

Business Pack Insurance Policy



This **Policy** comes into force when **You**, through a proposal, application or other information, have applied to FWD General Insurance Company Limited (“**The Company, FWD, We, Us**”) and have paid or agreed to pay the premium in consideration for the insurance provided by this **Policy**.

We will provide insurance on the terms and conditions contained in this **Policy** (or any endorsement attached to this **Policy**) during the **Period of Insurance**. This **Policy** and **Schedule** are to be read together as one contract and, unless specially stated to the contrary, any word or expression to which a specific meaning has been given will have that meaning wherever it may appear.

IMPORTANT NOTICE

Please examine this Policy carefully. For enquiry, please contact Us or Your Insurance Broker/Agent immediately.

請注意

請貴保戶詳細查閱此保單之內容，如有任何查詢，請從速與本公司或閣下之保險經紀/代理人聯絡。

SPECIMEN

1. GENERAL DEFINITIONS

In this **Policy**:

- 1.1 **Premises** means the premises shown on the **Schedule** as the "Situation", which are occupied as an office for the purpose of carrying on **Your Business**. To be covered under this **Policy**, the **Premises** must be in a building which is constructed of concrete, brick or stone, with a roof made from concrete, asphalt, tiles, slates, metal or sheets or slabs composed entirely of incombustible mineral ingredients, unless otherwise set out in the **Schedule**.
- 1.2 **Business** means the usual work and activities carried on by **You** for the purposes of carrying on **Your** business as specified in the **Schedule**.
- 1.3 **Contents** means property at the **Premises**, consisting of: -
 - (a) all business contents, fixtures and fittings belonging to **You** or for which **You** are responsible
 - (b) landlord's fixtures and fittings for which **You** are legally responsible
 - (c) tenants improvements, **Your** property or property for which **You** are legally responsible
 - (d) **Your** employees', director or partners' personal effects
 - (e) all fixed glass in windows, doors, fanlights, partitions and fixed sinks, wash basins lavatory pans and cisterns.

Contents does not include Stock, **Money**, securities or other negotiable documents, travel tickets, jewellery, watches, furs, precious stones or any article made from any of them unless specified in the **Schedule**.
- 1.4 **Stock** means stock in trade belonging to **You** or for which **You** are responsible.
- 1.5 **Money** means cash, bank and currency notes, cheques, postal orders, money orders, crossed bankers' drafts, current postage stamps, unexpired units in franking machines and credit card sales vouchers, all belonging to **You** or for which **You** have accepted responsibility.
- 1.6 **Policy** means this insurance contract document, the **Schedule** and any endorsement issued by **Us**.
- 1.7 **Sum Insured** means the amount specified in the **Schedule** that **We** will pay for the relevant Section, or the total amounts **We** will pay under this **Policy**, as the case may be.
- 1.8 **You** or **Your** means the person(s), company or business named on the **Schedule** as "the Insured".
- 1.9 **Act of Terrorism** means an act, including but not limited to the use of force or violence and/or the threat of force or violence, of any person or group(s) of persons, whether acting alone, on behalf of or in connection with any organisation(s) or government(s), committed for political, religious, ideological or similar purposes including the intention to influence any government and/or to put the public, or any section of the public, in fear.

2. SECTION 1 – CONTENTS AND STOCK

2.1 COVER

In the event of accidental loss or damage to the **Contents** **We** will pay **You** the value of the **Contents** and **Stock** at the time of the loss or damage. **We** also have the option to replace or reinstate such lost or damaged **Contents**.

We will not make any deductions for wear, tear and depreciation provided that the costs have been incurred for replacement or reinstatement to a condition similar to but not better than new.

In the event of accidental loss or damage to Stock **We** will pay to **You** the value of the property at the time of the loss or damage. **We** also have the option to reinstate or replace such property or any of its parts, however the most **We** will pay will be the actual cost of its replacement.

The sum insured shown in the **Schedule** is the maximum amount for which **We** may be liable under this section. If the total value of the loss or damage exceeds the **Sum Insured**, the most **We** will pay is the proportion of the

loss or damage as the **Sum Insured** bears to the value of all the property at the time of the loss or damage. Each item as shown in the **Schedule** is separately subject to this provision.

2.2 EXTENSIONS (TO SECTION 1)

This section extends to include:-

A. Temporary Removals

1. loss of or damage to **Contents** (other than deeds, non-negotiable documents, personal effects, fixed glass and sanitary ware in transit) whilst temporarily removed within Hong Kong from the **Premises** for cleaning, renovation, repair or similar purpose, but excluding loss or damage caused by storm, typhoon or flood unless the **Contents** are inside a building.
2. loss of or damage to deeds & other non-negotiable documents in transit within Hong Kong by registered post or in **Your** personal custody or any of **Your** partner(s), director(s) or employee(s) until delivered at the consignee's address within Hong Kong.

The most **We** will pay under this Extension is 10% of the **Sum Insured** on **Contents**.

