

SPECIMEN

BUSINESS PACKAGE POLICY

IMPORTANT NOTICE

This Policy is an important document. You are requested to examine it carefully, with particular attention to the detailed terms, exclusions and conditions. If anything is unclear, incorrect or it is not in accordance with your intentions, please contact us or your Insurance Broker/Agent immediately.

PERSONAL INFORMATION COLLECTION STATEMENT

The information you provided to The Tokio Marine and Fire Insurance Co. (HK) Ltd. ("the Company") is collected to enable the Company to carry on insurance business and may be used for the purpose of:

- any insurance or financial related product or service or any alterations, variations, cancellation or renewal of such product or service;
- any claim or investigation or analysis of such claim; and
- exercising any right of subrogation

and may be transferred to

- any related company or any other company carrying on insurance or reinsurance related business or an intermediary of a claim or investigation; or other service provider providing services relevant to insurance business for any of the above or related purposes;
- any association, federation or similar organization of insurance companies ("the Federation") that exists or is formed from time to time for any of the above or related purposes or to enable the Federation to carry out its regulatory functions or such other functions that may be assigned to the Federation from time to time and are reasonably required in the interest of the insurance industry or any member(s) of the Federation;
- any members of the Federation by the Federation for any of the above or related purposes; and
- government agencies and authorities as required or permitted by law

Moreover, the Company is hereby authorized to obtain access to and/or to verify any of your data with the information collected by the Federation from the insurance industry.

You have the right to obtain, to access to and to request correction of any personal information concerning yourself held by the Company. Requests for such access can be made in writing to our Compliance Officer, 27A, United Centre, 95 Queensway, Hong Kong.

Whereas the Insured designated in the Schedule hereto by a proposal and declaration which together with any correspondence relative thereto shall be the basis of this contract and is deemed to be incorporated herein has applied to The Tokio Marine and Fire Insurance Co. (HK) Ltd. (hereinafter referred to as "the Company") for the insurance hereinafter contained.

Now This Policy Witnesseth that in consideration of the Insured having paid or agreed to pay to the Company the premium stated in the Schedule.

The Company Hereby Agrees to indemnify the Insured carrying on the Business at the Premises specified in the Schedule to the extent and in the manner set out in the respective Sections of Insurance in respect of events occurring during the Period of Insurance specified in the Schedule subject to the terms exceptions and conditions contained herein or endorsed or otherwise expressed hereon.

Provided Always that the due observance and fulfilment of the terms, exceptions, conditions and endorsements of this Policy in so far as they relate to anything to be done or complied with by the Insured and the truth of the statements and answers in the said proposal shall be conditions precedent to any liability of the Company to make any payment under this Policy.

General Definition

The Insured	: The party named as the Insured in the Schedule.
Premises	: The premises built of cement concrete and occupied by the Insured at the situation shown in the Schedule at which the Business of the Insured as specified in the Schedule is transacted.
Employee	: Employee has the meaning as assigned to that expression in the Ordinance.
Money	: Cash, currency notes, bank notes, negotiable instruments, postage stamps, unexpired units in franking machines, cheques, banker's draft, postal or other money orders, travel tickets and credit card sales vouchers all belonging to the Insured or for which the Insured is responsible.
Personal Effects	: Articles of personal use specifically designed to be worn or carried but excluding Money (as defined above), spectacles and/or contact lenses, mobile phones, jewellery & watches.

Section I – Property All Risks

COVER

In the event of accidental loss of or damage to Contents contained in the Premises by any cause not excluded, the Company will at its option by payment, replacement, repair or reinstatement indemnify the Insured for such loss or damage.

Deduction for wear, tear and depreciation shall not be made provided that costs incurred for reinstatement or replacement is to a condition similar but no better than new, provided that the Contents are maintained in sound condition with good and regular repair and that the sum insured for Contents is on the same basis.

In the event of accidental loss of or damage to Stock including trade samples contained in the Premises by any cause not excluded, the Company will at its option by payment, replacement, reinstatement indemnify the Insured for such loss or damage. The amount payable shall not exceed the actual cost of its replacement.

