an incident occurs which is likely to result in someone claiming against the Insured;

4.2.2 Make any admission of guilt or promise or offer of payment in connection with any such claim unless the Company first agrees in writing. This applies to the Insured or any other person making a claim under this Policy;

4.2.3 Negotiate, admit, repudiate or pay any claim by any person.

4.3 The Insured must:

4.3.1 Take all reasonable precautions to prevent further loss or damage;

4.3.2 Endeavour to preserve all property, products, appliances and plant and all other things which may assist in the investigation or defence of a claim or in the exercise of right of subrogation, and as may be reasonably practicable, the Insured must not without the consent of the Company carry out any alteration or repair until the Company has had an opportunity to inspect.

4.4 The Company shall be entitled to prosecute in the name of the Insured at its own expense and for its own benefit any claim for indemnity or damages or otherwise.

4.5 The Company shall have full discretion in the conduct of any legal proceedings and in the settlement in connection with any claim and the Insured shall give all information and assistance as the Company may require. This may include giving evidence in any legal proceedings.

5) Condition Precedent to Policy

If this Policy is the first of such insurance(s) of the same or similar nature granted to the Insured by the Company and the risk insured by this Policy has not previously been insured by the Company then the validity of this Policy is subject to the condition precedent that:

5.1 For the risk insured, the Insured has not had any other policy insuring that risk terminated in the twelve (12) months immediately preceding the inception of this Policy due solely or in part to a breach of any premium payment condition; or

5.2 If the Insured has declared that the Insured has breached any premium payment condition in respect of another policy taken out with another insurer in the twelve (12) months immediately preceding the inception of this Policy:

5.2.1 The Insured has fully paid all outstanding premium for time on risk calculated by the other insurer based on the customary short period rate in respect of that other policy; and

5.2.2 A copy of the written confirmation from the other insurer to this effect is first provided by the Insured to the Company before cover under this Policy incept.

6) Conditions Precedent to Liability

6.1 In so far as it is not prohibited by any applicable law the Insured shall at all times observe, comply and fulfill the terms of this Policy.

6.2 The truth of the statements and answers in the data questionnaire shall be the basis of this Policy.

6.3 Every notice or communication to be given or made under this Policy shall be delivered in writing to the Company.

7) Contribution

If at any time of any accident, loss or damage happening to any interest insured, there be any other subsisting insurance or insurances, whether effected by the Insured or by any other person or persons, covering the same interest insured, the Company shall not be liable to pay or contribute more than a rateable proportion of such legal liability, loss or damage covered by this Policy.

For Liability Cover Sections, the Company shall only be liable under this Policy for the excess beyond any amount insured by such other insurance in respect of that liability, whether or not such insurance is valid or collectible.

8) Company's Liability

In no case whatever shall the Company be liable for any accident, loss or damage after the expiration of twelve months from the happening of the accident, loss or damage unless the claim is then the subject of pending mediation, arbitration or other action. All benefit under this Policy shall be forfeited if any claim is made and rejected and an action or suit is not commenced within 3 months after such rejection or (in the case of an arbitration taking place pursuant to General Condition 14 of this Policy) within 3 months after the arbitrator or umpire has made an award.

9) Disclosure

9.1 Duty of Disclosure

Before entering into this Policy, the Insured has a duty to disclose to the Company every matter known to the insured, or which the Insured could reasonably be expected to know, that is relevant to the Company's decision to accept the risk and issue this Policy and if so, on what terms.

The Insured has the same duty to disclose those matters to the Company before each renewal, extension, endorsement or reinstatement of this Policy.

9.2 Non-Disclosure

If the Insured fails to comply with the duty of disclosure the Company will be entitled to avoid this Policy from inception.

10) Excess

This Policy does not cover the amounts of the Excess(es) in respect of each and every claim as ascertained after the application of all other terms and conditions of the Policy including any conditions of average/underinsurance. The Excess(es) apply to all amounts payable under this Policy.

11) Fraudulent Claims

If the claim be in any respect fraudulent, or if any false declaration be made or used to support thereof, or if any fraudulent means or devices are used by the Insured or any one acting on the Insured's behalf to obtain any benefit under this Policy or if the loss or damage be occasioned by the willful act, or with the connivance of the Insured, the Company will be entitled to avoid this Policy from inception.

12) Interpretation

This Policy and the Schedule (which forms an integral part of this Policy) shall be read together as one contract and words and expressions to which specific meanings have been attached shall bear such specific meanings wherever they may appear.

Headings are included for guidance and identification only and do not form part of this Policy.

Nothing in this Policy is to be interpreted against the Company solely on the ground that the Company put forward this Policy or any part of it.

13) Inspection of Property

13.1 The Company will be permitted but not obligated to inspect the Insured's property and operations at any time.

13.2 Neither the Company's right to inspect nor its failure to inspect, nor the making of any inspection nor any report of an inspection may be used by the Insured or others in any action or proceeding involving the Company.

13.3 The Company may examine and audit the Insured's books and records at any time during the Period of Insurance and within three years thereafter but that examination and audit will be restricted to matters which in the opinion of the Company are relevant to the Policy.

14) Mediation & Arbitration

All disputes arising out of this Policy shall be submitted and referred to mediation at Hong Kong International Arbitration Center (HKIAC) in accordance with the mediation procedure for the time being in force.

The parties agree to take part in the mediation in good faith and undertake to honour the terms of any settlement reached. If the mediation is abandoned by the mediator or is otherwise concluded without the dispute or difference being resolved, then such dispute or difference shall be referred to and determined by arbitration before any legal action may be taken against the Company. Arbitration shall be conducted in accordance with the Domestic Arbitration Rules of HKIAC.

If the Company shall disclaim liability to the Insured for any claim hereunder and such claim has not within twelve calendar months from the date of such disclaimer been referred to mediation and/or arbitration, then the claim shall for all purposes be deemed to have been abandoned and shall not thereafter be recoverable hereunder

15) Misdescription

If there be any material misdescription of the Business or premises to which this Policy refers or any misdescription as to any fact material to be known for estimating the risk or any omission to state such fact, the Company will be entitled to avoid this Policy from inception.

16) Notices

Notice in writing shall be given as soon as possible to the Company of:

16.1 Every occurrence, event, claim, demand, writ, summons, proceedings, impending prosecution, inquest and all information in relation thereto which may result in a claim under this Policy, whether or not the Insured believes any claim amount might fall below any Excess.

16.2 Every change materially varying any of the facts or circumstances existing at the commencement of this Policy that shall come to the knowledge of the Insured. The Company may at its discretion, for what it considers to be an increase of risk:

- 16.2.1 charge additional premium;
- 16.2.2 amend or impose additional terms or conditions
- 16.2.3 cancel this Policy.

16.3 Any notice given in writing by the Company:

- 16.3.1 To the first named Insured in the Schedule shall be deemed to be notice given to all of the parties comprising the Insured;
- 16.3.2 Shall be effective immediately on receipt by the first named Insured of a personal delivery or electronic communication sent from the Company or in the case of notices by post, three business days after having been posted by the Company to the Insured's last address known to the Company.

17) Precautions

The Insured shall take all reasonable precautions to avoid and minimise injury, loss or damage and to comply with all applicable laws for the safety of persons or property.

18) Premium Payment Warranty

18.1 Notwithstanding anything herein contained but subject to clause b) hereof, the Insured warrants that if the Period of Insurance is sixty (60) days or more, any premium due must be paid and actually received in full by the Company (or the intermediary through whom this Policy was effected) within sixty (60) days of the:

18.1.1 Inception date of the coverage under this Policy, renewal certificate or cover note; or

18.1.2 Effective date of each endorsement, if any, issued under this Policy, renewal certificate or cover note.

18.2 In the event that any premium due is not paid and actually received in full by the Company (or the intermediary through whom this Policy was effected) within the sixty (60) day period referred to above, then:

18.2.2 The cover under this Policy, renewal certificate, cover note or endorsement is automatically terminated immediately after the expiry of the said sixty (60) day period;

18.2.3 The automatic termination of the cover shall be without prejudice to any liability incurred within the said sixty (60) day period; and

18.3 If the Period of Insurance is less than sixty (60) days, any premium due must be paid and actually received in full by the Company (or the intermediary through whom this Policy was effected) within the Period of Insurance.

19) Subrogation

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

20) Reasonable Care and Reducing Risk

You must take reasonable steps to ensure that you:

- 20.1 maintain buildings, structures, fixtures, fittings, furnishings, appliances, fire protection systems, vehicles, machinery, implements and plant in sound condition to minimise or avoid theft, loss or damage;
- 20.2 ensure that only competent employees are employed by you;
- 20.3 avoid or minimise loss of or damage to property or injury to other people;
- 20.4 comply, within a reasonable time, with any reasonable request made by the Company;
- 20.5 obtain certificates of inspection for all equipment required by any statute or regulations to be certified; and
- 20.6 comply, at your expense, with all our recommendations to prevent or minimise theft, loss or damage.

PERSONAL INFORMATION COLLECTION STATEMENT

In relation to the personal data collected by QBE Hongkong & Shanghai Insurance Limited ("QBE HK"), I/we agree and acknowledge that:

- a) the personal data requested is necessary for QBE HK to process your application for insurance or claim and any such data not provided may mean this application or claim cannot be processed.
- b) the personal data collected in this form may be used by QBE HK for the purposes stated in its Privacy Policy found at qbe.com/hk. These include underwriting and administering the insurance policy being applied for (including obtaining reinsurance, underwriting renewals, claim processing, investigation, payment and subrogation and any related purposes)
- c) QBE HK may transfer the personal data to the following classes of persons (whether based in Hong Kong or overseas) for the purposes identified in (b) above:
 - i) third parties providing services related to the administration of my/our policy (including reinsurance);
 - ii) financial institutions for the purpose of processing this application and obtaining policy payments;
 - iii) in the event of a claim, loss adjustors, assessors, third party administrators, emergency providers, legal services providers, retailers, medical providers and travel carriers;
 - iv) another member of the QBE group (for all of the purposes stated in (b)) in any country; or
 - v) other parties referred to in QBE's Privacy Policy for the purposes stated therein
- d) I/we may gain access to, or request correction of my/our personal data (in both cases, subject to a reasonable fee), via email or post at:

QBE Hongkong & Shanghai Insurance Limited
Address: 33/F, Oxford House, Taikoo Place,
979 King's Road, Quarry Bay, Hong Kong
Email: info.hk@qbe.com.hk
- e) That where I/we are providing personal data on behalf of another person to QBE HK, I/we have obtained consent from the other person who have agreed that their personal data will be released to QBE HK in accordance with paragraphs (a), (b) and (c) above.
- f) That in the event of differences between the English and Chinese, the English version shall prevail.

個人資料收集聲明

關於昆士蘭聯保保險有限公司（“昆士蘭保險香港”）收集之個人資料，本人/我等同意並承認：

- a) 索取之個人資料對於昆士蘭保險香港處理本人/我等之保險或索償申請乃屬於必需。若未提供此類資料，可能導致無法處理此項申請或索償。
- b) 昆士蘭保險香港可以將此表格所收集的個人資料用於其網頁 qbe.com/hk 所載私隱政策當中表明之目的，其中包括承保和管理本人/我等正在申請之保險（包括獲得再保險、承保續期、理賠、調查、付款、代位索償以及各種相關目的）。
- c) 昆士蘭保險香港可為以上 (b) 項指明之目的，將個人資料轉交以下無論是在香港還是在海外之各類人士：
 - i. 提供與本人/我等的保險（包括再保險）之管理有關的服務的第三方；
 - ii. 為處理此項申請並獲得保單付款，將個人資料轉交金融機構；
 - iii. 在發生索償時，將個人資料轉交有關的損失理算師、評估師、第三方管理人員、緊急服務提供者、法律服務提供者、零售商、醫療服務提供者和旅行社；
 - iv. 昆士蘭保險集團不論位於任何國家或地區的另一成員（為以上 (b) 項所述各種目的而提供該個人資料）；
 - v. 為昆士蘭保險私隱政策所指的各種目的，將個人資料提供予該私隱政策提及的其他人士。
- d) 本人/我等可以查閱或要求更正自己的個人資料（在這兩種情況下均需支付一筆合理費用）。提出有關要求，可經電郵或郵遞方式向以下地址發信：

昆士蘭聯保保險有限公司
地址：香港鰂魚涌英皇道979號太古坊濠豐大廈33樓
電郵：info.hk@qbe.com.hk
- e) 若本人/我等乃代表另一人士向昆士蘭保險香港提供個人資料，本人/我等已徵得該人士表示同意根據以上 (a)、(b)、(c) 款將其個人資料發放給昆士蘭保險香港。
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January 2021

QBE SME BUSINESS INSURANCE SOLUTION POLICY PROPERTY ALL RISKS

THE COVER

In the event of any Damage, (hereinafter referred to as 'damage' with 'damaged' having a corresponding meaning) not otherwise excluded, happening at the Insured Location to the Property Insured described in this Cover Section, the Company will, subject to the provisions of the Policy including the limitation of the Company's liability, indemnify The Insured in accordance with the applicable Basis of Settlement, subject to:

- a) The Sum Insured not exceeding HK\$10,000,000 (Sub-Limit) for Burglary;
- b) The Sum Insured not exceeding HK\$200,000 (Sub-Limit) for Plate Glass;
- c) Any other Sub-Limit(s) and Sub-Limit(s) of Liability referred to in the Schedule.

The Company may, at its option, reimburse The Insured for the cost of carrying out work or obtaining any item or items in accordance with the Basis of Settlement Clause, or may arrange for that work to be carried out or for the purchase of the item or items.

The Company shall not be bound to replace, repair or rebuild exactly or completely, but only as circumstances permit and in reasonably sufficient manner and shall not in any case be bound to expend more than the applicable Limit or Sub-Limit of Liability.

SPECIFIC DEFINITIONS

The following specific definitions shall apply to this Cover Section (but not to any other Cover Section) in lieu of any corresponding definition in the General Definitions or the specific definitions in any other Cover Section. If any of these specific definitions is at variance or inconsistent with any definition in the General Definitions these specific definitions shall prevail to the extent of such variance or inconsistency.

Accidental Damage shall mean subject to the exclusions contained herein, physical loss, destruction or damage other than that caused by fire, smoke, explosion, earthquake, subterranean fire, volcanic eruption, thunderbolt, lightning, impact by vehicles or animals, impact by aircraft or other aerial devices, the acts of persons taking part in riots or strikes, acts of malicious intent, storm and/or tempest, rainwater, hail, flood, water, theft, burglary or sprinkler leakage.

Building shall mean

The building or buildings belonging to The Insured or for which The Insured is responsible or has assumed responsibility to Insured prior to the occurrence of any damage, and all such property in which The Insured may acquire an insurable interest during the Period of Insurance located at the Insured Location shown in the Policy Schedule.

Burglary shall mean

- a) Theft consequent upon actual forcible and violent entry upon the premises where Insured property is located, or any attempt thereat;

- b) Theft, or any attempt thereat, by a person feloniously concealed on the said premises.

Contents shall mean all personal property of The Insured or for which The Insured is responsible including but not limited to stocks, sample stocks, consumable stores, furniture, furnishings, fixtures, fittings, utensils, deeds, documents, printed books, unused stationery, machinery and equipment including computers, decorations or improvements installed by The Insured (including landlord's fixtures and fittings for which The Insured is responsible), tenants improvements, sanitary ware, fixed glass and mirrors.

Damage (with Damaged having a corresponding meaning) shall mean direct physical loss, damage or destruction to the Property Insured specified in this Policy.

Debris shall mean the residue of Damaged Property Insured excluding any material which is itself a pollutant or contaminant and which is deposited beyond the boundaries of the risk Location.

Declared Values shall mean the values of Property Insured (other than Money) at each Location declared by The Insured and calculated as applicable in accordance with the Basis of Settlement Clauses. The Insured shall complete a statement of Declared Values as at the commencement of the Period of Insurance and as at the end of the Period of Insurance. The values declared as at the end of the Period of Insurance shall include the value of any Property Insured acquired after the commencement of the Period of Insurance.

Flood shall mean inundation of usually dry land by water escaping or released from the normal confines of any natural watercourse or lake (whether or not altered or modified) or any reservoir, canal or dam.

Full Theft shall mean theft not consequent upon actual forcible and violent entry upon the premises where Insured property is located, or any attempt thereat.

Indemnity Value shall mean the necessary cost to replace, repair or rebuild the Property Insured to a condition substantially the same but not better or more extensive than its condition at the time that the Damage occurred and taking into consideration age, condition and remaining useful life.

Location shall mean Insured Location or Insured Locations stated in the Schedule.

Plate Glass shall mean Fixed glass (including cost of boarding up necessarily incurred) being part of the premises or forming part of the fixtures within the premises.

Pollution or Contamination shall mean the discharge, dispersal, release or escape of smoke or soot from industrial operations (other than sudden and unforeseen damage resulting from either of these), vapours, fumes, acids, alkalis, chemicals, liquids or gases, waste materials or other irritants, contaminants or pollutants into or upon any property, land, atmosphere or any water course or body of water (including ground water).

Property Insured shall mean all Buildings, Contents, Plant and Machinery and Stock of every kind and description (except as hereinafter excluded) belonging to The Insured or for which The Insured is responsible or has assumed responsibility to insure prior to the occurrence of any damage, including all such property in which The Insured may acquire an insurable interest during the Period of Insurance.

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

The Sum Insured shall mean the maximum amount payable by the Company for any one loss or series of losses suffered by The Insured arising out of any one original source or cause at any one Location, subject to any Sub-Limits and the application of any Excess. The Sum Insured and Sub-Limits of Liability are as set out in the Schedule. If more than one Sum Insured or Sub-Limit applies, the greater amount shall be payable.

Each Sub-Limit shall not increase the liability of the Company beyond the Sum Insured. The Excess shall apply to the Sum Insured(s) and Sub-Limits(s) in accordance with the Schedule but the Sum Insured(s) and Sub-Limit(s) shall only be applied in excess of the relevant Excess.

BASIS OF SETTLEMENT

- a) On Buildings, Machinery, Plant and all other Property and Contents (other than those specified below); the cost of Reinstatement, Replacement or Repair in accordance with the provisions of the Reinstatement and Replacement and Extra Cost of Reinstatement Memoranda set out herein.

Provided that if The Insured elects to claim the indemnity value of any damaged property, the Company will pay to The Insured the value of such property at the time of the happening of the damage or at its option reinstate, replace or repair such property or any part thereof. In any event the Company will pay costs incurred by The Insured in accordance with the provisions of the Extra Cost of Reinstatement Memorandum.

- b) On raw materials, supplies and other merchandise not manufactured by The Insured; the replacement cost at the time and the place of replacement or, if such property is not replaced, the value thereof at the time and place of the damage.
- c) On Material in Process of Manufacture; the replacement value of the raw materials and the value of labour and other overhead charges expended thereon at the time and the place of the damage.
- d) On Finished Goods; the replacement value of the raw materials and the value of labour and other overhead charges expended thereon before any allowance for profit or the cost of re-stocking such goods, whichever is the lesser.
- e) On computer systems records, documents, manuscripts, securities, deeds, specifications, plans, drawings, designs, business books and other records of every description;

the cost of reinstating, replacing, reproducing or restoring same, including information contained therein or thereon but excluding the value to The Insured of the said information; or, if such is not required, the replacement cost of materials as blank stationery at the time and place of damage.

- f) On patterns, models, moulds, dies or lasts; the cost of repair or replacement (if actually replaced) otherwise the indemnity value to The Insured of such property.
- g) On glass; the cost of repairing or replacing the broken glass including the cost of temporary shuttering and hiring of security services pending replacement of the broken glass, the cost of sign writing or ornamentation on the glass, the replacement cost of burglar alarm tapes on the glass, the removing and refixing of window and showcase frames and fittings and heat reflecting material or process on the glass provided the word 'broken' shall not include any disfiguration or damage other than fracture extending through the entire thickness of the glass.
- h) On personal property belonging to directors, council members, students, voluntary workers, visitors and employees, and in the case of the property of welfare, sport and social clubs; the current replacement cost at the time of replacement subject to due allowance for wear and tear, depreciation and betterment.
- i) On empty premises awaiting demolition; the salvage value of the building materials and/or landlords fixtures and fittings.

REINSTATEMENT AND REPLACEMENT

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

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

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

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

Provisions

- i) The work of rebuilding, replacing, repairing or restoring, as the case may be (which may be carried out upon any other site(s) and in any manner suitable to the requirements of The Insured, but subject to the liability of the Company not being thereby increased), must be commenced and carried out with reasonable dispatch, failing which the Company shall not be liable to make any payment greater than the indemnity value of the damaged property at the time of the happening of the damage.

ii) When any Property Insured to which this Memorandum applies is damaged in part only, the liability of the Company shall not exceed the sum representing the cost which the Company could have been called upon to pay for reinstatement if such property had been wholly destroyed.

iii) Property Insured under this memorandum is separately subject to the following Coinsurance clause:

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

Provided the above Clause shall not apply if the amount of the damage does not exceed five (5) percent of the amount of The Insured's declaration aforementioned.

iv) No payment beyond the amount which would have been payable under the Policy if this Memorandum had not been incorporated herein shall be made until a sum equal to the cost of reinstatement shall have been actually incurred; provided that where The Insured reinstates or replaces any lost or destroyed property at a cost which is less than the cost of reinstatement (as defined) but greater than the value of such property at the time of the happening of its loss or destruction, then the cost so incurred shall be deemed to be the cost of reinstatement.

v) All other Property All Risks and/or Fire and Named Perils insurances covering the property affected by or on behalf of The Insured shall be on a similar reinstatement basis.

EXTRA COST OF REINSTATEMENT

(Public Authorities cover)

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

This Policy extends to include the extra cost of reinstatement (including demolition or dismantling) of the damaged property necessarily incurred to comply with the requirements of any applicable law; subject to the following Provisions and subject also to the terms, Conditions and Limit(s) or Sub-Limit(s) of Liability of the Policy.

Provisions

i) The work of reinstatement (which may be carried out wholly or partially upon any other site(s), if the requirements of the aforesaid applicable law so necessitate, subject to the liability of the Company not being thereby increased, must be commenced and carried out with reasonable dispatch, failing which the Company shall not be liable to make any payment beyond the amount which would have been payable under this Policy if this memorandum had not been incorporated herein.

ii) The amount recoverable shall not include the additional cost incurred in complying with any such applicable law or requirement with which The Insured had been required to comply prior to the happening of the damage.

iii) Coinsurance shall not be applied to the amount recoverable under this memorandum and any amount specified shall not be taken into account for coinsurance purposes in terms set out in any clause contained in the Policy.

iv) All other Property All Risks and/or Fire and Named Perils insurances covering the property effected by or on behalf of The Insured shall be on a similar basis.

v) If the cost of reinstatement of the damaged Property Insured is less than fifty percent (50%) of that which would have been the cost of reinstatement if such property had been destroyed, the amount recoverable shall be limited to:

a) The extra cost necessarily incurred in reinstating only that portion damaged; or

b) Whilst applying to such Property Insured, the Sub-Limit of HK\$1,000,000

whichever is the greater.

OUTPUT REPLACEMENT

Where any Property Insured consists of equipment, machinery or plant having a measurable function, capability or output and if, by reason of the application of the Basis of Settlement Clause it is necessary to replace such property with a new item or items which perform a similar function or functions, then the Basis of Settlement for such property shall be as follows:

i) Where any property is to be replaced by an item or items which have the same or a lesser total function capability or output, then the Basis of Settlement is the new installed cost of such replacement item or items as would give the same total function, capability or output as the property.

ii) Where any property is to be replaced by an item or items which have a greater total function, capability or output and the new installed cost of such replacement property is no greater than the replacement value of that property, then the Basis of Settlement is the new installed cost of the item or items so replaced.