B. Alterations or Repairs

Loss of or damage to the **Contents** even if there are any alterations, repairs, decoration or maintenance works being performed on the **Premises**, provided that the contract value of each such works does not exceed HK\$500,000.

C. Damage to Premises

Repair or replacement costs for damage to the **Premises** as a result of theft or attempted theft of the property involving forcible and violent entry into or out of the **Premises**.

D. Removal of Debris Cost

The cost of removing debris, dismantling, demolishing, shoring or propping up incurred by **You** with **Our** consent following loss or damage to the property insured, for an amount not exceeding 10% of the **Sum Insured** on **Contents**.

E. Professional Fees

Architects', surveyors' and consultant engineer's fees necessarily incurred in the reinstatement of the **Premises** as a result of its destruction or damage by a peril insured under this **Policy**, for an amount not exceeding 10% of the **Sum Insured** on **Contents**.

F. Fire Extinguishing Expenses

The cost of recharging **Your** extinguishing equipment following fire or an explosion taking place on the **Premises**, for an amount not exceeding HK\$ 10,000.

G. Replacement of Locks and keys

The cost of replacing the locks on the **Premises** following theft of the keys to the **Premises'** doors or from **Your** home (if **You** are a natural person), or the home of **Your** directors, partners or employees of the **Business** who are authorised to hold such keys.

2.3 LIMITS OF LIABILITY

Our liability under this Section will not exceed the following:

- | | |
|--|--|
| (a) Equipment or machinery | HK\$500,000 any one item
(unless specifically mentioned) |
| (b) Computer systems records | HK\$50,000 in total |
| (c) Deed, document and card tape, film or transparency | HK\$5,000 any one document/article
HK\$ 50,000 in total |
| (d) Personal effects of You , Your partner(s),
director(s) or employee(s) | HK\$5,000 any one person
HK\$ 50,000 in total |
| (e) Stock | HK\$ 15,000 any one item |
| (f) Work of arts or curios | HK\$10,000 any one item and
HK\$100,000 or 10% of the Sum Insured whichever is the less in |

- (g) All loss or damage during any one period of insurance

aggregate
The **Sum Insured** stated in the
Schedule

Cover for computer system records (item (b) above) is limited to the value of the material together with the cost of clerical labour and computer time expended to reproduce the records (excluding any expenses in connection with the production of information to be recorded), and not for the value to **You** of the information contained in the records.

2.4 EXCLUSIONS TO SECTION 1

This Section does not cover:-

1. The first HK\$500 of each and every loss unless due to theft, fire, lightning or explosion;
2. Money, jewellery, precious stone, precious metals, bullion, furs, rare books unless specifically mentioned on the **Schedule** as insured by this Section;
3. Animals, livestock, growing crops or trees;
4. Property damage as a result of that property undergoing any process;
5. Loss or damage in respect of wear, tear, depreciation, mould, vermin, scratching of glass or any process of cleaning, repairing, restoring, renovation;
6. Breakage of china, porcelain or other brittle articles (other than item (f) above) unless due to fire or theft (or attempted theft);
7. Consequential loss of any kind;
8. Loss or damage caused by delay, confiscation or detention by customs or other officials or authorities;
9. Loss or damage as a consequence of dishonesty or fraud by any of **Your** employees;
10. Loss or damage by mechanical or electrical breakdown
11. Theft of Stock unless accompanied by forcible and violent entry into or exit from the Premises
12. Any loss arising from pollution or contamination except the destruction of or damage caused by pollution or contamination which results from a peril that is not otherwise excluded.

3. SECTION 2 - BUSINESS INTERRUPTION

3.1 COVER

If the **Business** at the **Premises** is interrupted or interfered with as a result of loss or damage for which **We** are liable under Section 1 ("**Damage**") **We** will indemnify **You** for the following:

1. Increased Cost of Working

The additional expenditure necessarily and reasonably incurred by **You** during the **Indemnity Period** with the object of maintaining during such period a turnover not exceeding that of the corresponding period in the twelve months immediately before the damage. **Our** liability under this item will not exceed the limit of liability stated in the **Schedule**.

For the purposes of this Section, **Indemnity Period** means the 12 month period immediately following the occurrence of the **Damage** during which the results of the **Business** are affected because of the **Damage**.

2. Loss of Income (if specified in the Schedule)

Loss of **Income** resulting from the interruption or interference during the **Indemnity Period**. **Income** means the money paid or payable to **You** in respect of work done and service rendered in the course of the **Business** at the **Premises**.

Our liability under this item shall not exceed the limit of indemnity as stated in the **Schedule**, provided also that:

- i. **We** may deduct from the amount of any claim under this item any amount saved during the **Indemnity Period** for any charges and expenses of the **Business** payable out of **Income** that are not required to be paid as a result of the **Damage**;
- ii. if the **Sum Insured** by this item be less than **Your Income** during the 12 months immediately before the date of the **Damage**, the amount payable will be proportionally reduced;

- iii. if, during the **Indemnity Period**, goods are sold or services are rendered by **You** other than at the **Premises** for the benefit of the **Business** either by **You** or by others on **Your** behalf, the money paid or payable in respect of such sales or services will be brought into account in arriving at the loss of **Income** during the **Indemnity Period**.