EXTENSION (applicable to Section I only)

1. **Seasonal Increase** - Sum Insured on Stock at the Premises will be automatically increased by 20% for the months of November, December, January, February.
2. **Stock in Transit** - The Company will pay for loss of or damage to the Stock while in transit between the Premises and anywhere within Hong Kong.
3. **Temporarily Removal** - The Company will pay for accidental physical loss of or damage to the Contents whilst temporarily removed from the Premises for cleaning, renovation, repair or similar purpose for a period of up to three months, but the Company will not pay for any loss or damage which does not occur within Hong Kong.
4. **Fire Extinguishing Expenses** - The Company will pay for the cost of extinguishing a fire provided that it is necessarily, reasonably and actually incurred by the Insured, following a fire or an explosion.
5. **Damage to Premises** - Damage to the Premises for which the Insured is responsible to repair following theft or attempted theft of the property insured, involving forcible and violent means of entry into or exit from the Premises.
6. **Debris Removal** - Additional costs incurred following damage by any of the risks insured under Section I for removing debris of the property insured under this Section.
7. **Architects' & Surveyors' Fees** - The Sum Insured under this Policy includes costs and expenses in respect of architects', surveyors', consulting engineers' and other professional fees necessarily incurred in the reinstatement of the Insured Property consequent upon its loss or damage but not for preparing any claim, it being understood that the amount payable hereunder shall not exceed the scale charges of the appropriate professional body.
8. **Automatic Reinstatement** - The amount payable for any loss or damage shall be automatically reinstated from the time of the happening of the loss or damage and the Insured shall pay an appropriate additional premium therefore, calculated pro-rata from the date of loss to the expiration of this Policy.

LIMIT OF LIABILITY

The liability of the Company under this Section shall not exceed in respect of

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|---|---|
| 1. any one machinery and equipment | HK\$100,000 |
| 2. computersystems' records | HK\$50,000 |
| 3. deed, document, card, tape, film or transparency | HK\$5,000 any one document/article |
| 4. shop-front fixtures consisting of roller shutter door, door, fixed glass panel, neon sign or signboard | HK\$20,000 |
| 5. work of art or curios | HK\$10,000 any one item
HK\$100,000 or 10% of the Sum Insured whichever is the less in aggregate |
| 6. Stock | HK\$5,000 any one item |
| 7. Stock In transit | HK\$50,000 or 10% of the Sum Insured for Stock whichever is the less |
| 8. Personal Effects of the Insured or any partner director or Employee of the Insured | HK\$5,000 per person |
| 9. temporary removal | HK\$5,000 any one item
HK\$10,000 or 10% of Sum Insured whichever is the greater |
| 10. fire extinguishing expenses | HK\$20,000 |
| 11. debris removal | 10% of the Sum Insured |
| 12. architects' and surveyors' fees | HK\$5,000 |
| 13. all loss or damage during any one period of insurance | the Sum Insured stated in the Schedule |

Cover in respect of property described under 2 & 3 above is limited to the value of materials together with the cost of clerical labour and computer time if any expended in reproducing such property as described 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, certification, contractual benefits or other value contained therein or attached thereto.

DEFINITION (applicable to Section I only)

1. **Contents** mean property contained in the Premises in connection with the Business as described in the Schedule belonging to the Insured or for which he is responsible comprising of trade fixtures fittings machinery and all other contents including:-
 - (a) all trade contents belonging to the Insured or for which the Insured is responsible
 - (b) shop-front fixtures consisting of roller shutter door, door, fixed glass panel, neon sign or signboard
 - (c) landlord's fixtures and fittings, wallpapers, ceilings, paneling and the like for which the Insured is responsible
 - (d) tenants improvement, the property of the Insured or for which the Insured is responsible
 - (e) Personal Effects of the Insured's Employees, director or partner of the Insured
 - (f) all fixed glass in windows, doors, fanlights, partitions and fixed sinks, wash basins, lavatory pans and cisterns
 - (g) business books consisting of computer system record, deed, document, card, tape film or transparency excluding Money, securities or other negotiable documents, jewellery, watches, furs, precious metals, precious stones or articles composed of any of them or property more specifically insured.
2. **Stock** means goods incidental to the Business including trade samples, goods-in-trade or goods-in-trust of the Insured or for which the Insured is responsible.