- iii) Where any property is to be replaced by an item or items which have a greater total function, capability or output and the new installed cost of such replacement property is greater than the replacement value of the property, then the Basis of Settlement is the lesser of the REINSTATEMENT VALUE or that proportion of the new installed cost of the replacement item or items which the output of the property Damaged bears to the output of the replacement item or items.

FLOOR SPACE RATIO INDEX (PLOT RATIO)

Subject to the terms, Conditions and Limit(s) or Sub-Limit(s) of Liability of this Policy, in the event of the building(s) being damaged so as to constitute total loss or constructive total loss and, as a result of the exercise of statutory powers and/or authority by any Government Departments, Local Government or any other Statutory Authorities reinstatement of such building(s) as before is prohibited and reinstatement is only permissible subject to a reduced floor space ratio index.

The Company agrees to pay in addition to any amount payable on reinstatement of such building(s) the difference between:

- a) The actual cost of reinstatement incurred in accordance with the reduced floor space ratio index, and
- b) The cost of reinstatement which would have been incurred had a reduced floor space ratio index not been applicable.

In arriving at the amount payable under a) and b) above any payments made by the Company shall include the extra cost of reinstatement, including demolition or dismantling of The Insured property, necessarily incurred to comply with the requirements of any applicable law.

Any payment made for the difference between a) and b) above shall be made as soon as the said difference is ascertained upon completion of the rebuilding works and certified by the architect acting on behalf of The Insured in the reinstatement of the building(s).

SPECIFIC EXCLUSIONS

The following specific exclusions shall apply to this Cover Section (but not to any other Cover Section) in lieu of any corresponding exclusion in the General Exclusions or the specific exclusions in any other Cover Section. If any of these specific exclusions is at variance or inconsistent with any exclusion in the General Exclusions these specific exclusions shall prevail to the extent of such variance or inconsistency.

Property Exclusions

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

- 1) Property whilst in transit other than during the incidental movement of such property within a Location occupied by The Insured. This exclusion shall not apply during temporary removal of property (other than stock and/or merchandise) and unregistered motor vehicles to any location in Hong Kong but, whilst such property is in transit, cover is limited to physical loss, destruction or damage caused by fire, lightning, explosion, earthquake, aircraft, riot, strikes, malicious damage and storm and/or tempest.
- 2) Money.

- 3) Jewellery, furs, bullion, precious metals or stones other than as stock and/or merchandise of the Business.
- 4) Locomotives, rolling stock, watercraft or aircraft except as follows:
 - a) Any locomotive or rolling stock other than as stock or merchandise of the Business
 - b) watercraft other than as stock or merchandise of the Business; provided always that no cover shall apply hereunder whilst any watercraft is on water.
 - c) aircraft as stock or merchandise of the Business; provided always that no cover shall apply hereunder during taxiing, take-off, flight or landing.
- 5) Vehicles or trailers registered or licensed to travel on a public road, provided this exclusion shall not apply to mobile plant and equipment (excluding cars, sedans, panel vans and trucks) not otherwise Insured whilst on any premises occupied or used by The Insured.
- 6) Livestock, animals, birds or fish.
- 7) Standing timber, growing crops and pastures.
- 8) Land, provided that this exclusion shall not apply to structural improvements on or in the land if such structural improvements are not otherwise excluded in this Policy.
- 9) Bridges, canals, roadways and tunnels, railway tracks (other than on the premises occupied or used by The Insured), dams and reservoirs (other than tanks) and their contents.
- 10) Docks, wharves and piers not forming part of any building.
- 11) Mining property as stock or merchandise of the Business; provided always that no cover shall apply whilst in use.
- 12) Property during the course of, and as a result of, its processing.
- 13) Gates, fences, retaining walls, textile awnings and blinds and other property in the open air caused by wind, rainwater or hail.

Unless such property comprises or forms part of a permanent structure designed to function without the protection of the walls or roof.
- 14) Property undergoing construction, erection, alteration or addition or Empty premises undergoing demolition.

This exclusion shall not apply where the value of work of construction or alteration does not exceed 10% of the Sum Insured or HK\$1,000,000 whichever is the lesser;
- 15) Oil and gas drilling and/or production rigs whilst offshore.
- 16) All Machinery (as defined in this exclusion), electronic data processing equipment or electronic control equipment occasioned by or happening through any mechanical, electrical, electro-mechanical, electronic or hydraulic malfunction, failure, derangement, breakdown or nonoperation of whatsoever kind.

Provided that Property Exclusion 16 shall not apply to any subsequent loss, destruction of or damage to such Machinery, electronic data processing equipment or electronic control equipment occasioned by or happening through any cause or event not otherwise excluded herein which results from any of the events referred to in this exclusion.

For the purpose of Property Exclusion 16, Machinery means:

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

- 17) Any boiler (other than a boiler used for domestic purposes) economiser or other pressure vessel, including pipes, valves and other apparatus thereof in respect of which a certificate is required to be issued under the terms of any applicable law occasioned by or arising from explosion, rupture, collapse, bursting, cracking or overheating thereof provided that this exclusion shall be limited to the aforementioned items immediately affected and shall not extend to other property as a result of such loss or destruction or damage.
- 18) Loss in respect of overhead transmission and distribution lines and their supporting structures of power distributing authorities or companies and telecommunications companies and railway authorities or companies. However this exclusion shall not apply in respect of the aforesaid lines (and their supporting structures) that extend from the public highway to The Insured's premises and are the responsibility of The Insured or any equipment which includes but is not limited to wire, cables, poles, pylons, standards, towers, other supporting structures and any equipment and any equipment of any type which may be attendant to such installations of any description for the purpose of transmission or distribution of electrical power, telephone or telegraphic signals, and all communication signals whether audio or visual which is on or within 1,000 metres (or 3,000 feet) of any Insured structure.
- 19) Property left in unattended vehicle(s).

Perils Exclusions

The Company shall not be liable in respect of:

- 1) Physical loss, destruction or damage occasioned by or happening through:
 - a) Moths, termites or other insects, vermin, rust or oxidation, mildew, mould, contamination or pollution, wet or dry rot, corrosion, change of colour, dampness of atmosphere or other variations in temperature, evaporation, disease, inherent vice or latent defect, loss of weight, change in flavour texture or finish, smut or smoke from industrial operations (other than sudden and unforeseen damage resulting therefrom);
 - b) Wear and tear, fading, scratching or marring, gradual deterioration or developing flaws, normal upkeep or making good;
 - c) Error or omission in design, plan or specification or failure of design;
 - d) Normal settling, seepage, shrinkage or expansion in buildings or foundations, walls, pavements, roads and other structural improvements, creeping, heaving and vibration;

- e) Faulty materials or faulty workmanship.

Provided that this Exclusion 1a) to 1e) shall not apply to subsequent loss, destruction of or damage to the Property Insured occasioned by a peril (not otherwise excluded) resulting from any event or peril referred to in this exclusion.

- 2) Physical loss, destruction or damage occasioned by or happening through:
 - a) Incorrect siting of buildings consequent upon;
 - i) Error in architectural design or specification;
 - ii) Faulty workmanship;
 - iii) Non-compliance by The Insured (or anyone acting on behalf of The Insured) with the necessary permits issued by Government, Public or Local Authorities.
 - b) Demolitions ordered by Government or Public or Local Authorities due to failure on the part of The Insured or their agents to obtain the necessary permits required.
- 3) Physical loss, destruction or damage occasioned by or happening through:
 - a) Theft of property in the open air; or
 - b) Unexplained or inventory shortage, disappearance resulting from clerical or accounting errors, shortage in the supply or delivery of materials to or from The Insured; or
 - c) Spontaneous combustion; Spontaneous fermentation or heating; or
 - d) Any process involving the direct application of heat.

Provided the Perils Exclusions 3 c) and 3 d) shall be limited to the item or items immediately affected and shall not extend to other property damaged as a result of such spontaneous combustion, fermentation, heating or process involving the direct application of heat

- 4) Physical loss, destruction or damage occasioned by or happening through:
 - a) Fraudulent or dishonest acts, fraudulent misappropriation, embezzlement, forgery, counterfeiting, data corruption, unauthorised amendment of data and erasure by electronic or non-electronic means involving the Property Insured by The Insured or any employee(s) of The Insured acting alone or in collusion with any other person(s);
 - b) Access by any person(s) other than The Insured or The Insured's employee(s) to The Insured's computer system via data communication media that terminate in The Insured's computer system.

Exclusion 4a) and 4b) shall not apply to theft consequent upon forcible and violent entry upon premises or felonious concealment upon premises committed by an employee of The Insured or theft of money whilst in transit.
 - c) The cessation of work whether total or partial;

- d) The cessation, interruption or retarding of any process or operation; as a result of strikes, labour disturbances or locked out workers.

Provided that Perils Exclusions 4c) and 4d) shall not apply in respect of physical loss, destruction or damage directly caused by strikers, locked out workers or similar persons.

- e) Erosion, subsidence, earth movement or collapse resulting therefrom;
 f) Kidnapping, bomb threat, threat of contamination, hoax, extortion or any attempt threat.

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

- 5) Any legal liability of whatsoever nature other than as herein provided.
- 6) Consequential loss of any kind including consequential loss due to delay, lack of performance, loss of contract or depreciation in the value of land or stock.
- 7) Theft not consequent upon actual forcible and violent entry upon the premises where Insured property is located, or any attempt thereat.

MEMORANDA TO PROPERTY ALL RISKS COVER SECTIONS

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

Unless otherwise specified, the Sub-Limits shall not increase the liability of the Company beyond the total Sum Insured specified in the Schedule and will apply in excess of the underlying Excess.

Automatic Reinstatement

This Cover Section shall be automatically reinstated in the event of any loss in consideration of the payment by The Insured of a pro rata additional premium calculated on the amount of the loss settlement at the rate(s) agreed for the Period of Insurance.

Abandoned Undamaged Portion of a Building

Where any Property Insured being a building is Damaged but not destroyed and due to the requirement of any applicable law or of any local government or other statutory authority, reinstatement of such building has to be carried out upon another site, the abandoned undamaged portion of such building shall be considered as having been destroyed. If however, the resale value of the original site is increased by virtue of the presence of the abandoned portion of such building, then such increase in resale value shall be regarded as salvage and that amount shall be paid to the Company by The Insured upon completion of the sale of the site or shall be deducted from the final amount of any moneys payable by the Company under this Policy, whichever shall occur later.

Acquired Companies/Subsidiaries

This Policy extends to include property located in Hong Kong belonging to companies and other organisations a controlling interest in which is formed, purchased or acquired by The Insured during the currency of the Policy; subject to The Insured declaring details of such formation, purchase or acquisition within a reasonable period following the date of formation, purchase or acquisition. Provided the Business of the new acquisition shall be similar to the Business as stated in the Schedule. For the purposes of this Memorandum a controlling interest shall in the case of a company, means the carrying of shares more than fifty percent (50%) of votes capable of being cast at a general meeting of ordinary shareholders in such company.

Acquisition Notice

If Notice of Acquisition as regards The Insured's risk Location is issued by the relevant Government Authorities at any time before or after the issuing of this Policy, insurance will cease to attach on the date of such Notice of Acquisition or this Policy's inception date whichever is the later and the Company shall refund to The Insured a rateable proportion of the premium for the remainder of the Policy.

Additional Location

(Limit: 10% of sum insured or HK\$1,000,000 whichever is lesser per location)

If The Insured acquires or occupies additional locations in Hong Kong, this Policy extends to include covers at such risk locations on The Insured's property of the same type as Insured under this Policy for up to ninety (90) days of acquisition and/or first occupation, up to the limit stated for each location.

Provided that:

- a) The additional location(s) is/are of class one construction, and
- b) Prior to the expiry of the said duration of ninety (90) days, The Insured declares such risk location, property and insurable values for endorsement onto the Policy and pays the prorated additional premium calculated from the time of such acquisition and/or first occupation.

All Other Contents

(Sub-Limit: HK\$50,000)

It is agreed that the term 'All Other Contents' is understood to include:

- a) Money and stamps not otherwise specifically Insured for an amount not exceeding HK\$10,000 in respect to any one claim;
- b) Documents, manuscripts and business books but only for the value of the materials as stationery, together with the cost of clerical labour expended in writing up and not for the value to The Insured of the information contained therein and for an amount not exceeding HK\$5,000 in respect of any one document, manuscript or business book;
- c) Computer systems records but only for the value of the materials together with the cost of clerical labour and computer time expended in reproducing such records (excluding any expenses in connection with the production of information to be recorded therein) and not for the value to The Insured of the information contained therein for an amount not exceeding HK\$20,000 in respect to any one claim;

- d) Patterns, models, moulds, plans and designs for an amount not exceeding HK\$5,000 in respect of any one pattern, model, mould plan or design;
- e) Employees pedal cycles, clothing tools and other personal effects for an amount not exceeding HK\$5,000 in respect of any one employee.

Alterations and Repairs

Workmen are allowed in on or about the premises of the risk Location to carry out minor alterations and repairs without prejudice to the terms of the Policy.

Appraisal Clause

(Sub-Limit: 10% of sum insured or HK\$5,000 whichever is the lesser)

If the aggregate claim for any one loss does not exceed the limit stated by item or items affected, no special inventory or appraisal of the undamaged property shall be required.

Architect and Surveyor Fees

(Sub-Limit: 10% of sum insured or HK\$250,000 whichever is the lesser)

It is hereby declared and agreed that this policy is extended to cover the costs of architect, surveyors and consultant engineers' legal and other fees (not exceeding those authorised under the scales of the various institutions and/or bodies regulating such fees prevailing at the time of the loss or damage) for estimates, plans, specifications, quantities, tenders and supervision necessarily incurred in the reinstatement consequent upon the loss or damage to the Property Insured by an insured peril (but not such fees for preparing a claim quantities, tenders and supervision necessarily incurred in the reinstatement consequent upon the loss or damage to the Property Insured by an insured peril (but not such fees for preparing a claim).

The Company's liability under this extension shall not exceed 10% of the total sum insured or HK\$250,000 on respect to any one claim, whichever is the lesser unless otherwise expressly stated in the Policy Schedule with a higher limit.

Average Relief (85%)

Each item insured under this memorandum is declared to be separately subject to the following condition of average, namely:

If at the time of reinstatement the sum representing eighty-five (85) per cent of the cost which would have been incurred in reinstatement if the whole of the property covered by such item had been destroyed exceeds the sum insured hereon at the breaking out of any fire or at the commencement of any destruction of or damage to such property by any other peril hereby insured against, then the Insured shall be considered as being his own insurer for the difference between the Sum Insured and the sum representing the cost of reinstatement of the whole of the property and shall bear a rateable proportion of the loss accordingly.

Awnings, Blinds, Signs or Outdoor Fixtures or Fittings of any Description

(Sub-Limit: HK\$5,000 in respect to any one period of insurance)

Loss of or damage to the awnings, blinds, signs or outdoor fixtures or fittings of any description caused by The Insured perils is covered under this extension for all amounts not exceeding the stated limit.

Branded Goods

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

Breach of Conditions & Warranties

The conditions and warranties imposed in this Policy, if any, shall apply individually to each of the risks Insured and not to them collectively. Therefore, a breach of any condition or warranty shall void the Cover Section only in respect of all the risks to which that breach applies and does not affect the Cover Section in respect of the other risks.

Capital Additions

(Sub-Limit: 10% of sum insured or HK\$250,000 whichever is the lesser)

It is hereby declared and agreed that this policy is extended to cover alteration, additions and improvements to the Property Insured (excluding stock in trade and/or merchandise) The Company's liability under this extension shall not exceed 10% of the total sum insured or HK\$250,000, whichever is the lesser. Unless otherwise expressly stated in the Policy Schedule with a higher limit.

Civil Authority/Public Authority

This Policy is extended to cover direct loss or damage to the described property caused by acts of destruction executed by order of any public authority at the time of and only during a conflagration to retard the spread thereof, provided however that such conflagration was caused by the perils Insured under this Policy and subject to all other terms and conditions of this Policy. The Company shall not be liable, however, for more than the amount for which it would have been liable had the loss been caused by a peril Insured against under this Policy.

Cost of Re-Erection

(Sub-Limit: 5% of Sum Insured or HK\$500,000 whichever is the lesser)

This Policy extends to include the costs of re-erecting, fitting and fixing machinery and plant in consequence of destruction or damage by any of the perils hereby Insured against, provided that the total amount recoverable under any item of the Policy shall not exceed the stated limit.

Cost of Recompiling Records and Preparing Claims

(Sub-Limit: HK\$50,000 in respect to any one claim)

This Policy includes costs and expenses necessarily and reasonably incurred by The Insured following loss or damage to the Property Insured:

- a) To reconstruct and recompile records (but not for the value to The Insured of the information contained therein);
- b) To extract and compile information required by the Company from The Insured's own records for the purpose of preparing a claim under the Policy but excluding legal, investigation and research fees/expenses incurred for the purpose of contesting any issue over the Company's liability under the Policy.

Provided always that no amount shall be recoverable under this extension if subsequent to the incurrence of any expenses, the Company shall deny liability for any claim in respect of which the expenses had been incurred (with or without the consent of the Company) and also provided that the total aggregate amount recoverable under this extension shall not exceed the stated limit.

Cost of Rewriting Records

(Sub-Limit: HK\$50,000 in respect to any one claim)

This Policy extends to indemnify The Insured for costs, charges and expenses incurred in replacement or restoring documents but only for the value of the material and not for their value to The Insured, which may have been destroyed, damaged, lost or mislaid.

It is understood that the said documents may consist of deeds, views, agreements, maps, plans, records, letters, certifications and the like but bearer bonds, coupons, bank or currency notes or other negotiable papers shall be deemed to be excluded from this Policy.

It is further understood that the Company shall not be liable under this extension up to the stated limit in excess of the first HK\$5,000.

Cost of Temporary Protection

(Limit: 10% of sum insured or HK\$10,000 whichever is the lesser in respect to any one claim)

It is hereby declared and agreed that this Policy is extended to cover the cost of temporary protection up to the stated limit reasonably necessary for the safety and protection of the premises pending repairs/replacement of damage.

Control of Property

This Policy shall not be prejudiced by any act or neglect of any person when such act or neglect is not within the control of The Insured.

Contract Price

In respect only of goods sold but not delivered for which The Insured is responsible and with regard to which under the conditions of sale, the sale contract is by reason of loss or damage by any peril hereby Insured against cancelled either wholly or to the extent of the loss or damage, the liability of the Company shall be based on the contract price and for the purpose of average the value of all goods to which this Cover Section would in the event of loss or damage be applicable shall be ascertained on the same basis.

Customs, Excise Duties

(Sub-Limit: HK\$10,000 in respect to any one claim)

Customs, excise and other duties, which The Insured is liable to pay as a result of the Damage.

Customers Goods

The Insured having intimated to their customers that they will accept responsibility for destruction of or damage to goods, the property of the said customers or for which the said customers may be legally responsible, whether manufactured by The Insured or not, upon which work is to be, is being or has been done on behalf of customers by The Insured, or which may be left in The Insured's hands for storage or despatch, or otherwise temporarily in The Insured's custody, all such goods shall be held to be Insured by the items covering stock in trade except insofar as they may be specifically Insured elsewhere.

Constructive Total Loss

Property will be considered to have been damaged if it is a Constructive Total Loss. For the purposes of this Cover Section, there shall be deemed to be a constructive total loss when the Property Insured or any part thereof is reasonably abandoned because:

- a) Its actual total loss seems unavoidable; or
- b) It could not be recovered or preserved from actual total loss without an expenditure which would exceed its repaired and/or recovered value.

The words 'actual total loss' mean loss, destruction or damage (and not merely Damage) of or to the Property Insured or any part thereof.

Declared Values

The Schedule of Declared Values at each Location (in accordance with the applicable Basis of Settlement) attaches to and forms part of this Policy for the purpose of the application of Coinsurance.

Designation

For the purpose of ascertaining the classification under which any property is Insured, the Company agrees to accept the designation applied to such property by The Insured in its records, provided that such property is not specifically excluded by this Policy.

Display & Exhibition Insurance

It is hereby agreed that this Policy covers loss or damage to The Insured's property whilst on display/exhibition within Hong Kong. Cover for property in the open is restricted to damage caused by Fire & Lightning.

Drainage Clearance

(Sub-Limit: HK\$5,000 in respect to any one Period of Insurance)

In the cost of clearance of drains including expenses incurred in clearing and/or repairing drains, gutters, sewer and the like, at the Location of the Property Insured where such costs are incurred as a result of any peril or circumstance Insured by this Policy.

Election to Claim Indemnity Value

The Insured may elect to claim the INDEMNITY VALUE of any property and, if so, the Company will pay that value or may with the agreement of The Insured, replace, repair or rebuild the property or any part in accordance with the Basis of Settlement and the provisions of the Reinstatement and Replacement and Extra Cost of Reinstatement Memoranda.

Electrical Installation

Loss or damage by fire to the electrical appliances and installation Insured by this Policy arising from or occasioned by overrunning, excessive pressure, short circuiting, arcing, self-heating or leakage of electricity, from whatever cause (lightning included) is covered subject to the terms and conditions of this Policy, but it is expressly understood that no liability exists under this Policy for loss or damage to any electrical machine, apparatus, fixture or fitting, or to any portion of the electrical installation, unless caused by fire or lightning.

Errors and Omissions/Misdescription

The Insured shall not be prejudiced by an unintentional and/ or inadvertent omissions, errors, incorrect valuation or incorrect description of the interest, risks or property provided notice is given to the Company as soon as practicable upon discovery of such errors or omissions and subject to the Insured paying additional premium arising therefrom.

Expediting Expenses

(Sub-Limit: HK\$50,000 in respect to any one claim)

The Company will pay up to the sublimit for reasonable costs and charges for expediting reinstatement or repair of the Property Insured including (but not limited to) identifying and locating the source of the Damage, penalty rates for wages during overtime shift, night, Sunday or holiday working, payment for carriage by express passenger fast goods or other rail or road transport, for carriage by air freight where such costs are incurred as a result of any peril or circumstance Insured by this Policy.

Fees Imposed by Authorities

(Sub-Limit: HK\$25,000 in respect to any one claim)

Any fee, contribution or other impost payable to any Government, Local Government or other Statutory Authority; where payment of such fee, contribution or impost is a condition precedent to the obtaining of consent to reinstate any building(s) Insured hereunder; provided that the Company shall not be liable for payment of any fines and/or penalties imposed upon The Insured by any such Authorities.

Fire Brigade Charges and Extinguishing Costs

(Sub-Limit: HK\$25,000 in respect to any one claim)

Costs and expenses necessarily and reasonably incurred for the purpose of extinguishing fire at or in the vicinity of property hereby Insured or threatening to involve such property or for the purpose of preventing or diminishing imminent damage to property hereby Insured by any other peril Insured against by the Policy, including damage to gain access and the cost of replenishment of fire-fighting appliances and charges incurred for the purpose of shutting off the supply of water or other substance following accidental discharge from any fire protective equipment or otherwise escaping from intended confines.

Full Theft

It is hereby declared and agreed that this policy is extended to cover up to the limit for Full Theft stated in the Policy Schedule for Loss of the Property Insured due to Theft not consequent upon actual forcible and violent entry upon the Risk Location or any attempt thereat.

However, this extension does not cover loss or damage:

- a) within the Excess stated in the Policy Schedule
- b) caused by the Insured or anyone acting on the express or implied authority of the Insured, being induced by any fraudulent scheme, trick, device or false pretence to part with title or possession of any property;
- c) due to disappearance or shortage which is only discovered during an inventory check;
- d) by any member of the Insured's employees
- e) to property left in an open compound

Fusion Damage

(Sub-Limit: HK\$25,000 in respect to any one claim)

The Policy extends to indemnify The Insured against loss or destruction of or damage to any part or parts of the electrical machines, switchboards, installations, or apparatus, forming part of the Property Insured (excluding rectifiers, radio, television or amplifying equipment of any description and electric motors in excess of 10HP) caused by the actual burning out of such part or parts by the electric current therein.