Premium Adjustment Clause

We may adjust the premium following receipt of a declaration of the gross income earned during the financial year most nearly concurrent with the **Period of Insurance** as certified by **Your** auditors.

If no claims have been made under this Section, if the declaration is less than the **Sum Insured** on gross income for the relative **Period of Insurance**, **We** will make a pro rata return of premium to **You**, which will not exceed 50% of the premium paid.

3.2 EXTENSIONS TO SECTION 2

This section extends to include:

A. Professional Fees

The reasonable charges payable by **You** to **Your** professional accountants for producing any proof, information or evidence as **We** may require under the terms of Claims Condition 1(f) of this policy and reporting that such particulars or details are in accordance with **Your** books of account or other business books or documents. However, the most **We** will pay under this professional fees extension is 10% of the total **Sum Insured** of this Section, and will be calculated based on the sum of the amount payable under this extension and the amount otherwise payable under this Section.

B. Denial of Access

If **You** suffer loss resulting from interruption of or interference with the **Business** in consequence of damage to property in the vicinity of the **Premises** which prevents or hinders **You** from using or accessing the **Premises** for more than 48 hours (whether the **Premises** or **Your** property is damaged or not) **We** will consider this to be loss resulting from damage to property used by **You** at the **Premises**. However, **We** will not be liable under this extension for more than 10% of the total limit of liability under this Section.

C. Failure of Public Utilities

Loss resulting from interruption of or interference with the **Business** in consequence of damage to property at any:

- a. generating station or sub-station of the public electricity supply undertaking;
 - b. land based premises of the public gas supply undertaking or of any natural gas producer linked directly with this undertaking;
 - c. water works or pumping station of the public water supply undertaking;
- from which **You** obtain electricity, gas or water respectively shall be deemed to be loss resulting from **Damage** to property used by **You** at the **Premises** provided that after the application of all other terms conditions and provisions of the **Policy** the liability under this extension in respect of any one occurrence shall not exceed 10% of the limit of liability under this Section. **We** will not, however, be liable for loss arising during the first 48 hours of any interruption of or interference with the **Business**.

3.3 SPECIAL CONDITION TO SECTION 2

This Section will not apply if the **Business** is discontinued, wound up, in liquidation or under receivership at any time during the **Period of Insurance** unless **We** agree in writing that this Section applies.

4. SECTION 3 - LOSS OF MONEY

4.1 COVER

We will indemnify **You** for loss of **Money** by any cause whatsoever occurring in the Situation during the **Period of Insurance**, provided that out of **Business Hours** the safe or strongroom whilst containing the **Money** or any part of the **Money** is kept locked and the keys are kept in the personal custody of **You** or a **Your** responsible official or employee at all times.

4.2 DEFINITIONS

Business Hours means the period during which **Your Premises** are actually occupied for business purposes and during which **You** or **Your** employees who are entrusted with **Money** are in the **Premises**.

4.3 LIMIT OF LIABILITY

THE SITUATION : (All within Hong Kong)

Limits of Liability for any single loss arising in the Situation

A. Money other than crossed cheques, crossed money orders and crossed postal orders	
i. Whilst in transit and whilst in the Premises during Business Hours	HK\$ 50,000
ii. Whilst secured in the locked safe or strongroom in the Premises out of Business Hours	HK\$ 25,000
iii. Whilst secured in the Premises out of Business Hours under lock and key other than in the safe or strongroom	HK\$ 5,000
iv. Whilst in bank night safes and thereafter within the bank premises until at banks' risk	HK\$ 25,000
B. Money consisting of crossed cheques, crossed money orders and crossed postal orders whilst in transit or on the Premises	HK\$500,000

4.4 EXTENSION (TO SECTION 3)

A. Cash Cheques

This Section includes loss of **Money** following violence or threat of violence to **Your** employee, partner or director forcing them to sign a cash cheque. **Our** liability under this extension shall not exceed HK\$25,000 any single loss.

B. Damage to Safe

We shall indemnify **You** in respect of the cost of repair or replacement of the safe or strongroom not otherwise insured directly associated with any theft or attempted theft from that safe or strongroom. **Our** liability under this extension will not exceed HK\$50,000 any single loss.

C. Personal Assault

If any of **Your** partners, directors or employees aged between 16 and 70 years suffer bodily injury which is the sole cause of death or disablement as a result of an attempt by thieves to steal **Money** or **Contents** during **Business Hours**, **We** will pay to **You** or **Your** legal representative in respect of each such person the Compensation shown below for the relevant Result:-

<u>Result</u>	<u>Compensation</u>
(a) Death	HK\$50,000
(b) Total and permanent loss of all sight in one or both eyes	HK\$50,000
(c) Total loss by physical severance or total and permanent loss of use of one or both hands or feet	HK\$50,000

We will not pay Compensation if:

1. any of the above Results occur more than 12 months of sustaining the injury;
2. more than one of Results (a), (b) or (c) for any one person;
3. a further Result which causes any subsequent injury to that person.