EXCLUSION (applicable to Section I only)

The Company will not pay for loss or damage caused by or contributed to or in respect of :-

1. theft of stock unless accompanied by violence or threat of violence to persons, or forcible and violent entry into or exit from the Premises;
2. loss of or damage to any electrical plant or appliance directly caused by its own over-running short circuiting excessive pressure or self-heating but should fire extend to cause loss of or damage to any other part of the plant or appliance or other property insured such loss or damage is not excluded;
3. wear, tear, moths, vermin, insects, damp, rust, rot, corrosion, the action of light or atmosphere, or gradually operating causes;
4. electrical or mechanical breakdown, failure or derangement;
5. any process of cleaning, repair or renovation, maintenance or dyeing;
6. misuse or use contrary to manufacturer's instructions of trade utensils and equipment, inherent defect or faulty design in materials, plan or specification;
7. denting, chipping or scratching;
8. breakage of china, porcelain or other brittle articles (other than item (f) described under the Definition of Contents) unless due to fire, explosion or theft or attempted theft;
9. loss of or damage to valuable, jewellery, watches, furs, precious metals or precious stones;
10. the infidelity or dishonesty of member of the Insured's household, or directors, partners or Employees of the Insured;
11. any disappearance or shortage of stock revealed only at the time of stocktaking or the making of an inventory and is not identifiable with a specific occurrence insured against under the terms of Section I;
12. any shortage arising from error or omission on the part of the Insured and/or his Employees;
13. property more specifically insured;
14. loss of market or consequential loss;
15. loss, destruction or damage caused by or resulting from pollution or contamination except such loss or destruction or damage to the property insured not otherwise excluded;
16. the amount of deductibles stated in the Schedule in respect of each and every occurrence under this Section

CONDITION (applicable to Section I only)

1. **Pair & set** - Where any Insured item consists of articles in a pair or set, the Company will not pay more than the value of any particular part or parts which may be damaged or lost, without reference to any special value which such article or articles may have as part of such pair or set, nor more than a proportionate part of the value of the item relative to the value of the pair or set.
2. **Average** - If the property hereby insured shall at the time of the loss be of greater value than the Sum Insured, then the Insured shall be considered as being his own insurer for the difference and shall bear a ratable proportion of the loss accordingly. Every item of this Section shall be separately subject to the condition.

Section II – Business Interruption**COVER**

If the Business of the Insured at the Premises is interrupted as a result of loss of or damage to the property insured which is indemnified under Section I the Company will indemnify the Insured in respect of the Increase in Cost of Working caused by the interruption up to the amount specified in the Schedule.

EXTENSION (applicable to Section II only)

1. **Mandatory Provident Fund (MPF) Contribution** - In the event of the business at your premises being interrupted and temporarily closed for more than 7 consecutive days caused by fire and/or explosion, the Company will indemnify the Insured the actual MPF contributions as employer up to 3 months, subject to a maximum of HK\$5,000 during any one year.
2. **Accountants' Fees Clause** - The Company shall pay for the charges of professional accountants up to HKD50,000 in respect of any one occurrence necessarily and reasonably incurred for producing information required by the Company for the purpose of dealing with a claim under Section II.
3. **Denial of Access Clause** - The Company will pay for the Increase in Cost of Working resulting from the interruption of Business caused by the loss of or damage to property in the vicinity of the Premises which prevents or hinders the use of the Premises, provided that there shall be no liability under this extension for any loss involving an interruption of less than 24 hours duration.
4. **Closure Clause** - The Company will pay for the Increase in Cost of Working as a result of murder, suicide, food or drink poisoning, and closure by a competent authority due to vermin or pests all occurring on the Premises; provided that there shall be no liability under this extension for any loss involving an interruption of less than 24 hours duration.
5. **Failure of Public Utilities Clause** - The Company will pay for the Increase in Cost of Working resulting from interruption of or interference with the Business as a result of damage to property at any land based premises of a public utility undertaking which provides the Premises with electricity, gas, water and telecommunication services, provided that there shall be no liability under this extension for any loss involving an interruption of less than 24 hours duration.