Provided always that the Company shall not be liable under this extension for:

- a) Loss of use, depreciation, wear and tear;
- b) Loss or destruction of or damage to:
 - i) Lighting or heating elements, fuses or protective devices;
 - ii) Electrical contacts at which sparking or arcing occurs in ordinary working.

Hazardous Goods

Unless otherwise specifically provided in this Policy hazardous goods usual to the trade and/or business are allowed to be stored in quantities and manner as permitted by any applicable law.

Heating and Power

The use of electric, gas and other lighting, heating and power usual to the trade and occupation is allowed as provided by any applicable law.

Hire Purchase/Leasing

It is hereby understood and agreed that where owners/lessors are specified in the Schedule they are acknowledged as the owners of the Property Insured under this Policy and that such property is the subject of a hire purchase/leasing agreement made between the owners/lessors of the one part and The Insured of the other part.

It is further understood and agreed that any payment made in respect of loss or damage (which loss or damage is not made good by repair, reinstatement or replacement) under the terms of this Policy shall be made to the owner/lessors as long as they are the owners of the property and their receipt shall be full and final discharge to the Company in respect of such loss or damage. It is also understood and agreed that notwithstanding any provision in the hire purchase/leasing agreement to the contrary, this Policy is issued to the hirers/lessees as the principal party and not as agent or trustee for the owners/lessors and nothing herein shall be construed as constituting The Insured as agent or trustee for the owners/lessors or as an assignment (whether legal or equitable) by The Insured to the owner/lessors of The Insured's rights, benefits and claims under this Policy and further, nothing herein shall be construed as creating any right in the owners/lessors to sue the Company in any capacity whatsoever for any alleged breach of its obligations hereunder.

Interests of Other Parties

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

Where this Policy covers the interest of more than one party, any act or neglect of an individual party will not prejudice the rights of the remaining party/parties, provided the remaining party/parties shall immediately, on becoming aware of any act or neglect whereby the risk of damage has increased, give notice in writing to the Company and on demand pay such reasonable additional premium as the Company may require.

Notwithstanding the foregoing paragraph it is understood and agreed that, in the event of any of the parties referred to herein being entitled to the benefits of any 'Concessions Agreement', which it may have entered into with the Company, the said 'Concessions Agreement' will take precedence over the foregoing paragraph.

Internal Removal

It is understood and agreed that in the event of removal of property from one building to another at any of the aforesaid Location being inadvertently not advised to the Company the insurance on such property shall follow removal, the necessary adjustments in sums Insured and premium being made as from the date of removal as soon as the oversight is discovered.

Key and Locks Replacement

(Sub-Limit: HK\$5,000 in respect to any one period of insurance)

Costs of replacing locks and/or keys and/or combinations where if as a result of burglary, theft or any attempt thereat the keys and/or combinations are stolen or if there are reasonable grounds to believe the keys may have been duplicated also the cost of opening safes and/or strongrooms as a result of theft of keys and/or combinations.

Landscaping Expenses

(Sub-Limit: HK\$25,000 in respect to any one period of insurance)

In the replacing of landscaping, which term includes rockwork, paving, ornamentation, trees, shrubs, plants and lawns, which is Damaged during the Period of Insurance where such costs are incurred as a result of any peril or circumstance Insured by this Policy.

Landslip and Subsidence

Notwithstanding anything stated to the contrary, this Policy shall, subject to the Special Conditions hereinafter contained extend to include loss or damage to The Insured Property directly caused by landslip and or subsidence arising from flood only. Provided always that all the conditions of the Policy (except in so far as they may be hereby expressly varied) shall apply as if they had been incorporated herein and for the purposes hereof any loss or damage as aforesaid shall be deemed to be loss or damage by fire or other Insured perils.

Special Conditions:

- a) The property shall be maintained in good and substantial state of repair.
- b) This extension does not cover:
 - i) The cost of repairing, clearing or making good drains or water courses;
 - ii) Consequential loss of any description; and
 - iii) The first HK\$100,000 of each and every loss.

Landlord

The interest of The Insured in this Policy shall not be prejudiced by any act or neglect of the occupier of any building hereby Insured whereby the risk of destruction or damage is increased without the authority or knowledge of The Insured, provided The Insured shall immediately upon becoming aware thereof give notice in writing to the Company and on demand pay such reasonable additional premium as the Company may require.

Leakage of Liquids

Notwithstanding anything in this Policy to the contrary, this Policy extends to include destruction of or damage to the Property Insured caused by the leakage/spillage of liquids of any kind and/or other substances.

Legal Enquiries

(Sub-Limit: HK\$10,000 in respect to any one claim)

Any legal liability to make enquiries consequent upon Damage Insured by this Policy.

Lessee's Clause

It is hereby declared and agreed that anything done by the lessee, mortgagor, or occupier of any building hereby Insured whereby the risk of loss or damage is increased without the authority or knowledge of The Insured shall not prejudice the position of The Insured under this Policy if The Insured shall immediately on becoming aware thereof give notice in writing to the Company and on demand pay such reasonable additional premium as the Company may require.

Loss Notification

Notwithstanding anything contained herein to the contrary, it is agreed that this insurance will not be prejudiced by any inadvertent delays in notifying the Insurers of any circumstances or events giving rise or likely to give rise to a claim under this Policy.

Loss of Rent

(Sub-Limit: HK\$10,000 in respect to any one period of insurance)

In the event of the Insured premises are unfit for occupation as a result of loss of or damage to Insured Property which is indemnifiable under the Property All Risks Section of the policy, the Company will, subject to the terms, conditions and exclusions, indemnify the Insured for the actual cost of one month rental or maximum of HK\$10,000

Loss Payee

It is hereby declared and agreed that loss if any payable under the policy is payable to interested party as stated in the policy, as their interest may appear whose receipt would be a valid discharge.

Mortgage

Loss, if any, under this Cover Section shall be payable to the bank, institution or firm specified in the Schedule as mortgagee(s) or assignee(s) of mortgage interest(s) to the extent of their interest.

It is hereby agreed that in the event of loss or damage, the Company will pay the mortgagees or assignees to the extent of their interest and that this Cover Section in so far as concerns the interest therein of the mortgagees or assignees only shall not be invalidated by any act or neglect of the mortgagor or owner of the Property Insured, nor by anything whereby the risk is increased being done to, upon or in any building hereby Insured, without the knowledge of the mortgagees

or assignees provided always that the mortgagees or assignees shall notify the Company of any change of ownership or alteration or increase of hazard not permitted by this Cover Section as soon as any such change, alteration or increase shall come to their knowledge and on demand shall pay to the Company the appropriate additional premium from the time when such increase of risk first took place.

It is further agreed that whenever the Company shall pay the mortgagees or assignees any sum for loss or damage under this Cover Section and shall claim that as to the mortgagor or owner no liability therefore existed the Company shall at once be legally subrogated to all rights of the mortgagees or assignees to the extent of such payment and the mortgagees or assignees shall do and execute all such further or other acts, deeds, transfers, assignments, instruments and things as may be necessary or be reasonably required by the Company for the purpose of better effecting such subrogation, but such subrogation shall not impair the right of the mortgagees or assignees to recover the full amount of their claim.

Provided that as between the Company and the mortgagor or owner of the Property Insured nothing contained in this Cover Section shall in any way constitute or be deemed to constitute any waiver of, or prejudice or effect any rights which the Company may have against the mortgagor or owner of the Property Insured or lessen any obligations which may be imposed on the mortgagor or owner of the Property Insured either by or under this Cover Section or by law and such rights and obligations shall as between the Company and the mortgagor or owner of the Property Insured remain in full force and effect.

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

New Location

(Limit: \$10% of Sum Insured or HK\$500,000 whichever is the lesser)

This policy is extended to cover storage elsewhere in class one construction buildings anywhere in Hong Kong up to the limit stated above for up to 60 days until the Insured advises the Company of such new location and the value property to be insured at that Insured.

No Control

This Policy shall not be affected by the failure of The Insured to comply with any provisions of this Cover Section, including the warranties or conditions endorsed hereon, in any portion of the premises over which The Insured has no control.

Non-Cancellation

The Company undertakes to advise the interested party mentioned in the Schedule prior to the cancellation of the Policy if instructions have been received for the cancellation of the Policy and also to advise the interested party mentioned in the Schedule as soon as possible of any other material changes which are proposed to be made in the terms of the Policy.

Non-Invalidation

This Policy shall not be invalidated by:

- a) any change of occupancy or increase of risk-taking place in the Property Insured without the Insured's knowledge, provided that The Insured shall, immediately on the same coming to The Insured's knowledge, advise the Company and pay any additional premium that may be required from the date of such increase of risk;

- b) Workmen on the premises for the purpose of effecting repair, minor alterations or general maintenance purposes and the like.

Outbuildings

The insurance by each item under buildings is understood to include walls, gates and fences, small outside buildings, extensions, annexes, exterior staircase(s), fuel installation, steel or iron framework and tanks at the Insured Location.

Payment on Account

In the event of the occurrence of a loss under this Policy, subject to the Company accepting liability for any claim, will make payment on account in respect of such loss to The Insured if desired.

Personal Effects

(Sub-Limit: HK\$2,500 in respect to any one person and HK\$50,000 in respect to any one claim)

The Company will also pay the following costs, which are necessarily and reasonably incurred in the repair or replacement of personal property (including Money and tools of trade) belonging to directors, council members, students, voluntary workers, visitors and employees of The Insured and the property of welfare, sport and social clubs of The Insured which are situated at the Insured Location and suffer damage as insured by this policy during the Period of Insurance.

The Property Insured under this Cover Section is covered at the Insured Location and beyond the premises at the Location to anywhere in Hong Kong including whilst in transit whilst the directors, council members, students, voluntary workers, visitors and/or employees are on authorised business of The Insured.

This cover only applies in so far as such property is not otherwise Insured.

Premises

This Policy extends to cover property described herein whilst in or on platforms, alley, yard, outbuildings, extensions, annexes and tanks and/or in the open air on the premises described herein.

Cover for property in the open is restricted to fire and lightning perils only.

Privileges Granted

The Insured may:

- a) Conduct business at the Location at any or all hours;
- b) Use The Insured property for other occupancy which is not more hazardous than the occupancy at the time of inception of the current Period of Insurance. Provided that The Insured advises the Company in writing of such change or additional occupancy as soon as practicable;
- c) Make all alterations, additions or repairs to Insured property deemed necessary by The Insured for The Insured's use;
- d) Following loss occurring which may be payable under this Policy, immediately begin repair of damaged property. Provided such works shall at all times be open for examination and supervision by the Company and in any dispute regarding the cost of repair, the loss shall be settled in accordance with

the terms of this Policy. Also, to enable determination of policy liability and actual loss amount. Further provided that the sole reason for this privilege being too quickly avail again to The Insured the use of operating property necessary for the business.

- iii) Loss or damage occasioned by permanent or temporary dispossession resulting from confiscation, commandeering or requisition by any lawfully constituted authority.
- iv) Loss or damage occasioned by permanent or temporary dispossession of any building resulting from the unlawful occupation by any person of such building.

Provided that the Company is not relieved under b) iii) and b) iv) above of any liability of The Insured in respect of physical damage to the Property Insured occurring before dispossession or during temporary dispossession.

Removal of Debris

It is hereby declared and agreed that this policy is extended to cover the costs of removal of debris, demolition and any other temporary repairs necessary (including the Insured's legal liability for the cost of removal of debris, demolition and temporary repairs in regard to adjoining premises, roadways or waterways as well as on site), consequent upon the destruction of or damage to the Property Insured by an insured peril provided that:

- a) the limit under this extension shall not exceed the amount stated in the Policy Schedule.
- b) such cost is not recoverable under any other policy of insurance;
- c) the indemnity under this extension shall not apply to or include liability assumed by the Insured under an agreement entered into after the commencement date of this insurance unless such liability would have attached to the Insured in the absence of such agreement.
- d) this extension does not extend to any liability that the Insured may incur as a consequence of pollution of any kind.

Riot and Strike

- a) This Policy extends to cover riot and strike damage which for the purpose of this endorsement shall mean loss of or damage to the Property Insured directly caused by:
 - i) The act of any person taking part together with others in any disturbance of the public peace (whether in connection with a strike or lock-out or not) not being an occurrence falling within the General Exclusions on war and war-like perils.
 - ii) The action of any lawfully constituted authority in suppressing or attempting to suppress any such disturbance or in minimising the consequences of such disturbance.
 - iii) The wilful act of any striker or locked out worker done in furtherance of a strike or in resistance to a lock-out.
 - iv) The action of any lawfully constituted authority in preventing or attempting to prevent any such act or in minimising the consequences of any such act.
- b) This extension does not cover:
 - i) Loss of earnings, loss of delay, loss of market or other consequential or indirect loss or damage of any kind or description whatsoever.
 - ii) Loss or damage resulting from total or partial cessation of work or the retarding or interruption or cessation of any process or operation.

- c) The Company shall not be liable for loss or damage which at the time of happening of such loss or damage is Insured by or would but for the existence of this endorsement, be Insured by any other policy or policies.
- d) This extension may at any time be terminated by the Company on notice to that effect being given to The Insured in which case the Company shall be liable to repay a rateable proportion of the premium for the unexpired term of the extension from the date of cancellation. No return of premium paid for the cover granted under this extension will be allowed in the event of cancellation at the request of The Insured.

Services

This Cover Section relating to 'machinery' and 'equipment' extends to include telephone, gas, water and electric instruments, meters, piping, cabling and the like, and accessories thereof including similar property in adjoining yards or roadways or for which The Insured is responsible. Cover for property in the open is restricted to fire and lightning perils only.

Smoke Damage

This Cover Section shall, subject to the special conditions hereinafter contained, extend to include disruption of or damage to the Property Insured (by fire or otherwise) directly caused by smoke due to a sudden unusual and faulty operation of any heating or cooking unit only when such unit is connected to a chimney by a smoke pipe or vent pipe while in or on the described premises but not smoke from fireplaces or industrial apparatus.

Provided always that all the conditions of the Policy (except in so far as they may hereby expressly varied) shall apply as if they had been incorporated herein and for the purpose hereof any destruction or damage as aforesaid shall be deemed to be destruction or damage by fire.

This Cover Section does not cover:

- a) Destruction or damage directly or indirectly occasioned by or happening through or in consequence of war, invasion, act of foreign enemy, hostilities (whether war be declared or not) civil war, rebellion, revolution, insurrection or military or usurped power.
- b) Consequential loss of any kind or description.

Spontaneous Combustions

This Policy extends to cover loss of or damage to The Insured property caused by its own spontaneous combustions, notwithstanding anything stated to the contrary in this Policy.

Subrogation Waiver

The Company agrees to waive its rights by subrogation against:

- a) any corporation or organization (including its directors, officers, employees or servants) owned or controlled by any Insured named herein or subsidiary to any Insured named herein or any co-owner of the property insured
- b) any Insured named or described in the Schedule (including its directors, officers or employees).

Sue and Labour

In case of actual loss, it shall be lawful and necessary for The Insured, The Insured's agents, servants and assigns, to sue, labour and travel for, in and about the defence, or to safeguard the recovery of the property covered hereunder and part thereof without prejudice to this Cover Section, nor shall the acts of The Insured or the Company in recovering, saving and preserving the property covered in case of loss be considered a waiver or an acceptance of abandonment. The expense so incurred shall be borne by The Insured and the Company proportionately to the extent of their respective interests.

Subsidiary Companies

Where the term 'Subsidiary Companies' is used herein it shall be deemed to include any company or its subsidiary which may be formed, purchased or acquired by The Insured during the Period of Insurance and declared to the Company.

Temporary Accommodation

(Sub-Limit: HK\$20,000 in respect to any one claim)

Cost of temporary accommodation expenses following Damage to premises caused by any peril or circumstance Insured by this Policy. Any single claim resulting from this extension shall be limited to the rentable value of such premises Damaged proportioned to the time reasonably necessary for reinstatement but not exceeding twelve (12) months in respect of any one loss.

Temporary Removal

(Sub-Limit: 10% of the Sum Insured in respect to any one claim)

The Property Insured under this Policy is covered whilst temporarily removed for cleaning, renovation, modification, repair or other similar purpose, elsewhere on the same or to any other premises, and in transit thereto and therefrom by road, rail or inland waterway, all within the Hong Kong.

The amount recoverable under this extension in respect of the property so removed shall not exceed the amount which would have been recoverable had the loss occurred in that part of the premises from which the property is temporarily removed. This extension does not apply to the following property if and so far as it is otherwise Insured, nor does it apply to items covering stock and merchandise of every description, nor as regards losses occurring elsewhere than at the premises from which the property is temporarily removed to:

- a) Motor Vehicles and Motor Chassis;
- b) Property (other than machinery and plant) held by The Insured in trust.

Tenant's Improvement

This Cover Section extends to include The Insured's interest as tenant in improvements, structural alterations and additions, decorations and fixtures for which the Sum Insured is shown in the Schedule.

The Company shall not be liable in respect of the above for any amount which The Insured may be able to recover from the owner of the building.

Theft Inclusion during and after the occurrence of a Fire

This policy is extended to cover the risk of theft during and after the occurrence of a fire.

Underground Services

This Cover Section extends to cover physical damage to underground pipes at The Insured's premises resulting from any of The Insured perils provided the pipes are covered as part of the property for which the Sum Insured is shown in the Schedule and such pipes belong to The Insured or others for which The Insured is responsible.

Undamaged Ancillary and/or Peripheral Equipment

If plant and/or machinery is destroyed but its ancillary and/or peripheral equipment is not destroyed but upon replacement of the destroyed plant and/or machinery the ancillary and/or peripheral equipment is rendered superfluous, then such equipment shall be deemed to be destroyed and its salvage value shall be payable to the Company by The Insured upon completion of any sale or shall be deducted from the total amount otherwise payable by the Company under this Cover Section, whichever shall occur later.

Undamaged Foundations

Where any Property Insured being a building or an installation constructed on its own foundations is Damaged but its foundations are not destroyed and due to the requirement of any law or of any local government or statutory authority reinstatement of the building has to be carried out upon another site, the abandoned foundations shall be considered as having been destroyed.

If, however, the resale value of the original building site is increased by virtue of the presence of the abandoned foundations, then such increase in resale value shall be regarded as salvage and that amount shall be paid to the Company by The Insured upon completion of the sale of the site or shall be deducted from the final amount of any moneys payable by the Company under this Policy, whichever shall occur later.

Vehicle Load

(Sub-Limit HK\$50,000 in respect to any one claim)

In the event of any of The Insured's vehicles, including containers, being left loaded overnight whilst in and/or on the premises described in the Schedule the Company will indemnify The Insured in respect of such load in the event of loss or damage by any of the perils Insured against by the Policy. The Company shall not be liable under this extension for loss or damage which at the time of the happening of such loss or damage is Insured by or could, but for the existence of this extension, be Insured by any other existing policy or policies except in respect of any excess beyond the amount which would have been payable under such other policy or policies had this extension not been effected.

QBE SME BUSINESS INSURANCE SOLUTION POLICY BUSINESS INTERRUPTION

THE COVER

In the event of any building or any other property or any part thereof used by the Insured at the Insured Location for the purpose of the Business being physically lost, destroyed or damaged by any cause or event not excluded an excluded loss under the Property All Risks Cover Section of this policy (loss, destruction or damage so caused being hereinafter termed 'Damage') and the Business carried on by the Insured being in consequence thereof interrupted or interfered with, the Company will, subject to the provisions of this Policy including the limitation on the Company's liability, pay to the Insured the amount of loss resulting from such interruption or interference in accordance with the applicable Basis of Settlement.

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

SPECIFIC DEFINITIONS

The following specific definitions shall apply to this Cover Section (but not to any other Cover Section) in lieu of any corresponding definition in the General Definitions or the specific definitions in any other Cover Section. If any of these specific definitions is at variance or inconsistent with any definition in the General Definitions these specific definitions shall prevail to the extent of such variance or inconsistency.

Item Insured shall mean the item shown in the Schedule which is more specifically described in the Basis of Settlement Clause. Cover shall only apply in respect of those items specified in the Schedule.

Gross Profit shall mean the amount by which:

- a) the sum of the Turnover and the amount of the closing stock and work in progress shall exceed
- b) the sum of the amount of the opening stock and work in progress and the amount of the Uninsured Working Expenses.

Note: The amounts of the opening and closing stocks and work in progress shall be arrived at in accordance with the Insured's normal accountancy methods, due provision being made for depreciation.

Gross Revenue shall mean the money paid or payable to the Insured for services rendered (and goods sold, if any) in the course of the Business at the risk Location (including but not limited to grants or other revenue derived from research and/or development projects).

Turnover shall mean the money (less discounts, if any allowed) paid or payable to the Insured for goods sold and delivered and for services rendered in course of the Business at the risk Location.

Indemnity Period shall mean the period beginning with the occurrence of the Damage and ending not later than the number of months or weeks specified in the Schedule thereafter, during which the results of the Business shall be affected in consequence of the Damage.

Shortage in Turnover shall mean the amount by which the Turnover during the Indemnity Period shall, in consequence of the Damage, fall short of the part of the Standard Turnover which relates to that Indemnity Period.

Rate of Gross Profit shall mean the rate of Gross Profit earned on the Turnover during the financial year immediately before the date of the Damage to which such adjustments shall be made as may be necessary to provide for the trend of the Business and for variations in or other circumstances affecting the Business either before or after the Damage or which would have affected the Business had the Damage not occurred, so that the figures thus adjusted shall represent as nearly as may be reasonably practicable the results which but for the Damage would have been obtained during the Indemnity Period.

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

Standard Turnover shall mean the Turnover during that period in the twelve (12) months immediately before the date of the Damage which corresponds with the Indemnity Period (appropriately adjusted where the Indemnity Period exceeds twelve (12) months), to which such adjustments shall be made as may be necessary to provide for the trend of the Business and for variations in or other circumstances affecting the Business either before or after the Damage or which would have affected the Business had the Damage not occurred, so that the figures thus adjusted shall represent as nearly as may be reasonably practicable the results which but for the Damage would have been obtained during the Indemnity Period.

Standard Gross Revenue shall mean the Gross Revenue during that period in the twelve (12) months immediately before the date of the Damage, which corresponds with the Indemnity Period (appropriately adjusted where the Indemnity Period exceeds twelve (12) months), to which such adjustments shall be made as may be necessary to provide for the trend of the Business and for variations in or other circumstances affecting the Business either before or after the Damage or which would have affected the Business had the Damage not occurred, so that the figures thus adjusted shall represent as nearly as may be reasonably practicable the results which but for the Damage would have been obtained during the Indemnity Period.

Uninsured Working Expenses shall mean:

- a) 100% Purchases (less discount received)
- b) Carriage packing and freight
- c) Bad debts
- d) Any other item specified in the Schedule (if any).

(The words and expressions used in this definition shall have the meaning usually attached to them in the books and accounts of the Insured.)

BASIS OF SETTLEMENT

The following basis of settlement shall apply to the corresponding interest insured specified in the Schedule.

1. Gross Profit

The insurance under this item is limited to loss of Gross Profit due to: (a) Reduction in Turnover and (b) Increased Cost of Working and the amount payable as indemnity hereunder shall be:

- a) In respect of Reduction in Turnover, the sum produced by applying the Rate of Gross Profit to the amount by which the Turnover during the Indemnity Period shall, in consequence of the Damage, fall short of the Standard Turnover;
- b) In respect of Increased Cost of Working, the additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the reduction in Turnover which, but for that expenditure would have taken place during the Indemnity Period in consequence of the Damage, but not exceeding the sum produced by applying the Rate of Gross Profit to the amount of the reduction thereby avoided;

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

Provided that if the declared value of Gross Profit at the commencement of each Period of Insurance is less than the sum produced by applying the Rate of Gross Profit to the Annual Turnover, (or its proportionately increased multiple thereof, where the Indemnity Period exceeds 12 months) the amount payable hereunder shall be proportionately reduced.