D. Fidelity Guarantee

This section extends to include loss of **Money** arising from fraudulent or dishonest act of any of **Your** employee(s) provided that:

1. such acts have been committed and claims made during the **Period of Insurance**
2. the loss is discovered within 3 working days after the act of fraud or dishonesty

Our liability under this section will not exceed HK\$ 50,000 in aggregate during the **Period of Insurance**.

4.5 EXCLUSIONS (TO SECTION 3)

The indemnity provided under this section does not apply to nor include:-

1. any loss arising from fraud or dishonesty of **Your** employees not discovered and reported within three working days after the occurrence;
2. shortages due to error or omission;
3. losses which are or could be covered by a policy of fidelity guarantee insurance;
4. unexplained disappearance of **Money**;
5. loss from an unattended vehicle.

5. SECTION 4 - PUBLIC LIABILITY

5.1 COVER

We will indemnify **You** against:

1. all sums which **You** are legally liable to pay for compensation in respect of
 - (a) bodily injury to or illness of any person;
 - (b) loss of or damage to property;arising from the **Business** and occurring during the **Period of Insurance** and happening or causing within the **Geographical Area**.
2. All costs and expenses of litigation:
 - (a) recovered by any claimant against **You**;
 - (b) incurred with the written consent of **Us**in respect of a claim against **You** for compensation to which the indemnity expressed in this Section applies.

5.2 DEFINITIONS

For the purpose of this Section only, the following definitions also apply;

- A. "You" includes:-
 - i. in the event of **Your** death, **Your** personal representative in respect of liability incurred by **You**;
 - ii. if **You** request, **Your** director, partner or employee in his or her respective capacity as such.
- B. "The Business" includes the maintenance of the **Premises**.
- C. **Geographical Area** includes:-
 - i. Hong Kong Special Administrative Region;
 - ii. Elsewhere in the world in respect of overseas visit provided under Extension (B) in clause 5.4.

5.3 LIMIT OF INDEMNITY

Our liability under this Section for all compensation payable to any claimant or any number of claimants in respect of, or arising out of, any one accident or series of accidents arising out of one event will not exceed HK\$10,000,000.

5.4 EXTENSIONS (TO SECTION 4)

This section is extended to cover:-

A. Tenants Liability

Exclusion (3) (b) does not apply to loss or damage to **Premises** (or fixtures or fittings of the **Premises**) hired or rented to **You**, however this extension does not apply to liability in respect of:-

- (a) loss or damage if the liability is assumed by **You** under a tenancy or other agreement and would not have attached in the absence of such agreement;
- (b) the first HK\$500 of such loss or damage caused otherwise than by fire.

B. Overseas Visit

We will cover **You** in respect of **Your** legal liability arising from occasional visits outside Hong Kong by any of **Your** directors, partners or employees in connection with the **Business**.

C. Food and Drinks Supplied

We will cover bodily injury or illness directly caused by food or drink poisoning, the presence of deleterious matter in that food or drink or the defective container of that food or drink, provided the food and drink are:

1. supplied and consumed at the **Premises**; and
2. supplied free of charge.

The most **We** will pay under this Extension is HK\$10,000,000 for any one **Period of Insurance**.

D. Independent Contractors Clause

We will cover **Your** legal liability (as defined under this Section) arising out of performance of renovation, alteration or repair works undertaken by independent contractor(s) on the **Premises**.

We will not be liable under this Extension:

- (1) if the contract value of the works mentioned above exceeds HK\$500,000 per contract;
- (2) for any claim recoverable from any other Third Party Liability Insurance or Third Party Liability section of any Contractors' All Risks Insurance effected by or on behalf of **You** or the contractor(s)

5.5 EXCLUSIONS TO SECTION 4

We will not cover:

1. liability assumed by **You** by agreement that would not have attached in the absence of such agreement.
2. liability in respect of