2. Gross Revenue

The insurance under this item is limited to loss of Gross Revenue calculated in the following manner, namely:

- a) In respect of loss of Gross Revenue, the sum by which the Gross Revenue during the Indemnity Period shall, in consequence of the Damage, fall short of the Standard Gross Revenue.
- b) In respect of Increased Cost of Working, the additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the loss of Gross Revenue which, but for that expenditure, would have taken place during the Indemnity Period in consequence of the Damage, but not exceeding the amount of the reduction in Gross Revenue thereby avoided.

Less any sum saved during the Indemnity Period in respect of such charges and expenses of the Business payable out of Gross Revenue as may cease or be reduced in consequence of the Damage.

Provided that if the declared value of Gross Revenue at the commencement of each Period of Insurance is less than the sum produced by applying the Rate of Gross Profit to the Annual Turnover, (or its proportionately increased multiple thereof, where the Indemnity Period exceeds 12 months) the amount payable hereunder shall be proportionately reduced.

3. Increased Cost of Working

The insurance under this item is limited to additional cost of working and expense and the amount payable as indemnity thereunder shall be:

- a) The additional expenditure (including the cost of moving to and the additional rent of temporary premises, additional rates and taxes thereon and expenses incurred in equipping the said premises to make them suitable for the Insured's Business, additional cost in respect of lighting, heating, air-conditioning and water, additional cost in respect of additional staff and overtime and allowances for meals to existing staff) reasonably incurred in order to minimise any interruption or interference as aforesaid with the Business during the Indemnity Period.
- b) The additional expenses (defined as the additional cost of obtaining, owing to the damage, the necessary information for the replacement of all records of the Business, including deeds, documents, plans, drawings, specifications, valuations, card indices and books of account) necessarily and reasonably incurred in consequence of any interruption or interference with the Business during the Indemnity Period hereunder.

Specific Definition

'Indemnity Period' shall mean the period beginning with the occurrence of the Damage and ending not later than the period stated in the Schedule thereafter during which the extra costs and expenditure aforesaid are incurred in consequence of the Damage.

Specific Memorandum

In the event of loss the Company shall be liable for not more than 50 per cent of the Sum Insured hereunder in respect of such additional expenditure arising in the first 3 months following the date of the Damage nor 20 per cent of the Sum Insured in respect of additional expenditure in any one month thereafter.

4. Weekly Benefit

Where weekly benefit income has been selected, the amount payable as indemnity shall be the amount of weekly benefit income as specified in the Schedule multiplied by the actual number of weeks or pro-rated for the part thereof the Insured's Business is totally suspended from operation but subject to the maximum Indemnity Period stipulated in the Schedule. It is understood and agreed that no indemnity shall be payable if the damaged or destroyed property is not rebuilt, repaired or replaced.

SPECIFIC EXCLUSIONS

The following specific exclusions shall apply to this Cover Section (but not to any other Cover Section) in lieu of any corresponding exclusion in the General Exclusions or the specific exclusions in any other Cover Section. If any of these specific exclusions is at variance or inconsistent with any exclusion in the General Exclusions these specific exclusions shall prevail to the extent of such variance or inconsistency.

1. Property & Perils Exclusions

This Business Interruption Cover Section does not cover any loss arising from any of the Property and/or Perils excluded under the Property All Risks Cover Section.

2. Transmission & Distribution Lines

This Business Interruption Cover Section does not cover any loss in respect of overhead transmission and distribution lines and their supporting structures of power distributing authorities or companies and telecommunications companies and railway authorities or companies. However this exclusion shall not apply in respect of the aforesaid lines (and their supporting structures) that extend from the public highway to the Insured's premises and are the responsibility of the Insured or any equipment which includes but is not limited to wire, cables, poles, pylons, standards, towers, other supporting structures and any equipment of any type which may be attendant to such installations of any description for the purpose of transmission or distribution of electrical power, telephone or telegraphic signals, and all communication signals whether audio or visual which is on or within 1,000 meters or (3,000 feet) of any insured structure.

It is understood and agreed that public utilities extension and/or supplier's extension and/or contingent business interruption coverages are not subject to this exclusion, provided that these are not part of a transmitters' or distributors' Policy.

MEMORANDA TO BUSINESS INTERRUPTION COVER SECTION

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

Unless otherwise specified, the sub-limits stated shall not increase the liability of the Company beyond the total Sum Insured specified in the Policy Schedule and to apply in excess of the underlying excesses.

Accumulated Stocks

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

Books of Account

Any particulars or details contained in the Insured's books of account or other business books or documents which may be required by the Company for the purpose of investigating or verifying any claim hereunder may be produced and certified by the Insured's auditors and their certificate shall be prima facie evidence of the particulars and details to which such certificate relates.

The words and expressions used herein shall have the meanings usually attached to them in the books and accounts of the Insured unless otherwise defined in this Policy.

Departmental Clause

If the Business be conducted in departments the independent trading results of which are ascertainable the provision of clauses a) and b) of Gross Profit and Gross Revenue under Basis Of Settlement, shall apply separately to each department affected by the Damage.

Material Damage Excess Waiver

It shall not be a condition precedent to liability in respect of interruption or interference in consequence of Damage that payment shall have been made or liability admitted under the insurance covering the interest of the Insured on the property at the premises against such Damage if no such payment shall have been made nor liability admitted, solely owing to the operation of a proviso in such insurance excluding liability for losses below a specified amount.

New Business

In the event of Damage occurring at the premises before the completion of the first year's trading of the Business the terms 'Rate of Gross Profit', 'Annual Turnover' and 'Standard Turnover' shall bear the following meanings and not as within stated:

Rate of Gross Profit

The rate of Gross Profit earned on the Turnover during the period between the date of the commencement of the Business and the date of the Damage.

Annual Turnover

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

Standard Turnover

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

to which such adjustment shall be made as may be necessary to provide for the trend of the Business and for variations in or other circumstances affecting the Business either before or after the Damage or which would have affected the Business had the Damage not occurred, so that the figures thus adjusted shall represent as nearly as may be reasonably practicable the results which but for the Damage would have been obtained during the Indemnity Period after the Damage.

Payment On Account

It is understood and agreed that in the event of the occurrence of a loss under this insurance and liability for the loss is accepted by the Company, the company will make payment on account in respect of such loss to the insured if desired.

Prevention Of Access

It is hereby declared and agreed that loss resulting from interruption of or interference with the Business in consequence of Damage to property (as would be Insured under the Property All Risks cover section as if the damage had occurred to the Insured premises) in the vicinity within 1 km radius of the Insured Location stated in the Schedule which shall prevent or hinder the use of or access to the Insured Locations (whether the Insured Location is physically damaged or not) shall be deemed to be loss resulting from Damage to the property used by the Insured at the Premises*.

Provided always that under this extension:

- i) the Company shall not be liable for loss resulting from the first three (3) days of such interruption or interference.
- ii) the liability of the Company shall not exceed 10% of Sum Insured for Item 1 or HK\$1,000,000 whichever is lesser.

Public Utilities Extension

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

Provided that the Company shall not be liable for any loss incurred by the Insured during the first forty-eight (48) hours from the occurrence of the Damage

Salvage Sale

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

- a) Clause a) of Gross Profit under Basis Of Settlement shall, for the purpose of such claim, read as follows:
 - a) In respect of Reduction in Turnover, the sum produced by applying the Rate of Gross Profit to the amount by which the Turnover during the Indemnity Period (less the Turnover for the period of the salvage sale) shall, in consequence of the Damage, fall short of the Standard Turnover, from which shall be deducted the Gross Profit actually earned during the period of the salvage sale.
- b) The definition of Shortage in Turnover shall, for the purpose of such claim, read as follows:

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

Sums Insured to be Aggregated for all Insured Locations

Where this policy covers more than one Insured Location then the individual Business interruption Sums Insureds across all locations are to summed together and be brought into account for the consideration of the settlement of any claim in recognition of the potential for interdependency across the Insureds business operations.

Any Business Interruption claim is to be treated as one claim for the Insureds Business and not as an individual claim for each location.

Turnover Elsewhere after Damage

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

Turnover/Output Alternative

At the option of the Insured the term 'Output' may be substituted for the term 'Turnover' and for the purpose of the Policy, 'Output' shall mean the sale and/or invoice value of goods manufactured and/or processed by the Insured in the course of the Business at the premises.

Provided that only one such meaning shall be operative in connection with any one event involving Damage.

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

'If during the Indemnity Period goods shall be manufactured and/or processed other than at the premises for the benefit of the Business either by the Insured or by others on the Insured's behalf the sale and/or invoice value of the goods so manufactured and/or processed shall be brought into account in arriving at the Output during the Indemnity Period'.

QBE SME BUSINESS INSURANCE SOLUTION POLICY

MONEY

THE COVER

The Company will cover the Insured up to the limits specified against each item in the Schedule in the event of loss of or damage to Money belonging to the Insured and connected with the Business whilst:

- 1) In transit anywhere in Hong Kong carried by the Insured or any of the Insured's authorised employees.
- 2) In the building(s) during business hours
- 3) In the building(s) outside business hours in locked safe, locked strong-room, locked cash registers, locked drawers or receptacles.
- 4) In the residence of the Insured including its directors, partners, or authorised employees due to theft, armed robbery and/or hold up involving violent means of entry or exit
- 5) Where the Policy Schedule indicates "Blanket Cover" as the Interest Insured all coverages list above as items 1) to 4) inclusive are proved for the Sum Insured Nominated on the Schedule. The Sum Insured applies to each head of cover individually in respect to each and every loss.

SPECIFIC DEFINITIONS

The following specific definitions shall apply to this Cover Section (but not to any other Cover Section) in lieu of any corresponding definition in the General Definitions or the specific definitions in any other Cover Section. If any of these specific definitions is at variance or inconsistent with any definition in the General Definitions these specific definitions shall prevail to the extent of such variance or inconsistency.

Business Hours shall mean the Insured's office hours and the working hours (including overtime) during which the Insured or the Principals or employees entrusted with the Insured's Money are at the premises for the purpose of the Business.

Principals shall mean executive officers of the Insured and the Insured's directors but only whilst acting in their capacity as executive officers or directors.

Money shall mean current coin, bank and currency notes, cheques, postal notes and money orders, bank drafts, credit cards, sales vouchers, current postage and revenue stamps, promissory notes, postage and revenue franking tickets, other redeemable vouchers, travelers' cheques and negotiable instruments, the Insured's own or the property of others in the Insured's custody or control.

SPECIFIC EXCLUSIONS

The following specific exclusions shall apply to this Cover Section (but not to any other Cover Section) in lieu of any corresponding exclusion in the General Exclusions or the specific exclusions in any other Cover Section. If any of these specific exclusions is at variance or inconsistent with any exclusion in the General Exclusions these specific exclusions shall prevail to the extent of such variance or inconsistency.

The Company will not cover loss of Money:

- 1) As a result of shortages due to clerical or accounting errors or omission or due to depreciation in value or to the use of counterfeit money.
- 2) Not discovered within seven (7) working days of the loss of or damage to such Money.
- 3) Through the collusion of or the fraudulent embezzlement by or the fraudulent misappropriation by the Insured or any member of the Insured's family or the Principals or any other person or persons in the service of the Insured, directors or partners.
- 4) Carried by professional carriers or common carriers.
- 5) From an unattended vehicle.
- 6) From safes, strong rooms or other depository following the use of the keys or combination numbers to the safes or strong rooms or other depository unless the keys or combination numbers are obtained by threats or violence.
- 7) Resulting in consequential loss or damage of any kind.
- 8) Entrusted to any person other than the Insured, the Principals or employees.

SPECIFIC CONDITION

The following specific condition shall apply to this Cover Section (but not to any other Cover Section) in lieu of any corresponding condition in the General Conditions or the specific conditions in any other Cover Section. If any of these specific conditions is at variance or inconsistent with any condition in the General Conditions these specific conditions shall prevail to the extent of such variance or inconsistency.

- 1) proper cashier record shall be kept in the books of the Insured of all the Money and the Insured shall at all times allow the Company to inspect such books.

MEMORANDA

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

Unless otherwise specified, the Sub-Limits shall not increase the liability of the Company beyond the total Sum Insured specified in the Schedule and to apply in excess of the underlying Excess.

1) **Armed Robbery and/or Hold-up**

This Policy is extended to cover loss or damage to Money resulting from armed robbery and/or during hold-up.

2) **Damage to Safe/Strong Room**

(Sublimit of Liability HK\$50,000 in respect to each claim)

This Policy is extended to cover loss or damage to the Insured's locked safe or strong room resulting directly from any attempt to remove the contents of such locked safe or strong room up to a Sub-Limit of HK\$50,000.

3) Key

This Policy does not cover loss from a safe or strong room following use of a key, duplicate thereof or combination code belonging to the Insured unless this has been obtained by threat or by violence to any person, theft and/or break-in of the premises.

4) Key and Locks Replacement

(Sub-Limit: HK\$10,000 in respect to any one claim)

This Policy is extended to cover costs of replacing locks and/or keys and/or combinations where if as a result of burglary, theft or any attempt thereat the keys and/or combinations are stolen or if there are reasonable grounds to believe the keys may have been duplicated also the cost of opening safes and/or strongrooms as a result of theft of keys and/or combinations.

5) Money in Pre-Paid Value Cards

(Sub-Limit: HK\$1,000 in respect to any one claim)

This Policy is extended to cover loss of balance of monetary value stored in pre-paid value cards kept at the Insured's premises.

6) Personal Accident Benefits

This Policy is extended to cover a maximum of two of the Insured's employees within the age limits of 16 and 65 years inclusive (hereinafter called the 'Insured Person') who during the Period of Insurance shall suffer bodily injury sustained as a result of robbery or attempted robbery, hold-up or attempted hold-up, whilst Money in transit is in their personal custody (which injury shall be the sole and direct cause of death or disablement as described in the Table of Compensation) in which event the Company will pay to the Insured in trust for the Insured Person or in the event of death for the personal representatives of the Insured Person compensation upon the basis of and in accordance with the Table of Compensation.

TABLE OF COMPENSATION

THE EVENTS	THE BENEFITS
A. Death	HK\$50,000
B. Permanent Total Disablement entirely preventing the person from being gainfully employed	HK\$50,000
C. Total Loss by physical severance at or above the wrist or ankle of one or more limbs	HK\$50,000
D. Total and irrecoverable loss of all sight in one or both eyes	HK\$50,000

Items A, B, C and D above must occur within twelve (12) calendar months of the event giving rise to the bodily injury.

QBE SME BUSINESS INSURANCE SOLUTION POLICY GROUP PERSONAL ACCIDENT

THE COVER

If any of the Events referred to in the Schedule of Benefits shall happen as a direct result of an Injury, the Company will pay the Benefit to the Insured or in the case of the Insured Person's death to his or her legal personal representative.

SPECIFIC DEFINITIONS

The following specific definitions shall apply to this Cover Section (but not to any other Cover Section) in lieu of any corresponding definition in the General Definitions or the specific definitions in any other Cover Section. If any of these specific definitions is at variance or inconsistent with any definition in the General Definitions these specific definitions shall prevail to the extent of such variance or inconsistency.

Benefit shall mean the sum set out in the Schedule of Benefits against the relevant Event provided that no compensation stated in the Schedule Of Benefits shall be payable:

- 1) Under Event Item A or B unless the death or loss takes place within 730 days from the day of the accident.
- 2) Under Event Items C or D in respect of any one accident for more than 104 weeks from the commencement of the disablement.
- 3) Under Event Item C combined with Item D for an aggregate of more than 104 weeks in respect of any one accident.

Injury shall mean bodily injury to the Insured Person caused solely and directly by accidental means (excluding any sickness, disease or medical disorder)

Insured Person shall mean the specified Insured Person(s) as stated in the Schedule.

Death shall mean accidental death arising directly or indirectly by accidental means.

Medical Expenses shall mean expenses (after deduction of any sums recovered or recoverable from all other sources) reasonably and necessarily incurred within one calendar year of sustaining injury and paid by the Insured Person or by the Insured in respect of the Insured Person to a legally qualified medical practitioner, dentist, registered nurse, hospital or ambulance service for medical, surgical, X-ray, hospital or nursing treatment, including the costs of prescribed medical supplies and ambulance hire, but excluding the cost of dental treatment unless such treatment is for injury to sound and natural teeth.

Permanent Disablement shall mean disablement resulting solely and directly from Injury during the Period of Insurance, which has lasted for an uninterrupted period of 365 days from the date of Injury and at the expiry of the period is beyond hope of improvement and recovery and will continue for the remainder of the Insured Persons life, the foregoing being duly certified by at least one legally qualified and registered Medical Practitioner

Temporary Total Disablement shall mean disablement which entirely prevents the Insured Person from engaging in his or her usual occupation, profession or business.

Temporary Partial Disablement shall mean disablement which prevents the Insured Person from engaging in a substantial part of his or her usual occupation, profession or business.

Hospital shall mean an establishment duly constituted and registered as a hospital for the care and treatment of sick and injured persons and which

- 1) Has organised facilities for diagnosis, treatment and major surgery;
- 2) Provides twenty-four hours a day nursing services by registered nurses;
- 3) Is under the supervision of a physician; and
- 4) Is not primarily a clinic, a place for custodial care, alcoholics or drug addicts, a nursing, rest or convalescent home or home for the aged or similar establishment.

Hijack shall mean the unlawful seizure and control of a public conveyance from the regular crew by use or threatened use of violent means.

SCHEDULE OF BENEFITS

THE EVENTS	THE BENEFITS (PERCENTAGE OF SUM INSURED STATED IN THE SCHEDULE) %
A. Death	100
B. Permanent Disablement by:	
1. Loss of two limbs	100
2. Loss of both hands, or of all fingers and both thumbs	100
3. Total loss of sight of one eye or both eyes	100
4. Total paralysis	100
5. Complete and incurable insanity	100
6. Injuries resulting in being permanently bedridden	100
7. Permanent total disablement	100
8. Loss of one arm between or at shoulder to wrist	100
9. Loss of one leg between or at hip to ankle	100
10. Loss of both feet	100
11. Loss of foot	55
12. Loss of sight of eye except perception of light	55
13. Loss of lens of eye	55
14. Loss of four fingers and thumb of one hand	70
15. Loss of four fingers	60
16. Loss of thumb	
a) both phalanges	25
b) one phalanx	25
17. Loss of index finger	
a) three phalanges	10
b) two phalanges	10
c) one phalanx	10
18. Loss of middle finger	
a) three phalanges	6
b) two phalanges	6
c) one phalanx	6

19. Loss of ring finger	
a) three phalanges	6
b) two phalanges	6
c) one phalanx	6
20. Loss of little finger	
a) three phalanges	4
b) two phalanges	4
c) one phalanx	4
21. Loss of metacarpals	
a) first or second	3
b) third, fourth or fifth	2
22. Loss of toes	
a) all	20
b) great, both phalanges	5
c) great, one phalanx	5
d) except great if more than one toe lost, each 3	Each 3
23. Loss of hearing	
a) both ears	75
b) one ear	30
24. Loss of speech	75
25. Loss of use of sexual organs resulting from accidental, violent, external and visible means, subject to medical evidence	Up to 25% of the Sum Insured or the sum of HK\$500,000 whichever is the lesser.

The complete and irrecoverable loss of use of any member or members specified above shall be deemed to be loss of such member or members.

In the event that the Injury does not come within any of the items specified in Event B, the Company shall at its absolute and sole discretion make any payment of such sum to the Insured Person, as it deems fit.

The aggregate of all percentage payable in respect of any one accident for any one Insured Person shall not exceed 100% of the Sum Insured. In the event of 100% having been paid in one or more accidents, all insurance under this Cover Section shall immediately cease to be in force in respect of that Insured Person.

All other losses smaller than 100% for each accident if having been paid shall reduce the coverage by that amount from the date of that accident until the expiration of this Policy.

THE EVENTS	THE BENEFITS (PERCENTAGE OF SUM INSURED STATED IN THE SCHEDULE) %
C. Temporary Total Disablement	Weekly sum at the rate stated in the Schedule, provided that such sum does not exceed 80% of the Insured Person's current weekly earnings.
D. Temporary Partial Disablement	Weekly sum at the rate stated in the Schedule provided that such sum does not exceed 50% of the amount payable under item C. above.
E. Medical Expenses	At the sum stated in the Schedule.

SPECIFIC EXCLUSIONS

The following specific exclusions shall apply to this Cover Section (but not to any other Cover Section) in lieu of any corresponding exclusion in the General Exclusions or the specific exclusions in any other Cover Section. If any of these specific exclusions is at variance or inconsistent with any exclusion in the General Exclusions these specific exclusions shall prevail to the extent of such variance or inconsistency

The Company will not pay for claims caused directly or indirectly by or which result from:

- 1) The Insured Person engaging in or taking part in:
 - a) Professional sports.
 - b) Any race, (other than on foot), speed-testing and/or stunts.
 - c) Hang gliding, parachuting, bungee jumping or other aerial activity.
 - d) Under-water activity involving the use of under-water breathing apparatus.
- 2) The Insured Person engaging in service as ship crew other than fishing vessels or crew of floating production, storage and offloading vessels and/or airline personnel and aircrew whilst flying on duties.
- 3) The Insured Person engaging in service in regular armed forces.
- 4) AIDS, HIV or any sexually transmitted disease.
- 5) Illegal acts of an Insured Person.
- 6) Flying or other aerial activity other than as a passenger in a properly licensed power-driven aircraft.
- 7) Intoxication by alcohol, intentional self-injury or suicide (whether felonious or not) or any attempt thereof while sane or insane; being under the influence of drugs (other than those prescribed by a registered medical practitioner but not when prescribed for the treatment of drug addiction).
- 8) Childbirth or pregnancy notwithstanding that such event may have been accelerated or induced by accident.
- 9) Accidental bodily injury sustained after the Insured Person attains 80 years of age.
- 10) Overseas posting of more than 6 consecutive months unless endorsed by the Company.
- 11) Pre-existing disabilities, congenital or heredity anomalies or deformities.

SPECIAL CONDITIONS

- 1) Following an injury the Insured Person must promptly obtain and follow medical advice from a legally qualified practitioner who must also provide a certificate confirming the nature and extent of the Injury.
- 2) The Company will be entitled to avoid this Policy from inception in the event of misrepresentation, misdescription or non-disclosure or concealment of any circumstances by the Insured material to or in connection with:
 - a) The health of the Insured Person, and in particular:
 - i) Whether the Insured Person is suffering from a disease, illness, disability or handicap; or
 - ii) Whether the Insured Person is aware of circumstances suggesting that he may be suffering from a disease, illness, disability or handicap;
 - b) The Insured Person's previous risk experience and claim history.
 - c) The Insured Person's insurance record, including previous insurance refusals.

The Insured Person shall forthwith, or within such time as the Company may in writing allow, deliver in writing a statement containing as particulars all such information thereof as may be required. No statement by the Insured Person under this Policy shall be acceptable to and binding on the Company unless the terms of this condition have been fully complied with.

AGGREGATE LIMIT

The Company's liability shall not exceed the aggregate limit as specified in the Schedule for all admissible claims arising from any one accident or event, regardless of whether the Insured Persons are insured herein or in any other personal accident and/or travel policies purchased by the Insured from the Company.

In the event that the total admitted claims for any particular insured accident or event exceeding the aggregate limit, this aggregate limit amount shall be shared by all Insured Persons involved in the insured accident or event in ratable proportion in accordance to the total Sum Insured for death and/or permanent disablement benefit by the Company under this Policy for all Insured Persons and each claimant shall receive a pro-rated amount.

MEMORANDA

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

Unless otherwise specified, the sub-limits shall not increase the liability of the Company beyond the total Sum Insured specified in the Schedule and to apply in excess of the underlying Excess.

1) Accidental Hospital Income

In the event of the Insured Person being confined in a hospital as a registered in-patient for the treatment of an Injury, a daily allowance of HK\$500 is payable for such period of confinement subject to a maximum period of 60 days.

2) Automatic Additions & Deletions Clause

This Policy is extended to provide for automatic inclusion of any new employee on joining the Insured's employment for an amount of Sum Insured not exceeding the amount for similar occupational category of insured employees in accordance with the Schedule of the Insured Persons and the automatic deletion of any existing insured employee on leaving the Insured's employment provided due notification is made to the Company within thirty days from date of employment or termination of employment

3) Chinese Physician/Chiropractor Treatment Expenses

This Policy is extended to include Chinese physician/chiropractor treatment expenses necessarily and reasonably incurred for treatment of Injuries other than fractures and supported by receipts from a licensed or registered Chinese physician/chiropractor/herbalist/acupuncturist for an amount not exceeding 10% of Event E – Medical Expenses or HK\$3,000 whichever is the lesser, in respect of any one accident per Insured Person.

4) Drowning and Suffocation

This Policy is extended to cover the Insured Person against death or injury as a result of drowning or suffocation by poisonous fumes, gas or smoke. The Company shall not be liable for any claim for such injury arising out of or in connection with the Insured Person's own willful or intentional act.

5) Disappearance

It is agreed that in the event of the disappearance of the Insured Person for a period of one year, the Company shall in its sole discretion decide whether there is sufficient evidence and reason to believe that the accidental death of the Insured Person has occurred and if the event constitutes as a death under this Policy.

In the event that the Insured Person is found to be living after the Company has made payment to the Insured Person's executor or administrators for the Insured Person's 'death', the Insured Person, the Insured Person's executors or administrators shall refund the payment received to the Company.

6) Exposure

When by reason of accidental injury an Insured Person is exposed to the elements and, as a result of such exposure, suffers death, such death shall be covered under this Policy.

7) Funeral Expenses subsidy

The Company shall pay to the legal representative of the Insured Person a lump sum of HK\$3,000 as a subsidy towards the funeral expenses in addition to the Death benefit where such Death is covered by this Policy.

8) Hijack

This Policy is extended to cover injury sustained by the Insured Person as a result of the public conveyance in which he or she is travelling in is the subject of an act of Hijack provided that the Company shall not be liable for any injury in consequence of declared or undeclared war or any act thereof, invasion or civil war, rebellion or insurrection.

9) Medical Expenses – Triple Indemnity

The indemnity limit under Event E – Medical expenses will automatically be tripled in the event of the Insured Person being injured due to robbery and such robbery has been reported to the local police. The maximum indemnity under this extension is limited to HK\$20,000 for each Insured Person.

10) Murder and Assault

Accidental Injury consequent upon murder or assault provided such injury is not caused by or traceable to the deliberate act of the Insured Person.

11) Repatriation Costs

The Company shall pay the Insured and/or Insured Person reimbursement of reasonable charges incurred as a result of an accident for burial or cremation of the Insured Person and/or the transportation of the body or ashes of the Insured Person back to Hong Kong in case of death. The liability of the Company in respect of this extension shall not exceed HK\$10,000 in total.

12) Terrorism Extension

Notwithstanding any provision to the contrary within this Policy or any endorsement thereto it is agreed that this Policy has been extended to include cover for Acts of Terrorism other than for loss, damage, death, injury, illness, cost or expense of whatsoever nature directly or indirectly caused by, contributed to by, resulting from or in connection with any Acts of Terrorism involving the use or release or the threat thereof of any nuclear weapon or device or chemical or biological agent, regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

This endorsement also excludes loss, damage, death, injury, illness, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to any Acts of Terrorism involving the use or release or the threat thereof of any nuclear weapon or device or chemical or biological agent.

Burden of Proof

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

Acts of Terrorism – Defined

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

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

QBE SME BUSINESS INSURANCE SOLUTION POLICY

PUBLIC LIABILITY

1. THE COVER

1.1 LIABILITY

The Company will pay to or on behalf of the Insured all sums which the Insured becomes legally liable to pay by way of Compensation and all costs awarded against the Insured in respect of:

1.1.1. Bodily Injury or

1.1.2. Property Damage

first happening during the Period of Insurance caused by an Occurrence within the Territorial Limits in connection with the Business of the Insured.

1.2 DEFENCE COSTS AND EXPENSES

With respect to the indemnity afforded by this Policy, the Company will:

1.2.1 Defend in the name of and on behalf of the Insured any suit against the Insured alleging such Bodily Injury or Property Damage and seeking damages on account thereof even if such suit is groundless, false or fraudulent, and the Company may make such investigation, negotiation and settlement of any claim or suit as the Company may deem expedient.

1.2.2 Pay all expenses incurred by the Company, all costs taxed or awarded against the Insured in any suit and all interest accruing after entry of judgment until the Company has paid, tendered or deposited in court such part of such judgment as does not exceed the Limit of Liability.

1.2.3 Reimburse the Insured for all reasonable expenses, other than loss of earnings, incurred with the consent of the Company.

Provided that:

1.2.4 The Company shall not be obliged to pay any claim or judgment or to defend any suit after the Limit of Liability has been exhausted by payment of judgments or settlements.

1.2.5 If a payment exceeding the Limit of Liability has to be made to dispose of a claim, the Company's liability to pay any defence costs and expenses in connection therewith shall be limited to such proportion of the defence costs and expenses as the Limit of Liability bears to the amount paid to dispose of the claim.

The amounts thus incurred, except payments in settlement of claims, suits and all costs awarded against the Insured are payable by the Company in addition to the Limit of Liability.

1.3 LIMIT OF LIABILITY

The maximum liability of the Company in respect of any claim or any series of claims for Bodily Injury and/or Property Damage caused by or arising out of one Occurrence will not exceed the Limit of Liability.

Where any claim or series of claims relates to Communicable Disease (as defined herein) our liability shall be further limited to a maximum of HK\$10,000,000 in the aggregate for all losses during the Period of Insurance.

2. SPECIFIC DEFINITIONS

The following specific definitions shall apply to this Cover Section (but not to any other Cover Section) in lieu of any corresponding definition in the General Definitions or the specific definitions in any other Cover Section. If any of these specific definitions is at variance or inconsistent with any definition in the General Definitions these specific definitions shall prevail to the extent of such variance or inconsistency.

2.1 **Aircraft** shall mean any vessel, craft or aerial device made or intended to fly or move in or through the atmosphere or space.

2.2 **Business** shall mean the description in the Schedule and shall include the provision and management of canteens, social, sports and welfare organisations for the benefit of the Insured's Employees and first aid, fire and ambulance services and maintenance of the Insured's premises.

2.3 **Bodily Injury** shall mean bodily injury (which expression includes death and illness), disability, shock, fright, mental anguish or mental injury.

2.4 **Claim** shall mean:

2.4.1 The receipt by the Insured of any written or verbal notice of demand for Compensation made by a third party against the Insured; or

2.4.2 Any writ, statement of claim, summons, application or other originating legal or arbitral process, cross-claim, counter-claim or third or similar party notice served upon the Insured.

2.5 **Compensation** shall mean monies paid or agreed to be paid by judgment, award or settlement for Bodily Injury and/or Property Damage.

Provided that Compensation is only payable in respect of any Occurrence to which this Cover Section applies.

2.6 **Excess** shall mean the first amount of each claim payable by the Insured as stated in the Schedule. The Excess applies to all amounts payable under this Cover Section including the indemnity provided under clause 1.2 'Defence Costs and Expenses'.

Should more than one Excess apply under this Policy for any claim or series of claims arising from the one original source or cause, such Excesses shall not be aggregated and the highest single level of Excess only shall apply.

- 2.7 Electronic Data** shall mean facts, concepts and information converted to a form useable for communications, display, distribution, interpretation or processing by electronic and electromechanical data processing or electronically controlled equipment and includes programmes, software and other coded instruction for such equipment.
- 2.8 Employee** shall mean any person engaged under a contract of service or apprenticeship with the Insured but does not include any person employed under such contract who is excluded from the definition of 'worker' under any workers' compensation legislation.
- 2.9 Employment Practices** shall mean any wrongful or unfair dismissal, denial of natural justice, defamation, misleading representation or advertising, harassment or discrimination directly or indirectly related to employment or prospective employment of any person or persons by the Insured.
- 2.10 Hovercraft** shall mean any vessel, craft or thing made or intended to float on or in or travel on or through the atmosphere or water. On a cushion of air.
- 2.11 Insured** each of the following is deemed to be an Insured under this Policy to the extent set forth:
- 2.11.1 The named Insured specified in the Schedule;
- 2.11.2 Every director, executive officer, Employee, volunteer, work experience student, partner or shareholder of the named Insured but only whilst acting within the scope of their duties in such capacity.
- 2.11.3 Every principal, in respect of the liability of such principal arising out of the performance by the named Insured of any contract or agreement for the performance of work for such principal, to the extent required by such contract or agreement, but limited in all to the extent of coverage and Limit of Liability as provided for in this Cover Section.
- 2.11.4 Every office bearer or member of social and sporting clubs, canteen and welfare organisations and first aid, fire and ambulance services formed with the consent of the Insured (other than an Insured designated in clause 2.11.3 or 2.11.5 in respect of claims arising from their duties connected with the activities of any such club, organisation or service.
- 2.11.5 Each partner, joint-venturer, co-venturer or joint lessee of the named Insured but only:
- 2.11.5.1 With respect to liability incurred as the partnership, joint venture, co-venture, joint lessee; and
- 2.11.5.2 Provided the partnership, joint venture, co-venture, joint lessee has been notified to the Company within sixty (60) days of formation and has been endorsed on the Schedule hereto.
- 2.11.6 Any director or senior executive of the named Insured in respect of private work undertaken by the Insured's Employees for such director or senior executive.
- 2.12 Insured's Products** shall mean any goods, products or property after they have ceased to be in the possession or under the control of the Insured, manufactured, constructed, erected, installed, repaired, serviced, treated, grown, extracted, produced, processed, assembled, sold, supplied or distributed by the Insured (including any container thereof other than a Vehicle).
- 2.13 Jurisdictional Limits** shall mean judgment in the first instance delivered by or obtained from a court of competent jurisdiction within Hong Kong unless otherwise specified in the Schedule subject always to the provision of Exclusion 3.18 Territorial Limits & Jurisdictional Limits.
- 2.14 Limit Of Liability** shall mean the applicable Limit of Liability specified in the Schedule.
- 2.15 Medical Person** shall mean any legally qualified medical practitioner, legally qualified registered nurse, dentist and first aid attendant.
- 2.16 Occurrence** shall mean an event, including continuous or repeated exposure to substantially the same general conditions which results in Bodily Injury or Property Damage neither expected nor intended from the standpoint of the Insured.
- 2.17 Pollutants** shall mean any solid, liquid, gaseous or thermal irritant or contaminant, including but not limited to smoke, vapour, soot, fumes, acids, alkalis, chemicals and waste. Waste includes material to be recycled, reconditioned or reclaimed.
- 2.18 Property Damage** shall mean:
- 2.18.1 Physical damage, loss or destruction of tangible property including any resulting loss of use of that property.
- 2.18.2 Loss of use of tangible property which has not been physically damaged, lost or destroyed provided such loss of use is caused by an Occurrence.
- 2.19 Territorial Limits** shall mean anywhere within Hong Kong unless otherwise specified in the Schedule subject always to the provisions of clause 3.18 Territorial and Jurisdictional Limits.
- 2.20 Tool of Trade** shall mean a Vehicle which has a tool or plant forming part of, attached to, or used in connection with it while such tool or plant is engaged on a work site. Tool of Trade does not include any Vehicle whilst travelling to or from a work site, or Vehicles that are used to carry goods to or from any premises.
- 2.21 Vehicle** shall mean any type of machine on wheels or on self-laid tracks made or intended to be propelled by other than manual or animal power and any trailer or other attachment made or intended to be drawn by any such machine.
- 2.22 Watercraft** shall mean any vessel, craft or thing made or intended to float on or in or travel on or through or under water.

Insured does not include the interest of any other person other than as described in clauses 2.11.1 to 2.11.6 above.

3. SPECIFIC EXCLUSIONS

The following specific exclusions shall apply to this Cover Section (but not to any other Cover Section) in lieu of any corresponding exclusion in the General Exclusions or the specific exclusions in any other Cover Section. If any of these specific exclusions is at variance or inconsistent with any exclusion in the General Exclusions these specific exclusions shall prevail to the extent of such variance or inconsistency

This Cover Section does not cover liability in respect of:

3.1 Aircraft, Watercraft and Hovercraft

Claims arising out of:

- 3.1.1 The ownership, maintenance, operation or use by the Insured or on the Insured's behalf of any Aircraft or
- 3.1.2 The ownership, operation or use by the Insured or on the Insured's behalf of:
 - 3.1.2.1 Any Watercraft or
 - 3.1.2.2 Hovercraft.

3.2 Asbestos

Any actual or alleged liability whatsoever for any claim or claims in respect of losses directly or indirectly arising out of, resulting from, in consequence of, contributed to or aggravated by asbestos in whatever form or quantity.

3.3 Building Works

Claims in respect of Bodily Injury and/or Property Damage arising directly or indirectly out of or caused by or in connection with the erection, demolition, alteration of and/or addition to buildings by or on behalf of the Insured except such erection, demolition, alteration, or addition not exceeding the sum of HK\$500,000.

3.4 Contractual Liability

Any obligation assumed by the Insured under any agreement or contract except to the extent that the liability would have been implied by law in the absence of such contract or agreement.

3.5 Defamation

Claims arising out of the publication or utterance of a libel or slander.

3.6 Electronic Data

Claims arising out of:

- 3.6.1 Communication, display, distribution or publication of Electronic Data.
- 3.6.2 Total or partial destruction, distortion, erasure, corruption, alteration, misinterpretation or misappropriation of Electronic Data.
- 3.6.3 Error in creating, amending, entering, deleting or using Electronic Data.

- 3.6.4 Total or partial inability or failure to receive, send, access or use Electronic Data for any time or at all.

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

3.7 Employment Liability

Claims arising out of:

- 3.7.1 Bodily Injury to any Employee arising directly or indirectly out of or in the course of their employment in the Business of the Insured.
- 3.7.2 Any liability the Insured may have in respect of Bodily Injury sustained to any person who is, pursuant to any legislation relating to Workers' Compensation, deemed or defined to be an employee of the Insured.
- 3.7.3 Any liability in respect of which the Insured is entitled to seek indemnity under any policy of insurance required to be taken out pursuant to any legislation relating to Workers' Compensation including any legislation of any State, Territory or Province and whether or not the Insured is party to such contract of insurance.
- 3.7.4 Any liability imposed by the provisions of any Workers' Compensation legislation or any industrial award or agreement or determination;
- 3.7.5 Employment Practices.

3.8 Faulty Workmanship

The cost of performing, completing, correcting, improving or replacing any work undertaken by the Insured.

3.9 Fines and Penalties

Fines, penalties and/or liquidated damages.

3.10 Insured's Product

Claims arising directly or indirectly out of any defect or deficiency in Insured's Products (which expression includes containers) after such Products have passed from the control and actual physical custody of the Insured or of any person in the direct service of the Insured other than

- 3.10.1 Products sold or supplied at or from a canteen provided by the Insured primarily for the use of Employees of the Insured.
- 3.10.2 Bodily Injury caused by or alleged to be caused by food or drink or by anything contained in food or drink supplied by the Insured.

3.11 Loss of Use

Loss of use of tangible property which has not been physically injured or lost or destroyed resulting from a delay in or lack of performance by or on behalf of the Insured of any contract or agreement.

3.12 Offshore Gas and Oil Platforms

Work performed on offshore gas and oil platforms.

3.13 Pollution

3.13.1 Bodily Injury or Property Damage directly or indirectly caused by or arising out of the discharge, dispersal, release, seepage, migration or escape of Pollutants into or upon land, the atmosphere, or any water course or body of water. Provided this clause 3.13.1 does not apply if such discharge, dispersal, release or escape is sudden, identifiable, unexpected and unintended and takes place in its entirety at a specific time and place.

3.13.2 Any costs and expenses incurred in the prevention, removing, nullifying or clean-up of such contamination or pollution. Provided this clause 3.13.2 does not apply to clean-up, removal or nullifying expenses only, which are consequent upon a sudden, identifiable, unexpected and unintended happening taking place in its entirety at a specific time and place which results in Bodily Injury or Property Damage.

3.13.3 The actual alleged or threatened discharge, dispersal, release, seepage, migration or escape of Pollutants in the United States of America or the Dominion of Canada or in any country to which the laws of the United States of America or the Dominion of Canada apply.

The Company's liability under clauses 3.13.1 and 3.13.2 above in respect of any one discharge, dispersal, release, seepage, migration or escape and for all discharges, dispersals, releases and escapes of Pollutants during any one Period of Insurance will not exceed the Limit of Liability.

3.14 Pressure Vessels

Claims in respect of Bodily Injury or Property Damage arising directly or indirectly from explosion or collapse of boilers, steam generators or other vessels under pressure:

3.14.1 Owned by the Insured or

3.14.2 In the physical or legal control or used by the Insured and in respect of which a certificate is required to be issued under the terms of any applicable law, provided however that this exclusion does not apply to pressure vessels with a capacity of one cubic metre or less.

3.15 Professional Liability

The rendering of or failure to render professional advice or service by the Insured or any error or omission in connection therewith but this exclusion does not apply to the rendering of or failure to render professional medical advice by a medical person employed by the Insured to provide first aid and other medical services on the Insured's premises provided such medical service and advice is not given for a fee.

3.16 Property in Custody or Control

Property Damage to:

3.16.1 Property owned by or leased or rented to the Insured.

3.16.2 Property in the physical or legal control of the Insured.

But this exclusion does not apply to liability for Property Damage to:

3.16.3 Premises (including landlord's fixtures and fittings) which are leased or rented by the Insured.

3.16.4 Premises (and the contents thereof) not owned, leased or rented by the Insured but temporarily occupied by the Insured for work therein but no indemnity is granted for damage to that part of the property on which the Insured is working and which arises out of such work.

3.16.5 Vehicles (not belonging to or used by or on behalf of the Insured) in the physical or legal control of the Insured where such Property Damage occurs whilst any such Vehicles are in a car park owned or operated by the Insured provided that such car park is incidental to the Business of the Insured.

3.17 Punitive Damages

Punitive damages and/or exemplary damages and/or aggravated damages and/or any additional damages resulting from the multiplication of compensatory damages.

3.18 Territorial and Jurisdictional Limits

3.18.1 Claims made and actions instituted within the United States of America or the Dominion of Canada or any other territory coming within the jurisdiction of the courts of the United States of America or the Dominion of Canada.

3.18.2 Claims and actions to which the laws of the United States of America or the Dominion of Canada apply.

3.18.3 Claims arising out of operations domiciled in the United States of America or the Dominion of Canada.

Provided that:

3.18.4 Clauses 3.18.1 and 3.18.2 shall not apply to claims and actions arising from the presence outside the country in which this Policy was issued, of any of the Insured's Employees and/or directors, partners or proprietors who are normally resident in such country and who are not undertaking manual work or supervision of work of any kind while in the United States of America or the Dominion of Canada.

3.18.5 In respect of coverage provided under clause 3.18.4 all Defence Costs and Expenses shown in clause 1.2 are paid by the Company within the Limit of Liability shown in the Schedule, not in addition to it.

3.19 Vehicles

Bodily Injury or Property Damage arising out of the ownership, possession, operation, or use by the Insured of any Vehicle:

- 3.19.1 Which is registered or which is required under any applicable law to be registered.
- 3.19.2 In respect of which compulsory liability insurance or statutory indemnity is required by virtue of any applicable law (whether or not that insurance is effected).

Provided that clause 3.19.1 and 3.19.2 do not apply to:

- 3.19.3 bodily Injury where that compulsory liability insurance or statutory indemnity does not provide indemnity and the reason or reasons why that compulsory liability insurance or statutory indemnity does not provide indemnity does not involve a breach by the Insured of legislation relating to vehicles;
- 3.19.4 property Damage arising out of and during the loading or unloading of goods to or from any Vehicle;
- 3.19.5 property Damage caused by or arising from the operation or use of any Vehicle which is designed primarily for lifting, lowering, loading, unloading, while being operated or used by the Insured within the confines of the Insured's premises;
- 3.19.6 property Damage caused by or arising out of the use of;
 - 3.19.6.1 any Vehicle whilst being used as a Tool of Trade;
 - 3.19.6.2 plant forming part of the Insured's Vehicle being used as a tool operating at any worksite;

but excluding Property Damage caused by or arising whilst the Vehicle is transporting or carting goods.

3.20 Vibration

Claims in respect of damage to any land or fixed property arising directly or indirectly from vibration.

3.21 Vessel/Ship

Activities involving ship building, ship repairing and/or any work onboard or about vessels.

3.22 Project/Contract at airside, oil rig, petrochemical plant & clean room

Activities from a project/contract at airside at an airfield, oil rig, petrochemical plant & clean room

3.23 Marine Liabilities

Marine liabilities including but not limited to port operations liabilities, stevedoring liabilities, bailee's liabilities, environment impairment liabilities and marine protection and indemnity.

3.24 Molestation

Bodily Injury arising out of, caused by, or contributed to by the assault, abuse, molestation or interference of any person or attempt thereof committed or alleged to have been committed by the Insured or any person referred to in the definition of Insured.

4 SPECIFIC CONDITIONS

The following specific conditions shall apply to this Cover Section (but not to any other Cover Section) in lieu of any corresponding condition in the General Conditions or the specific conditions in any other Cover Section. If any of these specific conditions is at variance or inconsistent with any condition in the General Conditions these specific conditions shall prevail to the extent of such variance or inconsistency.

4.1 Acquisition of Properties or Companies

This Policy extends to properties, assets, companies, firms, entities or other bodies:

- 4.1.1 Formed or acquired by the Insured for which the Insured assumes management responsibility during the Period of Insurance.
- 4.1.2 Which undertake activities consistent with the description of the Business in the Schedule subject to a written disclosure to the Company prior to any new acquisition which represents more than 15% of the current group turnover, in which event the Company may seek revised terms including but not limited to payment of additional premium. The Insured is not obliged to accept such terms, but if the Insured does not, that new acquisition will not be covered by this Cover Section.

Provided that no indemnity shall be granted in respect of claims for Bodily Injury or Property Damage which first happened prior to the date of such acquisition, formation or assumption of management responsibility.

4.2 Cross Liability

Where more than one party comprises the Insured, each of the parties shall be considered as a separate and distinct unit and the word "Insured" will be considered as applying to each party in the same manner as if a separate Policy had been issued to each of the said parties provided that nothing in this clause will result in an increase of the Company's Limit of Liability in respect of any Occurrence or Period of Insurance.

4.3 Discharge of Liabilities

The Company may at any time pay to the Insured in respect of all claims against the Insured arising directly or indirectly from one source or original cause the amount of the Limit of Liability or such other limit specified in respect thereof (after deduction of any sum or sums already paid as compensation in respect thereof), or any lesser sum for which the claim or claims can be settled and upon such payment the Company shall relinquish conduct or control of and be under no further liability under the Policy in connection with such claims except for costs, charges and expenses;

- 4.3.1 Recoverable from the Insured for all or part of the period prior to the date of such payment.

- 4.3.2 Incurred by the Company.
- 4.3.3 Incurred by the Insured with the written consent of the Company prior to the date of such payment.