- (a) injury to or illness of any person under a contract of service or apprenticeship with **You** if such liability is in respect of injury or illness arising out of and in the course of the employment of such person by **You**;
- (b) any sums payable by **You** under legislation relating to occupational injury or illness.
- 3. liability in respect of loss of or damage to property:
 - (a) belonging to **You**;
 - (b) in **Your** charge or under **Your** control or the charge or control of **Your** servant or agent;
 - (c) being that part of any property on which **You** or any servant or agent of **You** is or has been working if that loss or damage results directly from such work.
- 4. liability in respect of:
 - (a) loss of or damage to any property, land or building caused by vibration or by the removal or weakening of support;
 - (b) expenditure incurred in doing or re-doing or making good any work which **You** have contracted to do.
- 5. liability in respect of injury illness loss or damage caused connection with or arising from:
 - (a) any vehicle (including any type of machine on wheels or on caterpillar tracks or any trailer attached to that machine), animal, vessel or craft owned, possessed or used by or on behalf of **You**, or the loading or unloading of such vehicle;
 - (b) any lift, elevator, escalator, hoist or crane owned or used by **You** or the maintenance of which **You** are responsible;
 - (c) defective sanitary arrangements or poisoning of any kind or foreign or deleterious matter in food or drink;
 - (d) any commodity, article or thing supplied, repaired, altered or treated by **You** or to **Your** order;
 - (e) subsidence, landslip or subterranean damage (other than to pipes, cables and the like);
 - (f) **Your** sub-contractors or persons engaged in or upon the service of such subcontractors;
 - (g) strike and riot.
- 6. liability directly or indirectly occasioned by, through or in consequence of pollution or contamination.
- 7. liability in respect of:
 - (a) any breach of professional duty or service whether of omission or commission;
 - (b) any advice or act whether of commission or omission given or performed in a professional capacity.

5.6 JURISDICTION CLAUSE

We shall not be liable under this Section in respect of judgments against **You** which are not in the first instance delivered by or obtained from a court of competent jurisdiction of the Hong Kong Special Administrative Region.

6. SECTION 5 - EMPLOYEES' COMPENSATION

(This section only applies when specified in the **Schedule**)

6.1 COVER

Subject to the limit of indemnity on the **Schedule** and to the terms, exclusions and conditions contained in or endorsed on this Section, if any employee in **Your** immediate employ sustains bodily injury or death by **Accident** occurring or **Disease** contracted during the **Period of Insurance** within the **Geographical Area** and arising out of and in the course of his or her employment by **You** in the **Business**, **We** will:

1. indemnify **You** against **Your** legal liability in respect of such bodily injury or death under the **Ordinance**;
2. independently of the **Ordinance**, pay compensation and damages and claimant's costs and expenses; and
3. indemnify **You** against costs and expenses incurred by or on behalf of **You** with **Our** written consent in connection with the above.

In the event of any change to the **Ordinance** during or subsequent to the **Period of Insurance** which alters **Your** legal liability under the **Ordinance**, **Our** liability under this Section will be limited to that amount as **We** would have been liable to pay if the **Ordinance** had not been changed.

It is a condition precedent to **Our** liability for any payment or indemnity under this Section that:

- (a) **You** must observe and fulfil the terms and conditions 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 **You**; and
- (b) the statements and answers in the Proposal and Declaration and the Estimated Earnings Declaration and the Actual Earnings Declaration must be true.

If **You** die, **We** will indemnify **Your** legal personal representatives in respect of liability incurred by **You** provided that **Your** legal personal representatives observe, fulfill and be subject to the terms of this **Policy** as though they were **You** (in as far as those terms can apply).

6.2 DEFINITIONS

For the purposes of this Section:-

- (a) **Accident** means an accident or a series of accidents arising out of one event.
- (b) **Geographical Area** means Hong Kong Special Administrative Region unless stated otherwise in the **Schedule**.
- (c) **Disease** means a disease contracted by **Your Employee** as a result of his or her exposure to the nature of his employment with **You**. Such exposure may extend over a period of time and part of which period may fall outside the **Period of Insurance** under this - Section.
- (d) **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 **You** to **Your Employees**.
- (e) **Employee** has the same meaning as assigned to that expression in the **Ordinance**.
- (f) **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).
- (g) **Ordinance** means the Employees' Compensation Ordinance (Chapter 282 of the laws of Hong Kong).
- (h) **Pneumoconiosis & Mesothelioma** have the same meaning as assigned to those expressions in the Pneumoconiosis & Mesothelioma (Compensation) Ordinance (Chapter 360 of the laws of Hong Kong).
- (i) **Our Indemnity** means indemnity provided under this Section including costs and expenses incurred by or on behalf of **You** with **Our** written consent.

6.3 LIMIT OF INDEMNITY

- (a) In respect of any **Accident** or **Disease** giving rise to any claim against **You** for which indemnity is provided under this Section, **Our** indemnity to **You** 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 **You** in respect of a **Disease** contracted by an **Employee** due to the nature of his or her employment with **You** which nature of employment applies during a period that extends over more than one policy **Period of Insurance**:-
 - i. the aggregate of **Our** indemnity to **You** under all insurance policies 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), **Our** Indemnity to **You** under this Section shall be limited to such proportion of **Your** 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 or her employment to the nature of which such **Disease** was due.
- (c) If the occurrence of any **Accident** or **Disease** results in indemnity under this Section to more than one Insured, the limitations of **Our** liability specified in paragraphs (a) and (b) will apply to the aggregate of indemnity to all Insureds.
- (d) At any time after the occurrence of any **Accident** or **Disease** giving rise to any claim against **You** for which indemnity is provided under this Section **We** may pay to **You** the full amount of **Our** liability specified in paragraph (a) or (b) above (after the deduction of any sums already paid) or any lesser amount for which such claim can be settled. **We** will also relinquish the conduct of any defence settlement or proceedings relating to such claim and will no longer be responsible for any compensation, damages or costs in respect of the claim, or for any costs or expenses whatsoever incurred by **You** after **We** have relinquished the conduct, or for any loss, damage or expenses caused to **You** in consequence of any act or omission of Us in connection with or of **Our** relinquishing such conduct.
- (e) If there is any shortfall in the actual **Earnings** declared in accordance with paragraph 6.7(b) from the respective actual **Earnings**, the extent of **Our** indemnity will be reduced proportionately by the extent of under-insurance; and the balance will be borne by **You**. If no declaration of **Your** actual **Earnings** is received by **Us** as prescribed, for the purpose of this clause the **Earnings** estimated by **You** 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.

6.4 JURISDICTION CLAUSE

We will not be liable under this Section in respect of judgments against **You** which are not in the first instance delivered by or obtained from a court of competent jurisdiction of the Hong Kong Special Administrative Region.

6.5 EXCLUSIONS TO SECTION 5

We will not cover:

1. **Your** liability to employees of **Your** contractors;
2. any liability of **You** which attaches by virtue of an agreement but which would not have attached in the absence of such agreement;
3. any sum which **You** would have been entitled to recover from any party but for an agreement between **You** and such party;
4. any liability arising from **Pneumoconiosis, Mesothelioma or Noise-Induced Deafness**;
5. **Your** liability to any person who is not an employee of **You** within the meaning of the **Ordinance**;
6. any late payment, surcharge, fines, penalties or punitive, aggravated or exemplary damages for which **You** may become liable;
7. any injury by **Accident** or **Disease** attributable to war, invasion, act of foreign enemy, hostilities or warlike operations (whether war is declared or not), civil war, mutiny, rebellion, revolution, insurrection or military or usurped power;
8. any liability of whatsoever nature directly or indirectly caused by or contributed to by or arising from:-
9. nuclear weapons material;
10. 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 Exclusion combustion shall include any self-sustaining process of nuclear fission;
11. any injury by **Accident** or **Disease** where **We** have not been given sufficient notice of the institution of proceedings in a court or tribunal to enable **Us** to be added as a party to the proceedings.

6.6 AVOIDANCE OF CERTAIN TERMS AND RIGHT OF RECOVERY

If **We** are obliged by the **Ordinance** to pay an amount for which **We** would not otherwise be liable under this Policy **You** must immediately repay that amount to **Us**.

6.7 INSURANCE PREMIUM

- (a) Prior to the commencement of the **Period of Insurance**, **You** must supply **Us** with a declaration estimating the **Earnings** of the **Employees** employed in the **Business** during the **Period of Insurance** ("The Estimated Earnings Declaration") on the basis of which a deposit premium becomes payable to **Us**.
- (b) Within 90 days after the expiry of the **Period of Insurance** or upon the cancellation of the Policy, **You** must supply **Us** with a completed Premium Adjustment and Declaration of Earnings Form stating the actual **Earnings of Employees** and provide the relevant supporting documents for that **Period of Insurance** ("The Actual Earnings Declaration"). If the actual **Earnings** differs from the estimated **Earnings**, the difference in premium shall be met by a further proportionate adjustment premium to be paid by **You** or by a premium refund to **You** as the case may be.
- (c) The Premium payable by **You** in consideration of the indemnity provided under this **Section** is the sum of the deposit premium and the adjustment premium calculated pursuant to paragraphs 6.7(a) and (b).
- (d) **You** must record the name, Hong Kong Identity Card number, class of employment and **Earnings of Your Employees** employed in the **Business** during the **Period of Insurance** and retained this information in a safe place so that a record exists of all persons who are **Your Employees** for the purposes of this **Section** **You** must at all reasonable times allow **Us** to inspect and obtain copies of such records.
- (e) If **You** fail to cooperate with **Us** in submitting the completed Premium Adjustment and Declaration of Earnings Form, **We** have the right not to renew this insurance upon its expiry.

6.8 SPECIAL CONDITION TO SECTION 5

1. Claims Payments by You

If **You** pay all or any part of a claim for which **You** are liable and for which indemnity is provided by this Section **You** must obtain duly witnessed signed receipts for such payments and must retain in a safe place all such signed receipts and records and documents relating to such payments and **You** shall at all reasonable times allow **Us** to inspect and obtain copies of such records and documents.

2. Precautions

You shall take all reasonable precautions to prevent **Accidents** and **Diseases** and must 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

notices issued made or promulgated under the relevant laws.

3. Changes in Risk

You must immediately notify **Us** in writing of any material change in the risk insured under this Section during the **Period of Insurance** including but not limited to:

- (a) any merger with or acquisition of another company or business;
- (b) **Your** company or any subsidiary or holding company 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; or
- (c) any material change in the nature of the **Business** or in the number of **Your Employees**.

4. Waiver of Claims

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

7. GENERAL CONDITIONS

(Conditions applying to all Sections)

7.1 Observance of Conditions

It is a condition precedent to **Our** liability to make any payment under this **Policy** that **You** observe and fulfil the terms and conditions of this **Policy**.