4.4 Reasonable Care

The Insured must:

- 4.4.1 Exercise reasonable care that only competent Employees are employed and take reasonable measures to maintain all premises, fittings and plant in sound condition and;
- 4.4.2 Take all reasonable precautions to:
 - 4.4.2.1 Prevent Bodily Injury or Property Damage; and
 - 4.4.2.2 Comply with and ensure that its Employees, servants and agents comply with all applicable laws imposed by all relevant public authorities for the:
 - 4.4.2.2.1 Safety of persons or property;
 - 4.4.2.2.2 Disposal of waste products;
 - 4.4.2.2.3 Handling, storage or use of flammable liquids or substances, gases or toxic chemicals.

4.5 Statutory Requirements

This Policy does not cover liability in respect of claims made or actions instituted within any country state or territory outside Hong Kong where the Insured is required to obtain or secure insurance with an insurer or organisation licensed in that country state or territory to grant such insurance.

4.6 Subrogation

The Company may prosecute in the Insured's name for damages or otherwise. The Company may do this before or after the Company has paid the Insured's claim and whether or not the Insured has been fully compensated for any actual loss. The Insured must execute and deliver instruments and papers and do everything that is necessary to assist the Company in the exercise of those rights.

If the Insured has agreed not to seek compensation from another person who is liable to compensate the Insured for any loss, damage or liability which is covered by this Policy, the Company will not cover the Insured under this Policy for that loss, damage or liability.

5. MEMORANDA

Except to the extent that this Policy is hereby modified under the following Memoranda the terms, Conditions, Exclusions and limitations of this Policy shall apply PROVIDED THAT the Limit of Liability is not otherwise exceeded:

5.1 Acts of Tenants

Should a tenant of the Insured within the Insured's building do or omit to do, without the knowledge or consent of the Insured, anything which would violate any condition and/or warranties, this Policy will not be void on that account provided that the Insured shall notify the Company of the happening or existence of such act or omission as soon as the same come to the Insured's knowledge.

5.2 Advertising and Neon Signs

Legal liability of the Insured arising out of accidents caused by or through the neon/advertising sign installations belonging to the Insured.

Warranted that the Insured shall comply with all applicable laws and shall at all times ensure that the neon/advertising sign installations are kept in a proper state of repair and if any defect be discovered, the Insured shall forthwith cause such defect to be made good and shall in the meantime cause such additional precautions to be taken for the prevention of accident as the circumstances may require and no alteration in the position of the signs shall be made without the consent of the Company. So far as is reasonably practicable no alteration or repair shall without the consent of the Company be made to the said neon/advertising signs after any accident has occurred in connection therewith until the Company shall have an opportunity of inspecting same.

5.3 Contingent Liability for Non-Owned and Hired Motor Vehicle (Hong Kong risks only)

The Company will indemnify the Insured in respect of accidental injury to any person, accidental loss of or damage to property arising out of the use of any motor vehicle not being the property of or provided by the Insured and being used for the purpose of the Business provided that this extension shall not apply to:

- 5.3.1 Damage to any such vehicle or to property conveyed therein.
- 5.3.2 Injury or damage caused while the Insured is driving such vehicle.
- 5.3.3 Liability which is insured or would but for the existence of this Policy be insured under any other policy or policies.

5.4 Contingent Liability of Tenants

This Policy is extended to cover the Insured's legal liability to pay Compensation to any third party for accidental Bodily Injury or accidental Property Damage caused by the acts of tenants provided that the indemnity given under this extension is on the condition that it is contingent upon the liability incurred not being covered or indemnified by an insurance taken out by the tenants.

5.5 Defective Sanitary Installation

The Insured's legal liability directly caused by defective sanitary arrangements within that section of the premises that is occupied by the Insured.

Provided that the sanitary pipes are checked by a competent person at regular intervals.

5.6 Demonstration and Exhibition Extension

This Policy is extended to include the Insured's legal liability in respect of accidental Bodily Injury to any person or accidental Property Damage happening whilst the Insured is holding a demonstration and/or exhibition in connection with the Business.

5.7 Employee Training

This Section is extended to include the liability of the Insured's employees whilst undergoing training within the geographical limit covered under this Section.

5.8 Fire and Explosion

This Policy is extended to cover the risks of fire and explosion. Provided always that the Company shall not under this endorsement be liable for any liability in respect of Bodily Injury or Property Damage caused by or in connection with or arising from the bursting of a boiler, economiser or other vessel, machine or apparatus wherein internal pressure is due to steam only.

5.9 Fire Brigade Water Damage

It is hereby declared and agreed that this policy is extended to indemnify the company for legal liability to any third parties for bodily injury and/or property damage in respect of water damage caused by fire brigade operations.

5.10 First Aid Facilities Clause

This Policy is extended to include the Insured's legal liability for Bodily Injury arising out of provision by the Insured or the Insured's Employees to provide first aid and other medical services on the Insured premises provided such medical service and advice is not given for a fee.

5.11 Guests' Effects Clause

(Limit: HK\$5,000 any one guest, HK\$50,000 in aggregate)

This Policy is extended to cover legal liability of the Insured in respect of loss or damage to the personal effects held in the Insured's care, custody and control occurring at the Insured's premises.

5.12 Independent Contractors

This Policy is extended to cover legal liability of the Insured for Bodily Injury or Property Damage arising from an Occurrence as a result of the Insured's contingent liability arising out of work or operation by independent contractors or subcontractors engaged by the Insured in connection with the Insured's Business.

5.13 Landlord's/Property Owner Liability

This Policy is extended to include legal liability of the Insured by reason of the ownership, but not occupation, of the premises caused through any defect in the said premises subject always to the exceptions in the Policy.

Provided that the Insured shall at all times see that the premises to which this extension applies are kept in good repair and if any defects are discovered by complaints from tenants or otherwise the Insured shall forthwith cause such defect to be made good and in the meantime cause such temporary precautions to be taken as the circumstances may require. In so far as it is reasonably practicable no alteration or repair shall without consent of the Company be made to the premises after the accident has occurred until the Company shall have the opportunity of inspecting same.

5.14 Legal Liability For The False Arrest Detention

This Policy is extended to cover the legal liability of the Insured for:

5.14.1 accidental death of or bodily injury to any person not being a member of the Insured's family nor a person who at the time of the accident is engaged in and upon the service of the Insured.

5.14.2 accidental damage to property not belonging to or held in trust by or in the custody or control of the Insured or a member of the Insured's family or a person acting on behalf of the Insured.

consequent upon false arrest, detention and eviction by security guards or other employees of the Insured.

5.15 Liability Of Students on Attachment/Trainees

This Policy is extended to include the legal liability of the Insured for accidental death or bodily injury of any person and accidental loss of or damage to property arising in connection with works performed by the students on attachment or trainees engaged by the Insured.

5.16 Liquor Liability

This Policy is extended to include bodily injury or property damage which the Insured may be held liable as:

5.16.1 a person or organization engaged in the business, selling or servicing of alcoholic beverages or

5.16.2 if not so engaged, as an owner or lessor of premises used for such purposes by reason of the selling, serving of alcoholic beverage:

5.16.2.1 to a minor,

5.16.2.2 to a person under the influence of alcohol,

5.16.2.3 or which causes or contributes to the intoxication of any person

5.17 Non-Invalidation

This insurance shall not be invalidated by:

5.17.1 any change of occupancy or increase of risk taking place at the Insured's premises without the Insured's knowledge provided that they shall, immediately on the same coming to their knowledge, advise the Company and pay any additional premium that may be required from the date of such increase of risk.

5.17.2 workmen on the premises for the purpose of effecting repairs, minor alterations to the premises or general maintenance purposes and similar tasks.

5.18 Principal Property

It is hereby declared and agreed that principal's properties other than contract works and not in the possession of the contractor are deemed as third-party properties.

5.19 Plant and Machinery (including lift, elevator & escalator)

This Policy is extended to indemnify the Insured's legal liability for claims in respect of Bodily Injury or Property Damage arising directly or indirectly out of or caused by or in connection with any plant and machinery including the use of lift, elevator and escalator in the physical or legal control of the Insured or used in work undertaken by or on behalf of the Insured.

However, should such plant and machinery be specifically insured under any policy for third party liability insurance, the Company will not indemnify the Insured nor be called upon to contribute under this Policy for any liability attributed to the use of such plant and machinery.

The Company shall not be liable for claims in respect of bodily injury or damage to property arising directly or indirectly out of or caused by or in connection with any alterations and/or additions to elevators which shall include the enclosure machinery plant supports doors safety devices appliances contrivances used in connection therewith.

5.20 Principal Property

The properties of principals of the Insured not in their possession are deemed to be third party properties.

This does not include any property(s) where the insured is engaged in undertaking construction works.

5.21 Waiver of Subrogation Rights

In the event of a claim arising out of this Policy the insurers agree to waive any rights, remedies or relief of which they might become entitled to subrogation against any company standing in relation or subsidiary to or parent to the Insured.

5.22 Work Away Extension

This Policy is extended to cover Property Damage to premises (and their contents) not owned or rented by the Insured but temporarily occupied by the Insured for the purpose of work therein but excluding that part of such property upon which the Insured is or has been working.

5.23 Worldwide Extension for Executive Travel

This Policy is extended to indemnify the Insured in respect of all sums which the Insured shall be legally liable to pay as Compensation for accidental Bodily Injury to any person or damage to third party property caused by the negligence of the Insured's executives whilst engaged on the Insured's Business anywhere in the world.

Provided that the liability of the Company under this extension shall not exceed in the aggregate the Limits of Liability granted under the Policy.

QBE SME BUSINESS INSURANCE SOLUTION POLICY
**PUBLIC & PRODUCTS BROADFORM
 LIABILITY (Enhanced to Combined General
 Liability Coverage)**

1. THE COVER

1.1 LIABILITY

The Company will pay to or on behalf of the Insured all sums which the Insured becomes legally liable to pay by way of Compensation and all costs awarded against the Insured in respect of:

1.1.1 Personal Injury; or

1.1.2 Property Damage; or

1.1.3 Advertising Liability

first happening during the Period of Insurance caused by an Occurrence within the Territorial Limits in connection with the Business of the Insured.

1.2 DEFENCE COSTS AND EXPENSES

With respect to the indemnity afforded by this Policy, the Company will:

1.2.1 Defend in the name of and on behalf of the Insured any suit against the Insured alleging such Bodily Injury or Property Damage and seeking damages on account thereof even if such suit is groundless, false or fraudulent, and the Company may make such investigation, negotiation and settlement of any claim or suit as the Company may deem expedient.

1.2.2 Pay all expenses incurred by the Company, all costs taxed or awarded against the Insured in any suit and all interest accruing after entry of judgment until the Company has paid, tendered or deposited in court such part of such judgment as does not exceed the Limit of Liability.

1.2.3 Reimburse the Insured for all reasonable expenses, other than loss of earnings, incurred with the consent of the Company.

Provided that:

1.2.4 The Company shall not be obliged to pay any claim or judgment or to defend any suit after the Limit of Liability has been exhausted by payment of judgments or settlements.

1.2.5 If a payment exceeding the Limit of Liability has to be made to dispose of a claim, the Company's liability to pay any defence costs and expenses in connection therewith shall be limited to such proportion of the defence costs and expenses as the Limit of Liability bears to the amount paid to dispose of the claim.

The amounts thus incurred, except payments in settlement of claims, suits and all costs awarded against the Insured are payable by the Company in addition to the Limit of Liability.

1.3 LIMIT OF LIABILITY

1.3.1 The maximum liability of the Company in respect of any claim or any series of claims for Bodily Injury and/or Property Damage and/or Advertising Liability caused by or arising out of one Occurrence will not exceed the Limit of Liability.

1.3.2 The total aggregate liability of the Company during any one period of insurance for all claims arising out of the Insured's Products and/or Advertising Liability shall not exceed the Limit of Liability.

1.3.3 Where any claim or series of claims relates to Communicable Disease our liability shall be further limited to a maximum of HK\$10,000,000 in the aggregate for all losses during the Period of Insurance.

2. SPECIFIC DEFINITIONS

The following specific definitions shall apply to this Cover Section (but not to any other Cover Section) in lieu of any corresponding definition in the General Definitions or the specific definitions in any other Cover Section. If any of these specific definitions is at variance or inconsistent with any definition in the General Definitions these specific definitions shall prevail to the extent of such variance or inconsistency.

2.1 Advertising Liability means liability for damages arising out of one or more of the following:

2.1.1 Defamation except arising out of defamatory statements or defamatory material made or produced prior to the inception date of the policy or made at the Insured's direction with the Insured's knowledge of the falsity of the statement or the material;

2.1.2 Infringement of copyright, title or slogan;

2.1.3 Unfair competition, misappropriation of advertising ideas or style of doing business;

2.1.4 Invasion of privacy committed or alleged to have been committed in any advertisement and arising out of any advertising activities conducted by the Insured in the course of carrying out the Insured's Business

However the Company will not indemnify the Insured in respect of claim made against the Insured:

2.1.5 Arising out of advertising activities prior to the commencement date of this Policy;

2.1.6 Arising from the failure of performance of contract, other than the misappropriation of advertising contrary to an implied contract;

2.1.7 For infringement or passing off a trade-mark, service mark or trade name on any products, goods or services sold, offered for sale or advertised. This does not apply to infringement of titles or slogans;

2.1.8 For incorrect description of any products and/or services;

- 2.1.9 For mistake in advertised price of products and/or services;
- 2.1.10 Failure of the Insureds Products to or services to conform with advertised performance, quality, fitness or durability;
- 2.1.11 For any insured who's Business is advertising, broadcasting, publishing or telecasting.
- 2.2 Aircraft** shall mean any vessel, craft or aerial device made or intended to fly or move in or through the atmosphere or space.
- 2.3 Business** shall mean the description in the Schedule and shall include:
- 2.3.1 the provision and management of canteens, social, sports, welfare and medical organisations for the benefit of the Insured's Employees and/or the Insured's pensioners, sponsorships, medical, dental, nursing, first-aid, fire, rescue and ambulance services;
- 2.3.2 Provision of security services for the benefit of the Insured;
- 2.3.3 Provision of nursery, creche or child care facilities where incidental to the business;
- 2.3.4 Provision of educational facilities;
- 2.3.5 Property owners, lessors and lessees including repair, refurbishment and maintenance of such property;
- 2.3.6 Organisation of and participation in exhibitions, trade fairs conferences and the like;
- 2.3.7 Employment of sub-contractors for performance of work on behalf of the Insured;
- 2.3.8 The organisation of charitable events or similar fund raising activities;
- 2.3.9 Sponsorship of events, organisations, entities and individuals;
- 2.3.10 Repair, maintenance and servicing of own mechanically propelled vehicles, sale or disposal of own property and goods, including owned mechanically propelled vehicles;
- 2.3.11 Provision of gifts and promotional material incidental to the Business.
- 2.4 Claim** shall mean:
- 2.4.1 The receipt by the Insured of any written or verbal notice of demand for Compensation made by a third party against the Insured; or
- 2.4.2 Any writ, statement of claim, summons, application or other originating legal or arbitral process, cross-claim, counter-claim or third or similar party notice served upon the Insured.
- 2.5 Compensation** shall mean monies paid or agreed to be paid by judgment, award or settlement for Bodily Injury and/or Property Damage.
- Provided that Compensation is only payable in respect of any Occurrence to which this Cover Section applies.
- 2.6 Excess** shall mean the first amount of each claim payable by the Insured as stated in the Schedule. The Excess applies to all amounts payable under this Cover Section including the indemnity provided under clause 1.2 'Defence Costs and Expenses'.
- Should more than one Excess apply under this Policy for any claim or series of claims arising from the one original source or cause, such Excesses shall not be aggregated and the highest single level of Excess only shall apply.
- 2.7 Electronic Data** shall mean facts, concepts and information converted to a form useable for communications, display, distribution, interpretation or processing by electronic and electromechanical data processing or electronically controlled equipment and includes programmes, software and other coded instruction for such equipment.
- 2.8 Employee** shall mean any person engaged under a contract of service or apprenticeship with the Insured, but does not include any person employed under such contract who is excluded from the definition of 'worker' under any workers' compensation legislation.
- 2.9 Employment Practices** shall mean any wrongful or unfair dismissal, denial of natural justice, defamation, misleading representation or advertising, harassment or discrimination directly or indirectly related to employment or prospective employment of any person or persons by the Insured.
- 2.10 Hovercraft** shall mean a specific type of vessel, craft or thing made or intended to float on or in or travel on or through the atmosphere or water on a cushion of air.
- 2.11 Incidental Contracts** means:
- 2.11.1 Any written rental agreement or lease of real or personal property not requiring an obligation to insure such property or be strictly liable regardless of fault;
- 2.11.2 Any written contract with any authority or entity responsible for the supply of electricity, fuel, gas, natural gas, air, steam, water sewerage reticulation control systems, waste disposal facilities, telephone and communication services and other essential services., except those contracts in connection with work done for such authorities or entities;
- 2.11.3 Any written contract with any railway authority for the loading , unloading and/or transport of products, including contracts relating to the operation of railway sidings.
- 2.12 Insured** each of the following is deemed to be an Insured under this Policy to the extent set forth:
- 2.12.1 The named Insured specified in the Schedule;

- 2.12.2 Every director, executive officer, Employee, volunteer, work experience student, partner or shareholder of the named Insured but only whilst acting within the scope of their duties in such capacity.
- 2.12.3 Every principal, in respect of the liability of such principal arising out of the performance by the named Insured of any contract or agreement for the performance of work for such principal, to the extent required by such contract or agreement, but limited in all to the extent of coverage and Limit of Liability as provided for in this Cover Section.
- 2.12.4 Every office bearer or member of social and sporting clubs, canteen and welfare organisations and first aid, fire and ambulance services formed with the consent of the Insured (other than an Insured designated in clause 2.12.3 or 2.12.5 in respect of claims arising from their duties connected with the activities of any such club, organisation or service.
- 2.12.5 Each partner, joint-venturer, co-venturer or joint lessee of the named Insured but only:
- 2.12.5.1 With respect to liability incurred as the partnership, joint venture, co-venture, joint lessee; and
- 2.12.5.2 Provided the partnership, joint venture, co-venture, joint lessee has been notified to the Company within sixty (60) days of formation and has been endorsed on the Schedule hereto.
- 2.12.6 Any director or senior executive of the named Insured in respect of private work undertaken by the Insured's Employees for such director or senior executive.
- Insured does not include the interest of any other person other than as described in clauses 2.12.1 to 2.12.6 above.
- 2.13 Insured's Products** shall mean any goods, products or property after they have ceased to be in the possession or under the control of the Insured, manufactured, constructed, erected, installed, repaired, serviced, treated, grown, extracted, produced, processed, assembled, sold, supplied or distributed by the Insured (including any container thereof other than a Vehicle).
- 2.14 Jurisdictional Limits** shall mean judgment in the first instance delivered by or obtained from a court of competent jurisdiction within the Hong Kong unless otherwise specified in the Schedule subject always to the provision of Exclusion 3.20 Territorial Limits & Jurisdictional Limits.
- 2.15 Limit Of Liability** shall mean the applicable Limit of Liability specified in the Schedule.
- 2.16 Medical Person** shall mean any legally qualified medical practitioner, legally qualified registered nurse, dentist and first aid attendant.
- 2.17 North America** means the United States of America or its territories or possessions or Canada.
- 2.18 North American jurisdiction** means any judgement, award, payment, defence costs or settlement delivered, made or incurred within countries which form part of North America and or which operate under the laws of such countries or any states, provinces or territories forming part of them (or to any order made anywhere in the world to enforce such judgement, award, payment, defence costs or settlement either in whole or in part) following any event which is or may be the subject of indemnity under the laws of North America.
- 2.19 Occurrence** means an event, including continuous or repeated exposure to substantially the same general conditions which results in Bodily Injury or Property Damage or Advertising Liability neither expected nor intended from the standpoint of the Insured.
- 2.20 Personal Injury** means:
- 2.20.1 Bodily injury (which expression includes death and illness), disability, shock, fright, mental anguish or metal injury;
- 2.20.2 The effects of false arrest, wrongful detention, false imprisonment or malicious prosecution;
- 2.20.3 The effects of wrongful entry or eviction;
- 2.20.4 The effects of the utterance of any defamatory or disparaging material;
- 2.20.5 The effects of assault and battery not committed by the Insured or at the Insured's direction unless reasonable committed for the purpose of preventing or eliminating danger to person or property.
- 2.21 Pollutants** shall mean any solid, liquid, gaseous or thermal irritant or contaminant, including but not limited to smoke, vapour, soot, fumes, acids, alkalis, chemicals and waste. Waste includes material to be recycled, reconditioned or reclaimed.
- 2.22 Property Damage** shall mean:
- 2.22.1 Physical damage, loss or destruction of tangible property including any resulting loss of use of that property.
- 2.22.2 Loss of use of tangible property which has not been physically damaged, lost or destroyed provided such loss of use is caused by an Occurrence.
- 2.23 Territorial Limits** shall mean anywhere within Hong Kong unless otherwise specified in the Schedule subject always to the provisions of clause 3.20 Territorial and Jurisdictional Limits.
- 2.24 Tool of Trade** shall mean a Vehicle which has a tool or plant forming part of, attached to, or used in connection with it while such tool or plant is engaged on a work site. Tool of Trade does not include any Vehicle whilst travelling to or from a work site, or Vehicles that are used to carry goods to or from any premises.
- 2.25 Vehicle** shall mean any type of machine on wheels or on self-laid tracks made or intended to be propelled by other than manual or animal power and any trailer or other attachment made or intended to be drawn by any such machine.
- 2.26 Watercraft** shall mean any vessel, craft or thing made or intended to float on or in or travel on or through or under water.

3. SPECIFIC EXCLUSIONS

The following specific exclusions shall apply to this Cover Section (but not to any other Cover Section) in lieu of any corresponding exclusion in the General Exclusions or the specific exclusions in any other Cover Section. If any of these specific exclusions is at variance or inconsistent with any exclusion in the General Exclusions these specific exclusions shall prevail to the extent of such variance or inconsistency

This Cover Section does not cover liability in respect of:

3.1 Aircraft, Watercraft and Hovercraft

Claims arising out of:

- 3.1.1 The ownership, maintenance, operation or use by the Insured or on the Insured's behalf of any Aircraft, however this exclusion 3.1.1 will not apply to unmanned aerial devices (drones)

Provided that:

- 3.1.1.1 The Insured complies with all statutory obligations and regulations imposed by public authorities
- 3.1.1.2 The unmanned aerial device is not used for military or defence purposes
- 3.1.1.3 Operation of the aerial device is in accordance with the manufacturers recommendations
- 3.1.1.4 The unmanned aerial device is not used for the carriage or transport of chemicals or other dangerous goods.
- 3.1.2 The ownership, operation or use by the Insured or on the Insured's behalf of:
- 3.1.2.1 Any Watercraft exceeding 20 metres in length; or
- 3.1.2.2 A Hovercraft.
- 3.1.3 The insureds products that are aircraft component parts used for maintaining any aircraft in flight or moving upon the ground or used in the construction of any aircraft hull or machinery which to the Insured's knowledge are incorporated in any aircraft.

3.2 Asbestos

Any actual or alleged liability whatsoever for any claim or claims in respect of losses directly or indirectly arising out of, resulting from, in consequence of, contributed to or aggravated by asbestos in whatever form or quantity.

3.3 Building Works

Claims in respect of Bodily Injury and/or Property Damage arising directly or indirectly out of or caused by or in connection with the erection, demolition, alteration of and/or addition to buildings by or on behalf of the Insured except such erection, demolition, alteration, or addition not exceeding the sum of HK\$500,000.