7.2 Policy Voidable

If **You** make any misrepresentations, misdescriptions or engage in non-disclosure of any material particular, **We** have the right to cancel this **Policy** and treat it as if it was never issued.

7.3 Reasonable Precaution

You must take all reasonable precautions to prevent loss, damage or accident and to comply with all statutory obligations.

7.4 Change of Risk or Interest

We will not be liable if:

- (a) there is any change in the **Premises**, the occupancy or the duties of **You** which increases the risk of loss, damage or accident; or
- (b) **Your** interest in the **Business** ceases (unless the cessation is brought about by will or operation of law) and this is not notified to and accepted by **Us**.

7.5 Cancellation

We may cancel this **Policy** by sending 7 days' notice by registered post to **You** at **Your** last known address. In that event **We** will return a proportionate part of the premium corresponding to the unexpired period of insurance.

You may cancel this **Policy** by sending written notice to **Us**. In that event **You** will be entitled to a return of premium, less the premium calculated at **Our** short period rates as per table specified below, for the period the **Policy** has been in force. This is subject to a minimum premium of HK\$ 1,000 being retained by **Us**.

Period of Insurance already covered

Refund Premium

Not Exceeding	1 month	90% of premium paid
	2 months	80% of premium paid
	3 months	70% of premium paid
	4 months	60% of premium paid
	5 months	50% of premium paid
	6 months	40% of premium paid
	7 months	30% of premium paid
	8 months	20% of premium paid
	9 months	10% of premium paid
	Over 9 months	No refund

7.6 Contracts (Rights of Third Parties) Ordinance

The Contracts (Rights of Third Parties) Ordinance (Cap 623 of the Laws of Hong Kong) does not apply to this **Policy**, and only parties who may enforce the terms of the **Policy** are **Us** and **You** (or their authorized representatives).

7.7 Renewal

We will send **You** a renewal notice with the renewal terms (the terms may be different from this **Policy**) if **We** desire to renew this **Policy**. This **Policy** will be renewed if the required premium and documents for renewal are

received by **Us** in accordance with the renewal terms. The renewal of this **Policy** shall not constitute any waiver of **Our** right under this clause and/or the renewed **Policy**.

8. CLAIMS CONDITIONS

(Condition applying to all Sections)

8.1 ACTION BY INSURED

If there is an event which could give rise to a claim under this **Policy**, **You** must:-

- (a) give **Us** immediate written notice;
- (b) give immediate notice to **Us** if there is any loss or damage by theft or property mislaid;
- (c) make no admission of liability or offer promise or payment without **Our** written consent;
- (d) inform **Us** immediately of any impending prosecution, inquest or fatal accident, inquiry or civil proceedings and immediately send to **Us** every relevant document;
- (e) take all reasonable action to minimise or check any interruption of or interference with the **Business**;
- (f) produce to **Us** such books of account or other business books or documents or such other proofs as **We** may reasonably require for investigating or verifying the claim;
- (g) in respect of loss or damage to the property insured, deliver to **Us** at **Your** own expenses a claim in writing with such detailed particulars and proofs as may be reasonably required and (if demanded) a statutory declaration of the truth of claim and any matters connected with the loss or damage within:-
 - i. 30 days of the expiry of the Indemnity Period - Section 2;
 - ii. 30 days of the event - all other Sections or such further time as **We** may in writing allow.

8.2 COMPANY'S RIGHTS

8.2.1 Control of Claims

We have the right to:

- (a) enter take and keep possession of any building where loss or damage has occurred, to take and keep possession of the property insured and to deal with the salvage in a reasonable manner without incurring any liability and without diminishing **Our** right to rely on any conditions of this **Policy**;
- (b) at **Our** discretion, take over and conduct in the **Your** name the defence or settlement of any claim and to take proceedings at **Our** own expense and for **Our** own benefit in **Your** name recover compensation or secure indemnity from any third party in respect of any event insured by this **Policy**. If **We** exercise **Our** right under this clause, **You** must give **Us** all information and assistance as **We** require;
- (c) take ownership of any property, the loss of which **We** have paid a claim under this **Policy**, and **You** agree to execute all such assignments and assurances of such property as **We** may reasonably require. However, **You** are not to abandon any property to **Us**;
- (d) pay to **You** the maximum sum payable under Section 4 and 5 in respect of any Occurrence or any lesser sum for which the claim or claims arising from such Occurrence can be settled. In this event, **We** will not be under any further liability in respect of that Occurrence except for the payment of costs and expenses of litigation incurred prior to such payment.

8.2.2. Fraudulent Claims

If a claim is fraudulently made, or is made using fraudulent means or devices to obtain any benefit under this **Policy**, or if any loss or damage occurs due to **Your** willful act or with **Your** connivance all benefits under this **Policy** will be forfeited.