3.4 Contractual Liability

Any obligation assumed by the Insured under any agreement or contract except to the extent that:

- 3.4.1 the liability would have been implied by law in the absence of such contract or agreement;
- 3.4.2 the liability arises from a provision in a contract for lease of real or personal property other than a provision which obliges the Insured to affect Insurance in respect to the subject matter of the contract;
- 3.4.3 the liability is assumed by the Insured under a warranty of fitness or quality as regards to the Insureds Products;
- 3.4.4 the liability is assumed under Incidental Contracts.

3.5 Defamation

Claims arising out of the publication or utterance of a libel or slander.

- 3.5.1 Made prior to the commencement of the Policy; or
- 3.5.2 Made at the direction of the Insured with the knowledge of the falsity thereof; or
- 3.5.3 If the Insured Business is advertising =, broadcasting, publishing or telecasting.

3.6 Electronic Data

Claims arising out of:

- 3.6.1 Communication, display, distribution or publication of Electronic Data.
- 3.6.2 Total or partial destruction, distortion, erasure, corruption, alteration, misinterpretation or misappropriation of Electronic Data.
- 3.6.3 Error in creating, amending, entering, deleting or using Electronic Data.
- 3.6.4 Total or partial inability or failure to receive, send, access or use Electronic Data for any time or at all.

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

3.7 Employment Liability

Claims arising out of:

- 3.7.1 Bodily Injury to any Employee arising directly or indirectly out of or in the course of their employment in the Business of the Insured.
- 3.7.2 Any liability the Insured may have in respect of Bodily Injury sustained to any person who is, pursuant to any legislation relating to Workers' Compensation, deemed or defined to be an employee of the Insured.

3.7.3 Any liability in respect of which the Insured is entitled to seek indemnity under any policy of insurance required to be taken out pursuant to any legislation relating to Workers' Compensation including any legislation of any State, Territory or Province and whether or not the Insured is party to such contract of insurance.

3.7.4 Any liability imposed by the provisions of any Workers' Compensation legislation or any industrial award or agreement or determination;

3.7.5 Employment Practices.

3.8 Exports to North America

Personal Injury or Property Damage or Advertising Liability caused by or arising out of the Insured's Products knowingly exported by the Insured or their agents or servants to North America.

3.9 Faulty Workmanship

The cost of performing, completing, correcting, improving or replacing any work undertaken by the Insured.

3.10 Fines and Penalties

Fines, penalties and/or liquidated damages.

3.11 Lead

Personal Injury or Property Damage or Advertising Liability or any other loss, cost or expense arising directly or indirectly from or caused by, contributed to by or arising from the presence, ingestion, inhalation or absorption or exposure to lead in any form or products containing lead.

3.12 Loss of Use

Loss of use of tangible property which has not been physically injured or lost or destroyed resulting from:

3.12.1 a delay in or lack of performance by or on behalf of the Insured of any contract or agreement.

3.12.2 The failure of the Insureds products to meet the level of performance, quality, fitness or durability expressly or impliedly warranted or represented by the Insured, but this exclusion does not apply to loss of use of other tangible property resulting from the sudden, unintended and unexpected physical damage to or loss or destruction of the Insured s Product(s) after such Products(s) have been put to use by any person or organisation other than the Insured.

3.13 Offshore Gas and Oil Platforms

Work performed on offshore gas and oil platforms.

3.14 Pollution

3.14.1 Bodily Injury or Property Damage directly or indirectly caused by or arising out of the discharge, dispersal, release, seepage, migration or escape of Pollutants into or upon land, the atmosphere, or any water course or body of water. Provided this clause 3.14.1 does not apply if such discharge, dispersal, release or escape is sudden, identifiable, unexpected and unintended and takes place in its entirety at a specific time and place.

3.14.2 Any costs and expenses incurred in the prevention, removing, nullifying or clean-up of such contamination or pollution. Provided this clause 3.14.2 does not apply to clean-up, removal or nullifying expenses only, which are consequent upon a sudden, identifiable, unexpected and unintended happening taking place in its entirety at a specific time and place which results in Bodily Injury or Property Damage.

3.14.3 The actual alleged or threatened discharge, dispersal, release, seepage, migration or escape of Pollutants in the United States of America or the Dominion of Canada or in any country to which the laws of the United States of America or the Dominion of Canada apply.

The Company's liability under clauses 3.14.1 and 3.14.2 above in respect of any one discharge, dispersal, release, seepage, migration or escape and for all discharges, dispersals, releases and escapes of Pollutants during any one Period of Insurance will not exceed the Limit of Liability.

3.15 Product Defect

Property Damage to the Insureds Products if such damage is attributable to any effect therein or the harmful nature of or unsuitability thereof.

3.16 Product Recall

Claims arising out of or resulting from any loss, cost or expense incurred by the Insured for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of the Insured's Products or of any property of which they form a part, if such Insureds Products or property are withdrawn from the market or from use because of any known or suspected defect, deficiency, inadequacy or dangerous condition in them.

3.17 Professional Liability

The rendering of or failure to render professional advice or service by the Insured or any error or omission in connection therewith but this exclusion does not apply to:

3.17.1 the rendering of or failure to render professional medical advice by a medical person employed by the Insured to provide first aid and other medical services on the Insured's premises; or

3.17.2 Personal Injury or Property Damage arising from such rendering of or failure to render professional advice of service provided such medical service and advice is not given for a fee.

3.18 Property in Custody or Control

Property Damage to:

3.18.1 Property owned by or leased or rented to the Insured;

3.18.2 Property in the physical or legal control of the Insured.

But this exclusion does not apply to liability for Property Damage to:

3.18.3 Premises (including landlord's fixtures and fittings) which are leased or rented by the Insured;

3.18.4 Premises (and the contents thereof) not owned, leased or rented by the Insured but temporarily occupied by the Insured for work therein but no indemnity is granted for damage to that part of the property on which the Insured is working and which arises out of such work;

3.18.5 Vehicles (not belonging to or used by or on behalf of the Insured) in the physical or legal control of the Insured where such Property Damage occurs whilst any such Vehicles are in a car park owned or operated by the Insured provided that such car park is incidental to the Business of the Insured.

3.18.6 The property of an Employee of the Insured as defined.

3.18.7 Any other property temporarily in the Insured's physical and legal control provide no indemnity is granted for liability in respect of physical damage to or destruction of any part of that property upon which the Insured is or has been working. The Company's limit under this clause 3.18.7 does not exceed HK\$500,000 for any one Occurrence and in the aggregate for any one Period of Insurance. Provided the Company shall not be liable for the first 10% or HK\$15,000 whichever is the greater in respect to any Occurrence.

3.19 Punitive Damages

Punitive damages and/or exemplary damages and/or aggravated damages and/or any additional damages resulting from the multiplication of compensatory damages.

3.20 Territorial and Jurisdictional Limits

3.20.1 Claims made and actions instituted within the United States of America or the Dominion of Canada or any other territory coming within the jurisdiction of the courts of the United States of America or the Dominion of Canada.

3.20.2 Claims and actions to which the laws of the United States of America or the Dominion of Canada apply.

3.20.3 Claims arising out of operations domiciled in the United States of America or the Dominion of Canada.

Provided that:

3.20.4 Clauses 3.20.1 and 3.20.2 shall not apply to claims and actions arising from the presence outside the country in which this Policy was issued, of any of the Insured's Employees and/or directors, partners or proprietors who are normally resident in such country and who are not undertaking manual work or supervision of work of any kind while in the United States of America or the Dominion of Canada.

3.20.5 In respect of coverage provided under clause 3.20.4 all Defence Costs and Expenses shown in clause 1.2 are paid by the Company within the Limit of Liability shown in the Schedule, not in addition to it.

3.21 Vehicles

Bodily Injury or Property Damage arising out of the ownership, possession, operation, or use by the Insured of any Vehicle:

3.21.1 Which is registered or which is required under any applicable law to be registered.

3.21.2 In respect of which compulsory liability insurance or statutory indemnity is required by virtue of any applicable law (whether or not that insurance is effected).

Provided that causes 3.21.1 and 3.21.2 do not apply to:

3.21.3 Bodily Injury where that compulsory liability insurance or statutory indemnity does not provide indemnity and the reason or reasons why that compulsory liability insurance or statutory indemnity does not provide indemnity does not involve a breach by the Insured of legislation relating to vehicles;

3.21.4 Property Damage arising out of and during the loading or unloading of goods to or from any Vehicle;

3.21.5 Property Damage caused by or arising from the operation or use of any Vehicle which is designed primarily for lifting, lowering, loading, unloading, while being operated or used by the Insured within the confines of the Insured's premises;

3.21.6 Property Damage caused by or arising out of the use of:

3.21.6.1 any Vehicle whilst being used as a Tool of Trade;

3.21.6.2 plant forming part of the Insured's Vehicle being used as a tool operating at any worksite;

but excluding Property Damage caused by or arising whilst the Vehicle is transporting or carting goods.

3.22 Vibration

Claims in respect of damage to any land or fixed property arising directly or indirectly from vibration.

3.23 Vessel/Ship

Activities involving ship building, ship repairing and/or any work onboard or about vessels.

3.24 Project/Contract at airside, oil rig, petrochemical plant & clean room

Activities from project/contract at airside, oil rig, petrochemical plant & clean room

3.25 Marine Liabilities

Marine liabilities including but not limited to port operations liabilities, stevedoring liabilities, bailee's liabilities, environment impairment liabilities and marine protection and indemnity.

3.26 Molestation

Bodily Injury arising out of, caused by, or contributed to by the assault, abuse, molestation or interference of any person or attempt thereof committed or alleged to have been committed by the Insured or any person referred to in the definition of Insured.

4. SPECIFIC CONDITIONS

The following specific conditions shall apply to this Cover Section (but not to any other Cover Section) in lieu of any corresponding condition in the General Conditions or the specific conditions in any other Cover Section. If any of these specific conditions is at variance or inconsistent with any condition in the General Conditions these specific conditions shall prevail to the extent of such variance or inconsistency.

4.1 Acquisition of Properties or Companies

This Policy extends to properties, assets, companies, firms, entities or other bodies:

- 4.1.1 Formed or acquired by the Insured for which the Insured assumes management responsibility during the Period of Insurance.
- 4.1.2 Which undertake activities consistent with the description of the Business in the Schedule subject to a written disclosure to the Company prior to any new acquisition which represents more than 15% of the current group turnover, in which event the Company may seek revised terms including but not limited to payment of additional premium. The Insured is not obliged to accept such terms, but if the Insured does not, that new acquisition will not be covered by this Cover Section.

Provided that no indemnity shall be granted in respect of claims for Bodily Injury or Property Damage which first happened prior to the date of such acquisition, formation or assumption of management responsibility.

4.2 Cross Liability

Where more than one party comprises the Insured, each of the parties shall be considered as a separate and distinct unit and the word "Insured" will be considered as applying to each party in the same manner as if a separate Policy had been issued to each of the said parties provided that nothing in this clause will result in an increase of the Company's Limit of Liability in respect of any Occurrence or Period of Insurance.

4.3 Discharge of Liabilities

The Company may at any time pay to the Insured in respect of all claims against the Insured arising directly or indirectly from one source or original cause the amount of the Limit of Liability or such other limit specified in respect thereof (after deduction of any sum or sums already paid as compensation in respect thereof), or any lesser sum for which the claim or claims can be settled and upon such payment the Company shall relinquish conduct or control of and be under no further liability under the Policy in connection with such claims except for costs, charges and expenses;

- 4.3.1 Recoverable from the Insured for all or part of the period prior to the date of such payment.
- 4.3.2 Incurred by the Company.
- 4.3.3 Incurred by the Insured with the written consent of the Company prior to the date of such payment.

4.4 Reasonable Care

The Insured must:

- 4.4.1 Exercise reasonable care that only competent Employees are employed and take reasonable measures to maintain all premises, fittings and plant in sound condition and;
- 4.4.2 Take all reasonable precautions to:
 - 4.4.2.1 Prevent Bodily Injury or Property Damage; and
 - 4.4.2.2 Comply with and ensure that its Employees, servants and agents comply with all applicable laws imposed by all relevant public authorities for the:
 - 4.4.2.2.1 Safety of persons or property;
 - 4.4.2.2.2 Disposal of waste products;
 - 4.4.2.2.3 Handling, storage or use of flammable liquids or substances, gases or toxic chemicals.
- 4.4.3 At its own expense take reasonable action to trace, recall or modify any Insured's Products containing any defect or deficiency of which the Insured has knowledge or has reason to suspect, including (but not limited to) any of the Insured's Products subject to governmental or statutory ban.

4.5 Statutory Requirements

This Policy does not cover liability in respect of claims made or actions instituted within any country state or territory outside Hong Kong where the Insured is required to obtain or secure insurance with an insurer or organisation licensed in that country state or territory to grant such insurance.

4.6 Subrogation

The Company may prosecute in the Insured's name for damages or otherwise. The Company may do this before or after the Company has paid the Insured's claim and whether or not the Insured has been fully compensated for any actual loss. The Insured must execute and deliver instruments and papers and do everything that is necessary to assist the Company in the exercise of those rights.

If the Insured has agreed not to seek compensation from another person who is liable to compensate the Insured for any loss, damage or liability which is covered by this Policy, the Company will not cover the Insured under this Policy for that loss, damage or liability.

5. MEMORANDA

Except to the extent that this Policy is hereby modified under the following Memoranda the terms, Conditions, Exclusions and limitations of this Policy shall apply PROVIDED THAT the Limit of Liability is not otherwise exceeded:

5.1 Acts of Tenants

Should a tenant of the Insured within the Insured's building do or omit to do, without the knowledge or consent of the Insured, anything which would violate any condition and/or warranties, this Policy will not be void on that account provided that the Insured shall notify the Company of the happening or existence of such act or omission as soon as the same come to the Insured's knowledge.

5.2 Advertising and Neon Signs

Legal liability of the Insured arising out of accidents caused by or through the neon/advertising sign installations belonging to the Insured.

Warranted that the Insured shall comply with all applicable laws and shall at all times ensure that the neon/advertising sign installations are kept in a proper state of repair and if any defect be discovered, the Insured shall forthwith cause such defect to be made good and shall in the meantime cause such additional precautions to be taken for the prevention of accident as the circumstances may require and no alteration in the position of the signs shall be made without the consent of the Company. So far as is reasonably practicable no alteration or repair shall without the consent of the Company be made to the said neon/advertising signs after any accident has occurred in connection therewith until the Company shall have an opportunity of inspecting same.

5.3 Contingent Liability for Non-Owned and Hired Motor Vehicle (Hong Kong risks only)

The Company will indemnify the Insured in respect of accidental injury to any person, accidental loss of or damage to property arising out of the use of any motor vehicle not being the property of or provided by the Insured and being used for the purpose of the Business provided that this extension shall not apply to:

- 5.3.1 Damage to any such vehicle or to property conveyed therein.

- 5.3.2 Injury or damage caused while the Insured is driving such vehicle.

- 5.3.3 Liability which is insured or would but for the existence of this Policy be insured under any other policy or policies.

5.4 Contingent Liability of Tenants

This Policy is extended to cover the Insured's legal liability to pay Compensation to any third party for accidental Bodily Injury or accidental Property Damage caused by the acts of tenants provided that the indemnity given under this extension is on the condition that it is contingent upon the liability incurred not being covered or indemnified by an insurance taken out by the tenants.

5.5 Project Site Or Contract Site Exclusion

This Policy shall not indemnify the Insured at a project site or contract site. However, this exclusion shall not apply where the contract value for each project/contract does not exceed HK\$500,000 and if such contracts are not covered by any other project insurance at the time of claim.

The contract value stated in this exclusion refers to the contract value of the project/contract for which the Insured is under contract to perform.

5.6 Defective Sanitary Installation

The Insured's legal liability directly caused by defective sanitary arrangements within that section of the premises that is occupied by the Insured.

Provided that the sanitary pipes are checked by a competent person at regular intervals.

5.7 Demonstration and Exhibition Extension

This Policy is extended to include the Insured's legal liability in respect of accidental Bodily Injury to any person or accidental Property Damage happening whilst the Insured is holding a demonstration and/or exhibition in connection with the Business.

5.8 Employee Training

This Section is extended to include the liability of the Insured's employees whilst undergoing training within the geographical limit covered under this Section.

5.9 Fire Brigade Water Damage

It is hereby declared and agreed that this policy is extended to indemnify the company for legal liability to any third parties for bodily injury and/or property damage in respect of water damage caused by fire brigade operations.

5.10 First Aid Facilities Clause

This Policy is extended to include the Insured's legal liability for Bodily Injury arising out of provision by the Insured or the Insured's Employees to provide first aid and other medical services on the Insured premises provided such medical service and advice is not given for a fee.

5.11 Guests' Effects Clause

(Limit: HK\$10,000 any one guest, HK\$100,000 in aggregate)

This Policy is extended to cover legal liability of the Insured in respect of loss or damage to the personal effects held in the Insured's care, custody and control occurring at the Insured's premises.

5.12 Independent Contractors

This Policy is extended to cover legal liability of the Insured for Bodily Injury or Property Damage arising from an Occurrence as a result of the Insured's contingent liability arising out of work or operation by independent contractors or subcontractors engaged by the Insured in connection with the Insured's Business.

5.13 Landlord's/Property Owner Liability

This Policy is extended to include legal liability of the Insured by reason of the ownership, but not occupation, of the premises caused through any defect in the said premises subject always to the exceptions in the Policy.

Provided that the Insured shall at all times see that the premises to which this extension applies are kept in good repair and if any defects are discovered by complaints from tenants or otherwise the Insured shall forthwith cause such defect to be made good and in the meantime cause such temporary precautions to be taken as the circumstances may require. In so far as it is reasonably practicable no alteration or repair shall without consent of the Company be made to the premises after the accident has occurred until the Company shall have the opportunity of inspecting same.

5.18 Liability Of Students On Attachment/Trainees

This Policy is extended to include the legal liability of the Insured for accidental death or bodily injury of any person and accidental loss of or damage to property arising in connection with works performed by the students on attachment or trainees engaged by the Insured.

5.19 Liquor Liability

This Policy is extended to include bodily injury or property damage which the Insured may be held liable as:

- 5.19.1 a person or organization engaged in the business, selling or servicing of alcoholic beverages or
- 5.19.2 if not so engaged, as an owner or lessor of premises used for such purposes by reason of the selling, serving of alcoholic beverage:
 - 5.19.2.1 to a minor,
 - 5.19.2.2 to a person under the influence of alcohol,
 - 5.19.2.3 or which causes or contributes to the intoxication of any person

5.20 Non-Invalidation

This insurance shall not be invalidated by:

- 5.20.1 any change of occupancy or increase of risk taking place at the Insured's premises without the Insured's knowledge provided that they shall, immediately on the same coming to their knowledge, advise the Company and pay any additional premium that may be required from the date of such increase of risk.
- 5.20.2 workmen on the premises for the purpose of effecting repairs, minor alterations to the premises or general maintenance purposes and similar tasks.

5.21 Principal Property

It is hereby declared and agreed that principal's properties other than contract works and not in the possession of the contractor are deemed as third party properties.

5.22 Waiver Of Subrogation Rights

In the event of a claim arising out of this Policy the insurers agree to waive any rights, remedies or relief of which they might become entitled to subrogation against any company standing in relation or subsidiary to or parent to the Insured.

5.23 Work Away Extension

This Policy is extended to cover Property Damage to premises (and their contents) not owned or rented by the Insured but temporarily occupied by the Insured for the purpose of work therein, but excluding that part of such property upon which the Insured is or has been working.

5.24 Worldwide Extension for Executive Travel

This Policy is extended to indemnify the Insured in respect of all sums which the Insured shall be legally liable to pay as Compensation for accidental Bodily Injury to any person or damage to third party property caused by the negligence of the Insured's executives whilst engaged on the Insured's Business anywhere in the world.

Provided that the liability of the Company under this extension shall not exceed in the aggregate the Limits of Liability granted under the Policy.

QBE SME BUSINESS INSURANCE SOLUTION POLICY EMPLOYEES' COMPENSATION

INSURING CLAUSE

WHEREAS the Insured carrying on the Business by a Proposal and Declaration which shall be the basis of this contract and is deemed to be incorporated herein has applied to the Company for the insurance herein contained and has paid or agreed to pay the Premium specified herein as consideration for such insurance.

NOW THIS POLICY WITNESSETH that if any Employee in the Insured's immediate employ shall sustain bodily injury or death by Accident or Disease occurring during the Period of Insurance within the Geographical Area and arising out of and in the course of his employment by the Insured in the Business.

THE COMPANY WILL subject to Policy Limit of Indemnity and to the terms exceptions and conditions contained in or endorsed on this Policy (all of which are hereinafter collectively referred to as "the Terms of this Policy") indemnify the Insured against his legal liability in respect of such bodily injury or death under the Ordinance and independently of the Ordinance to pay compensation and damages and claimant's costs and expenses and also indemnify the Insured against costs and expenses incurred by or on behalf of the Insured with the Company's written consent in connection therewith.

PROVIDED THAT in the event of any change to the Ordinance during or subsequent to the Period of Insurance altering the legal liability of the Insured under the Ordinance the liability of the Company under this Policy shall be limited to such sums as the Company would have been liable to pay if the Ordinance had remained unaltered;

FURTHER PROVIDED THAT:

- a) The due observance and fulfillment of the Terms of this Policy in so far as they relate to anything to be done or not to be done or to be complied with by the Insured; and
- b) The truth of the statements and answers in the Proposal and Declaration and the Estimated Earnings Declaration and the Actual Earnings Declaration;

shall be conditions precedent to any liability of the Company to make payment or to provide indemnity under this Policy.

THE COMPANY WILL ALSO in the event of the death of the Insured indemnify the Insured's legal personal representatives in the Terms of this Policy in respect of liability incurred by the Insured provided that such legal personal representatives shall as though they were the Insured observe fulfill and be subject to the Terms of this Policy in as far as they can apply.

DEFINITIONS

For the purposes of this Policy:

- a) **Accident** means an accident or a series of accidents arising out of one event.
- b) **The Business** means the usual work and activities carried on by the Insured pertaining to his business as specified in the Schedule and no others.
- c) **The Company** means QBE Hongkong & Shanghai Insurance Limited.
- d) **The Company's Indemnity** means indemnity provided under this Policy including costs and expenses incurred by or on behalf of the Insured with the Company's written consent.
- e) **Disease** means a disease contracted by an Employee of the Insured as a result of his exposure to the nature of his employment with the Insured. Such exposure may extend over a period of time and part of which period may fall outside the Period of Insurance under this Policy.
- f) **Earnings** means all gross wages salaries remunerations commissions bonuses overtime termination payments allowances and the like directors' fees or other benefits whether at piecework rates or otherwise and whether paid in cash or in kind by the Insured to his Employees.
- g) **Employee** has the same meaning as assigned to that expression in the Ordinance.
- h) **The Insured** means only the person or persons specified as such in the Schedule and no others.
- i) **Noise-Induced Deafness** has the same meaning as assigned to that expression in the Occupational Deafness (Compensation) Ordinance (Chapter 469 of the Laws of Hong Kong).
- j) **The Ordinance** means the Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong).
- k) **Pneumoconiosis** and **Mesothelioma** have the same meaning as assigned to those expressions in the Pneumoconiosis and Mesothelioma (Compensation) Ordinance (Chapter 360 of the Laws of Hong Kong).
- l) **The Policy** means this Employees' Compensation Insurance Policy the Schedule and any memoranda and endorsements contained herein or endorsed hereon which shall be read together as one document and any word or expression to which a specific meaning has been assigned shall bear such meaning throughout.
- m) **The Proposal and Declaration** means any signed proposal form and declaration and any information supplied by or on behalf of the Insured in addition thereto or in substitution therefor.
- n) Unless the context otherwise requires, words and expressions importing the masculine gender also include the feminine and neuter genders and words and expressions in the singular include the plural and words expressions in the plural include the singular.