8.2.3. Other Insurances

If there is any other insurance or indemnity effected by or on behalf of **You** that applies to an occurrence under this **Policy**, **Our** liability will be limited to **Our** ratable proportion of the loss or damage. If any other such insurance or indemnity is subject to any provision whereby it is excluded from ranking concurrently with this **Policy** (whether in whole or in part) or from contributing ratably then **Our** liability will be limited to any excess beyond the amount for that loss or damage which would be payable under such other insurance or indemnity had this **Policy** not been effected.

8.2.4. Arbitration

All differences arising out of this **Policy** will be determined by arbitration in accordance with the prevailing Arbitration Ordinance. If the parties fail to agree upon the choice of arbitrators or umpires, 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 is be a condition precedent to any right of action or suit upon this **Policy** that an arbitration award shall be first obtained. If **We** disclaim liability to **You** for any claim under this **Policy** and that claim has not been referred to arbitration within 12 calendar months from the date of the

disclaimer the claim will for all purposes be deemed to have been abandoned and **You** will no longer be able to pursue that claim under this **Policy**.

9. GENERAL EXCLUSIONS

(Exclusions applying to all Sections)

9.1. Radioactive Exclusion

This **Policy** does not cover loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with nuclear energy or radioactivity of any kind including but not limited to any of the following regardless of any other cause or event contributing concurrently or in any other sequence to the loss:

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

9.2. Sanction Exclusion

Notwithstanding anything to the contrary in the **Policy**, if, by virtue of any law or regulation which is applicable to **Us** at the inception of this **Policy** or becomes applicable at any time afterwards, providing coverage to **You** is or would be unlawful because it breaches any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United States of America or The People's Republic of China/Hong Kong SAR, that **We** will not provide any coverage or benefit nor will **We** have any liability whatsoever to **You**, to the extent that it would be in breach of such law or regulation.

10. SPECIAL CLAUSES

10.1. War and Terrorism Exclusion – Applicable to Sections 1 – 4 only

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

- (a) war, invasion, acts of foreign enemies, hostilities or warlike operations (whether war be declared or not), civil war, rebellion, revolution, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power; or
- (b) any **Act of Terrorism**.

This exclusion also excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to (a) and/or (b) above.

If **We** allege that by reason of this exclusion, any loss, damage, cost or expense is not covered by this **Policy**, **You** have the burden of proving the contrary.

If any part of this exclusion is found to be invalid or unenforceable, the remainder will remain in full force and effect.

10.2. Terrorism Exclusion For Contamination & Explosives – Applicable to Sections 1 – 4 only

It is agreed that, regardless of any contributory causes, this **Policy** does not cover any loss, damage, cost or expense directly or indirectly arising out of:

- a) biological or chemical contamination
 - b) missiles, bombs, grenades, explosives
- due to any **Act of Terrorism**.

For the purpose of a)"contamination" means the contamination, poisoning, or prevention and/or limitation of the use of objects due to the effects of chemical and/or biological substances.

If **We** allege that by reason of this exclusion, any loss, damage, cost or expense is not covered by this **Policy You** have the burden of proving the contrary.

10.3. Cyber Risk Exclusion – Applicable to Sections 1 – 4 only

Property damage covered under this **Policy** means physical damage to the substance of property, however physical damage to the substance of property does not include damage to data or software, in particular any detrimental change in data, software or computer programs that is caused by a deletion, a corruption or a deformation of the original structure.

Consequently the following are excluded from this **Policy**:

- (A) Loss of or damage to data or software, in particular any detrimental change in data, software or computer programs that is caused by a deletion, a corruption or a deformation of the original structure, and any business interruption losses resulting from such loss or damage. However, despite this exclusion, loss of or damage to data or software which is the direct consequence of insured physical damage to the substance of property will be covered.
- (B) Loss or damage resulting from an impairment in the function, availability, range of use or accessibility of data, software or computer programs, and any business interruption losses resulting from such loss or damage.

10.4. Terrorism Endorsement - Applicable to Section 5 only

Despite any other provision to the contrary in this **Policy** or any endorsement, if there is 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**:

- (a) the **Policy** Limit of Indemnity will be the amount which **We** actually receive 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 **Us** under which the **Government** agreed to make available to **Us** 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**");
- (b) **We** will only be required to make payment after **We** have received from the **Government** (i) an approval letter confirming that **We** should settle the claim and (ii) payment under the **Facility Agreement**; and
- (c) for the avoidance of doubt, **We** have no obligation to make payment if for whatever reason **We** do 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 **Our** breach of the **Facility Agreement**.

If **We** allege that the **Loss** falls within the scope of this endorsement, **You** have the burden of proving the contrary. In the event any part of this endorsement is found to be invalid or unenforceable, the remainder shall remain in full force and effect.

10.5 Asbestos Exclusion Clause - Applicable to Sections 4 & 5 only

This **Policy** does not apply to or cover any actual or alleged liability whatsoever for any claim or claims in respect of loss or losses directly or indirectly arising out of, resulting from or in consequence of asbestos in whatever form or quantity.