POLICY LIMIT OF INDEMNITY

- a) In respect of any Accident or Disease giving rise to a claim or claims against the Insured for which indemnity is provided under this Policy the Company's indemnity to the Insured including costs and expenses incurred by or on behalf of the Insured with the Company's written consent shall in the aggregate be limited to the amount specified in the Schedule as "Policy Limit of Indemnity" irrespective of the number of Employees who may sustain bodily injury or death consequent on or attributable to the same occurrence of Accident or Disease.
- b) In relation to any liability of the Insured in respect of a Disease contracted by an Employee due to the nature of his employment with the Insured which nature of employment applies during a period that extends over more than one policy period of insurance:
- i) The aggregate of the Company's indemnity to the Insured under all insurance policies including costs and expenses incurred by or on behalf of the Insured shall not exceed the limit of indemnity of the insurance policy that was in force at the time the nature of the Employee's employment to which such Disease was due first affected the Employee; and
 - ii) Subject to the limitation of paragraph b) i) hereof, the Company's indemnity to the Insured under this Policy including costs and expenses incurred by or on behalf of the Insured shall be limited to such proportion of the Insured's liability in respect of such Disease as that part of the Employee's period of employment falling within the Period of Insurance of this Policy bears to the total period of his employment to the nature of which such Disease was due.
- c) If the occurrence of any Accident or Disease results in indemnity hereunder to more than one Insured, the limitations of the Company's liability specified in paragraphs a) and b) hereof shall apply to the aggregate of indemnity to all Insureds.
- d) At any time after the occurrence of any Accident or Disease giving rise to a claim or claims against the Insured for which indemnity is provided under this Policy the Company may pay to the Insured the full amount of the Company's liability specified in paragraph a) or b) hereof (after the deduction of any sums already paid) or any lesser amount for which such claim or claims can be settled and shall relinquish the conduct of any defence settlement or proceedings relating to such claim or claims and shall not thereafter be responsible for any compensation damages or costs in respect thereof or for any costs or expenses whatsoever incurred by the Insured after the Company shall have relinquished such conduct or for any loss damage or expenses caused to the Insured in consequence of any act or omission of the Company in connection therewith or of the Company relinquishing such conduct.
- e) If there should be any short fall in the actual Earnings declared in accordance with paragraph b) of INSURANCE PREMIUM of this Policy from the respective actual Earnings, the extent of the Company' Indemnity shall be reduced proportionately by the extent of under-insurance; and the balance shall be borne by the Insured himself. If no declaration of the actual Earnings by the Insured is received by the Company as prescribed, for the purpose of this clause the Earnings estimated by the Insured as at the commencement of the Period of Insurance shall be used in lieu of the actual Earnings that should have been declared to determine the extent of the under-insurance, if any.

JURISDICTION CLAUSE

The Company shall not be liable under this Policy in respect of judgments against the Insured which are not in the first instance delivered by or obtained from a court of competent jurisdiction of Hong Kong.

EXCEPTIONS

The Company shall not be liable under this Policy in respect of:

- a) The Insured's liability to employees of contractors to the Insured;
- b) Any liability of the Insured which attaches by virtue of an agreement but which would not have attached in the absence of such agreement;
- c) Any sum which the Insured would have been entitled to recover from any party but for an agreement between the Insured and such party;
- d) Any liability arising from Pneumoconiosis or Mesothelioma or Noise-Induced Deafness;
- e) The Insured's liability to any person who is not an employee of the Insured within the meaning of the Ordinance;
- f) Any late payment surcharge fines penalties or punitive aggravated or exemplary damages for which the Insured may become liable under the Ordinance or independently of the Ordinance;
- g) Any injury by Accident or Disease attributable to war invasion act of foreign enemy hostilities or warlike operations (whether war be declared or not) civil war mutiny rebellion revolution insurrection or military or usurped power;
- h) Any liability of whatsoever nature directly or indirectly caused by or contributed to by or arising from:
 - i) Nuclear weapons material;
 - ii) Ionising radiation or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel and for the purposes of this Exception combustion shall include any self-sustaining process of nuclear fission;
 - iii) Any injury by Accident or Disease where the Company has not been given sufficient notice of the institution of proceedings in a court or tribunal to enable the Company to be added as a party to the proceedings.

AVOIDANCE OF CERTAIN TERMS AND RIGHT OF RECOVERY

If the Company is obliged by the Ordinance to pay an amount for which the Company would not otherwise be liable under this Policy the Insured shall forthwith repay such amount to the Company.

INSURANCE PREMIUM

a) Prior to the commencement of the Period of Insurance, the Insured shall supply the Company with a declaration estimating the Earnings of the Employees employed in the Business during the Period of Insurance (which declaration is referred to herein as "the Estimated Earnings Declaration") on the basis of which a deposit premium becomes payable to the Company.

b) The Insured shall within thirty (30) days after the expiry of the Period of Insurance or upon cancellation of the Policy supply the Company with a completed Premium Adjustment and Declaration of Earnings Form stating the actual Earnings of Employees and provide the relevant supporting documents during the Period of Insurance (which declaration is referred to herein as "the Actual Earnings Declaration"). If the actual Earnings shall differ from the estimated Earnings the difference in premium shall be met by a further proportionate adjustment premium to be paid to the Company or by a premium refund to the Insured as the case may be.

If the adjustment premium payable or refundable by or to the insured is less than HKD 2,000, no premium adjustment will be made to the insured, and no further premium will be sought or refund paid for the relevant Period of Insurance.

c) It is hereby declared that the Premium payable by the Insured in consideration of the indemnity provided under this Policy is the sum of the deposit premium and the adjustment premium calculated pursuant to paragraphs (a) and (b) hereof.

d) The name Hong Kong Identity Card number class of employment and Earnings of every Employee of the Insured employed in the Business from time to time during the Period of Insurance shall be properly recorded by the Insured and retained in a safe place so that a record exists of all persons who are Employees of the Insured for the purposes of this Policy and the Insured shall at all reasonable times allow the Company to inspect and obtain copies of such records.

e) If the Insured fails to cooperate with the Company in submitting the completed Premium Adjustment and Declaration of Earnings Form, without prejudice to any other rights of the Company, the Company shall retain the discretion not to renew this insurance upon expiry of the Policy.

CLAIMS SETTLEMENT CONDITIONS

a) Claims Notification Demands etc.

In the event of any occurrence which may give rise to a claim under this Policy the Insured shall immediately give notice thereof in writing to the Company with full particulars.

The Insured shall also give the Company notice in writing immediately the Insured becomes aware of any intention to prosecute the Insured any impending prosecution inquest or fatal inquiry in connection with any occurrence which may give rise to a claim under this Policy. Every letter claim writ summons and process shall be forwarded to the Company immediately on receipt.

b) Claims Control by the Company

The Company shall be entitled upon notice to the Insured to take over and conduct in the Insured's name the defense or settlement of any claim demand or proceedings against the Insured. In that event:

i) The Insured shall provide all such information and assistance including the latest wage roll of all employee's duly certified as being correct by an independent auditor and forward all such documents and other records to the Company for the conduct of such claim demand or proceedings as the Company in its discretion may from time to time require; and

ii) the Insured shall not without the written consent of the Company incur any expenditure in connection with any such claim demand or proceedings or make any payment admission offer or enter into any settlement whatsoever.

c) Claims Payments by the Insured

Where the Insured pays all or any part of a claim for which he is liable and for which indemnity is provided by this Policy the Insured shall obtain duly witnessed signed receipts for such payments and shall retain in a safe place all such signed receipts and records and documents relating to such payments and the Insured shall at all reasonable times allow the Company to inspect and obtain copies of such records and documents.

d) Other Insurance

If at the time a claim is made by the Insured under this Policy there is any other insurance covering the same liability the Company shall not be liable to pay or contribute more than its rateable proportion of any such claim and costs and expenses in connection therewith.

e) Waiver of Claims

The Insured shall not become a party to any agreement the effect of which is that the Insured waives any claim which the Insured would otherwise have against any person in respect of or arising out of any occurrence resulting in liability on the part of the Insured for which indemnity is provided by this Policy or whereby any such claim is limited or qualified in any way.

f) Subrogation

The Company shall be entitled at its sole discretion to prosecute in the name of the Insured any claim for damages costs indemnity contribution or otherwise against any person who may be liable to the Insured in respect of any liability on the part of the Insured for which indemnity is provided by this Policy and shall have full discretion in the conduct of any such proceedings and in the settlement of any such claim. The Insured shall give all such information and assistance as the Company may from time to time require and execute any necessary documents for the purpose of vesting such rights in the Company. Any moneys recovered pursuant to the exercise of such rights shall be applied firstly for the benefit of the Company to the extent of the amount paid by the Company in respect of any claim including any costs and expenses paid or incurred by the Company and costs and expenses incurred in prosecuting such recovery action.

GENERAL CONDITIONS

a) Notices

Every notice or communication to be given or made under this Policy shall be delivered in writing to the Company and in the case of notice or communication to the Insured to his address specified in the Schedule.

b) Precautions

The Insured shall take all reasonable precautions to prevent Accidents and Diseases and shall comply with all relevant statutory requirements and obligations including but not limited to the provisions of the Factories and Industrial Undertakings Ordinance (Chapter 59 of the Laws of Hong Kong) and any Regulations Rules or Notice issued made or promulgated thereunder.

c) Changes in Risk

The Insured shall immediately notify the Company in writing of any material change in the risk Insured hereunder made by the Insured or any other person during the Period of Insurance including but not limited to:

- i) any merger with or acquisition of another company or business;
- ii) the Insured or any subsidiary or holding company of the Insured being placed in voluntary liquidation receivership or liquidation or entering into a composition with its creditors or being unable to pay its debts from its own resources;
- iii) any material change in the nature of the Business or in the number of the Insured's Employees.

d) Right of Inspection

The Company shall have the right and opportunity at all reasonable times to inspect the works machinery plant and appliances used in the Business.

e) Assignment

No assignment of interest under this Policy shall bind the Company unless the written consent of the Company is first obtained and endorsed hereon.

f) Cancellation

This Policy may be cancelled by the Company or the Insured by written notice of cancellation from one party to the other. Cancellation shall take effect seven (7) days after the date of posting the notice of cancellation and in such event the Premium shall be adjusted in accordance with the provisions of "Insurance Premium".

g) Arbitration

All differences arising out of this Policy shall be determined by arbitration in accordance with the Arbitration Ordinance as amended from time to time. If the parties fail to agree upon the choice of the arbitrator, then the choice shall be referred to the Chairman for the time being of the Hong Kong International Arbitration Centre. It is expressly stipulated that it shall be a condition precedent to any right of action or suit upon this Policy that an arbitration award shall be first obtained. If the Company shall disclaim liability to the Insured for any claim hereunder and such claim shall not within twelve calendar months from the date of such disclaimer have been referred to arbitration under the provisions herein contained then the claim shall for all purposes be deemed to have been abandoned and shall not thereafter be recoverable hereunder.

h) Governing Law

This Policy is subject to the exclusive jurisdiction of Hong Kong and is to be construed according to the laws of Hong Kong.

i) Rights of Third Parties

- a) Each party acknowledges that the other party has entered into this Policy on behalf of and for the benefit of itself and its Affiliates and each of the other party's Affiliates shall be entitled to enforce and take the benefit of the terms of this Policy in accordance with the Contracts (Rights of Third Parties) Ordinance (CAP. 623).
- b) Subject to clause a), any person who is not a party to this Policy has no rights under the Contracts (Rights of Third Parties) Ordinance (CAP. 623) or any other applicable law to enforce any term of this Policy.

j) Sanction Exclusion

The Company shall not provide cover under this Policy nor be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose the Company or any member of the Company's group to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of any country including but limited to the European Union, United Kingdom and United States of America.

IMPORTANT NOTICE

The Employees' Compensation Ordinance requires an employer to take out an insurance policy covering all employees engaged in his business with a minimum amount of insurance coverage. The Insured should ensure that this policy complies with the ordinance requirements. A subsequent change in number of employees may result in a higher amount of insurance coverage being required under the ordinance. In this event, the Insured should consult the Company immediately.

ENDORSEMENTS

AEC | DOC | 9505

- a) i) In the definition of “the Insured” in the Schedule, the terms “Holding Company” and “Subsidiaries” have the meaning assigned to them by the Employees’ Compensation Ordinance.
- ii) The Insured hereby warrant that as of the inception date of this Policy all companies embraced by the term “Subsidiaries” in the definition of “the Insured” are Subsidiaries of the Holding Company pursuant to the companies Ordinance (Cap.32).
- b) Unless specially agreed to by the Company in writing, the Company will not under this Policy indemnify any company which may become a subsidiary of the Holding Company subsequent to the inception date of this Policy.
- c) Unless specially agreed to in writing by the Company, any company which is a Subsidiary of the Holding Company as of the inception date of this Policy but subsequently ceases to be a Subsidiary shall be excluded from the insurance coverage under this Policy as from the time such company ceases to be a Subsidiary.
- d) Where this Endorsement AEC/DOC/9505 is at variance with or inconsistent with anything contained in this Policy, this Endorsement shall prevail and take precedent.

AEC | DOC | 9506A POLICY LIMIT OF INDEMNITY

- a) In respect of any Accident or Disease giving rise to a claim or claims against the Insured for which indemnity is provided under this Section the Company’s indemnity to the Insured including costs and expenses incurred by or on behalf of the Insured with the Company’s written consent shall in the aggregate be limited to the amount specified in the Schedule as “Limit of Indemnity” irrespective of the number of Employees who may sustain bodily injury or death consequent on or attributable to the same occurrence of Accident or Disease.
- b) In relation to any liability of the Insured in respect of a Disease contracted by an Employee due to the nature of his employment with the Insured during a period that extends over more than one policy period of insurance:
 - i) the aggregate of the Company’s indemnity to the Insured under all insurance policies including costs and expenses incurred by or on behalf of the Insured shall not exceed the Limit of Indemnity of this Section that was in force at the time the nature of the Employee’s employment to which such Disease was due first affected the Employee; and
 - ii) subject to the limitation of paragraph b) (i) hereof, the Company’s indemnity to the Insured under this Section including costs and expenses incurred by or on behalf of the Insured shall be limited to such proportion of the Insured’s liability in respect of such Disease as that part of the Employee’s period of employment falling within the Period of Insurance of this Policy bears to the total period of his employment to the nature of which such Disease was due.

- c) If the occurrence of any accident or disease results in indemnity hereunder to more than one Insured, the limitations of the company’s liability specified in paragraphs a) and b) hereof shall apply to the aggregate of indemnity to all Insureds.
- d) Notwithstanding Claims Settlement Conditions (d) of this Policy, if at the time of any claim under this Policy there is any other insurance indemnifying any person or Insured or Insureds who are entitled to be indemnified under this Policy, this Policy is not to be called upon in contribution and, subject to the Policy Limit of Indemnity, is only to pay any amount if and so far as not recoverable under such other Insurance.
- e) At any time after the occurrence of any Accident or Disease giving rise to a claim or claims against the Insured for which indemnity is provided under this Section the Company may pay to the Insured the full amount of the Company’s liability specified in paragraph (a) or (b) hereof (after the deduction of any sums already paid) or any lesser amount for which such claim or claims can be settled and shall relinquish the conduct of any defence settlement or proceedings relating to such claim or claims and shall not thereafter be responsible for any compensation damages or costs in respect thereof or for any costs or expenses whatsoever incurred by the Insured after the Company shall have relinquished such conduct or for any loss damage or expenses caused to the Insured in consequence of any act or omission of the Company in connection therewith or of the Company relinquishing such conduct.
- f) Where this Endorsement AEC/DOC/9506A is at variance with or inconsistent with anything contained in this Policy, this Endorsement shall prevail and take precedent.

EL60 ABSOLUTE ASBESTOS EXCLUSION

This policy shall not apply to and does not cover any actual or alleged liability whatsoever for any claim or claims in respect of losses directly or indirectly arising out of, resulting from, in consequence of, contributed to or aggravated by asbestos in whatever form or quantity.

ELVZ 10.8% LEVIES

The “levies” shown on the schedule of this policy include employees’ compensation insurers insolvency bureau contribution, employees’ compensation insurance levy and the government terrorism facility charge calculated at 2%, 5.8% and 3% respectively on the premium of this policy.

ETEC TERRORISM ENDORSEMENT

Notwithstanding any provision to the contrary in this policy or any endorsement thereto it is hereby agreed that in respect of any bodily injury or death by accident or disease (“the loss”) directly or indirectly caused by, resulting from or in connection with any act of terrorism or any action taken in controlling, preventing, suppressing or in any way relating to any act of terrorism regardless of any other cause or event contributing concurrently or in any other sequence to the loss:

- i) the policy limit of indemnity shall be such amount which the Company actually receives from the Government of the Hong Kong Special Administrative Region of the People’s Republic of China (“the Government”) pursuant to an agreement for provision of facility dated 11th January 2002 between the Government and the Company under which the Government

agreed to make available to the Company and other direct insurance companies authorized to underwrite employees' compensation insurance business in Hong Kong a facility to enable them to meet claims under employees' compensation insurance policies in respect of death and injury arising out of an event of terrorism ("the facility agreement");

- ii) the Company will only be required to make payment after it has received from the Government an approval letter confirming that the Company should settle the claim and (ii) payment under the facility agreement; and
- iii) for the avoidance of doubt, the Company shall have no obligation to make payment if for whatever reason it does not receive payment from the Government under the facility agreement, whether or not due to the Government's contention that the loss does not fall within the scope of the facility agreement or the facility agreement not being complied with by the Government or by the Company. For the purpose of the above an act of terrorism means the use of force or violence or other means or the threat thereof, of any person or persons, whether acting alone or on behalf of or in connection with any organization or government, for political, religious, or ideological purposes with an intention to influence any government and/ or to put the public, or any section of the public, in fear. If the company alleges that the loss falls within the scope of this endorsement, the burden of proving the contrary shall be upon the Insured.

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

Words and phrases in this endorsement shall have the same meaning as in the Policy.

QBE SME BUSINESS INSURANCE SOLUTION POLICY FIDELITY GUARANTEE

THE COVER

The Company will pay for loss of money, or negotiable instrument or goods belonging to the Insured, caused by theft, fraud or dishonesty by any of the Insured's Employee(s) listed in the Schedule provided that the loss:

- 1) Occurs during the Period of Insurance; and
- 2) Is discovered within the Discovery Period, (which is no later than 12 months after the expiry of the Period of Insurance or death, retirement, resignation or termination of employment of the Employee whichever occurs first).

The maximum amount the Company will pay for all claims during the Period of Insurance is the Limit of Liability specified in the Schedule.

SPECIFIC DEFINITIONS

The following specific definitions shall apply to this Cover Section (but not to any other Cover Section) in lieu of any corresponding definition in the General Definitions or the specific definitions in any other Cover Section. If any of these specific definitions is at variance or inconsistent with any definition in the General Definitions these specific definitions shall prevail to the extent of such variance or inconsistency.

Employee(s) shall mean:

- 1) Persons while employed under a contract of service with or an apprenticeship to the Insured,
- 2) Persons while hired or seconded from any other party into the service of the Insured,

whom the Insured has the right at all times to govern, control and direct in the performance of their work in the course of the Business but shall not include any broker, agent, commission agent, consignee, contractor or other agent or any partner or any director of the Insured (which partner or director is not also an employee of the Insured nor has been seconded into the employ of the Insured).

SPECIFIC EXCLUSIONS

The following specific exclusions shall apply to this Cover Section (but not to any other Cover Section) in lieu of any corresponding exclusion in the General Exclusions or the specific exclusions in any other Cover Section. If any of these specific exclusions is at variance or inconsistent with any exclusion in the General Exclusions these specific exclusions shall prevail to the extent of such variance or inconsistency.

The Company will not pay for any loss of money, negotiable instruments or goods belonging to the Insured:

- 1) Resulting from any further act of fraud or dishonesty after the Insured first discovered that the Employee has previously engaged in provable dishonest conduct or has previous convictions for dishonest acts.
- 2) That is not reported to the Company within thirty (30) days of the discovery of any act of fraud or dishonesty on the part of any Employee or any other matter in respect of which a claim may arise.

- 3) If the occupation or duties of the Employee are changed or the remuneration of the Employee is or was reduced.
- 4) If the precautions and checks for securing accuracy of accounts are not duly observed.
- 5) For more than one claim in respect of any act or acts of fraud or dishonesty by any one Employee.
- 6) For any consequential loss whatsoever.
- 7) Beyond the limit of cover in respect of any one Employee and all Employees, even if the dishonest conduct continued during more than one Period of Insurance.

SPECIFIC CONDITIONS

The following specific conditions shall apply to this Cover Section (but not to any other Cover Section) in lieu of any corresponding condition in the General Conditions or the specific conditions in any other Cover Section. If any of these specific conditions is at variance or inconsistent with any condition in the General Conditions these specific conditions shall prevail to the extent of such variance or inconsistency.

- 1) The Insured must make reasonable enquiries as to the honesty and good character of each Employee prior to engagement of employment and shall satisfy the Company, if so required, that the Insured had made such enquiries.
- 2) The Insured, when required by the Company, at the expense of the Company, must use all diligence in prosecuting or assisting to prosecute any person to conviction for any criminal act in respect of which a claim is made under this Cover Section.
- 3) Any moneys of any one of the Employees in respect of whom a claim is made in the hands of the Insured and any moneys which but for any act of fraud or dishonesty committed by such one of the Employee would have been due to that Employee from the Insured shall be deducted from the amount of the loss before a claim is made under this Cover Section. The Insured and the Company shall share any other recovery (excluding insurance and reinsurance and any counter security taken by the Company) made by either on account of any loss in the proportions that the amount of the loss borne by each bears to the total amount of the loss.
- 4) Upon the discovery or reasonable suspicion of an insured act committed by an Employee the Insured shall:
 - a) Give immediate notice to the Company of the extent and circumstances of the loss together with the name of the Employee(s) discovered or suspected.
 - b) Take all practical steps to mitigate any loss to recover any monies or property lost including immediate notice to the criminal authorities.
 - c) Deliver to the Company within three months of the said discovery or reasonable suspicion a written statement of claim and supply without cost to the Company all such further particulars and proofs (verified by statutory declaration if required) as the Company may require.
 - d) If so required by the Company and subject to a conviction being obtained at the Company's expense prosecute such Employee(s) for such insured act.

- 5) To the extent permitted by law the Insured must agree to withhold any salary, commission, money or assets that are the property of any Employee whose dishonesty has caused a claim under this Cover Section. Any such sum shall be deducted from the amount of loss before any claim is made under this Cover Section.

MEMORANDA

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

Unless otherwise specified, the Sub-Limits shall not increase the liability of the Company beyond the total Sum Insured specified in the Schedule and to apply in excess of the underlying Excess.

1) **Auditors' Charges**

(Sub-Limit HK\$20,000 in respect to any one claim)

The insurance on auditors' charges is limited to the reasonable charges payable by the Insured to the Insured's auditors for producing and certifying any particulars or details contained in the Insured's books of account or other business books or document or such other proofs, information or evidence as may be required by the Company under the terms of this Policy.

2) **Automatic Additions & Deletions**

This Policy provides for automatic inclusion of any new Employee on joining the Insured's employment.

3) **Reinstatement of Loss**

In the event of the Sum Insured being reduced by the amount of any claim payable under this additional benefit and with the consent of the Company, the Sum Insured may be reinstated by payment of appropriate additional premium, provided that the amount by which the Sum Insured is reinstated shall be available only in respect of acts of fraud or dishonesty committed after such reinstatement.

4) **Unidentified Employee**

If a loss is alleged to have occurred as the result of the fraud or dishonesty of any one or more of the Insured's Employees and the Insured is unable to positively identify them, the Company will pay for the loss provided that the Insured is able to provide evidence that the loss was due to the fraud or dishonesty of one or more of the Insured's Employees.



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