DEFINITION (applicable to Section II only)

1. **Increase in Cost of Working** shall mean the additional expenditure necessarily and reasonably incurred by the Insured for the sole purpose of avoiding or diminishing the interruption of or interference with the Business which but for that expenditure would have taken place during the Indemnity Period.
2. **Indemnity Period** shall mean the period beginning with the loss or damage causing the interruption and ending not later than twelve months thereafter during which the Increase in Cost of Working shall be incurred in consequence of the interruption.

CONDITION (applicable to Section II only)

The cover will lapse and the Company shall not be liable if the Business of the Insured is wound up or carried on by a liquidator or receiver or permanently discontinued at any time after the commencement of this Policy.

Section III – Money**COVER**

In respect of loss of or damage to Money held in connection with the Business within Hong Kong SAR, the Company will indemnify the Insured against such loss or damage subject to the following limits:

1. Any single incident of loss of Money (other than crossed cheques, crossed postal orders, crossed money orders, crossed bankers' drafts and credit card sales vouchers) whilst:-

(a) in transit within Hong Kong for the purpose of the Insured's business and in the custody of the Insured, his partner, Directors or Employees	HK\$50,000
(b) on the Premises during Business Hours	HK\$50,000
(c) on the Premises out of Business Hours in a locked safe or locked strong room	HK\$50,000
(d) on the Premises out of Business Hours in a locked drawer or locked cash register	HK\$5,000
(e) in bank night safes and thereafter within bank premises until at banks' risk	HK\$50,000
2. any single incident of loss of crossed cheques, crossed postal orders, crossed money orders, crossed bankers' drafts and credit card sales vouchers HK\$500,000
3. Loss of or Damage to Safes and Cash Register caused by any theft or attempted theft HK\$25,000

For the purpose of this Section "Business Hours" shall mean the usual hours during which the Insured transacts business at the Premises and during which the Insured, any of this partners, directors or Employees normally entrusted with Money shall be actually in or on the Premises.

Provided that

1. when out of Business Hours, all keys and notes of combination lock, letters and numbers for safe or strong room containing Money will be removed from the Premises;
2. the Insured will keep a proper written records of all Money and will allow the Company at any reasonable time to inspect such records;
3. the Insured will give immediate notice to the police on discovery of any loss or damage.

EXTENSION (applicable to Section III only)

Weekend and Public Holidays - The limits stated above in this Section be automatically increased by 20% for Saturdays, Sundays and any public holidays of Hong Kong.

EXCLUSION (applicable to Section III only)

The Company will not pay for:-

1. loss due to theft dishonesty or fraud of members of the Insured's household, or directors, partners or Employees of the Insured;
2. loss which is covered by or which but for the existence of this Section would be covered by any policy of Fidelity Guarantee Insurance and this section shall not contribute to such loss except in excess of any amount insured thereunder;
3. shortages due to clerical or accounting error and omission;
4. loss suffered as a result of a business transaction;
5. loss from an unattended subject matter and/or vehicle;
6. loss of Money entrusted to any person other than the Insured or partners, directors or Employees of the Insured.

Section IV – Fidelity Guarantee

COVER

Any loss of money sustained by the Insured in connection with the Business arising from an act or series of acts of fraud or dishonesty committed by an Employee during the Period of Insurance and discovered

1. during the same period of insurance or
2. within 15 working days of
 - (a) the expiry of the same period of insurance
 - (b) the termination of the contract of employment between the Insured and Employee whichever shall first occur

LIMIT OF LIABILITY

The liability of the Company for the Period of Insurance shall not exceed the amount specified in the Schedule in aggregate.

EXCLUSION (applicable to Section IV)

The Company will not pay for any loss caused by or contributed to or in respect of :-

1. any loss not discovered by the Insured within 15 working days of the act of fraud or dishonesty
2. loss of interest or consequential loss of any kind

CONDITION (applicable to Section IV)

1. Any sum of money which but for fraud or dishonesty of an Employee would become payable to that Employee shall be deducted from the amount of the loss before a claim is made under this Section.
2. Any subsequent recovery in respect of fraud or dishonesty for which a claim has been paid under this Section shall be used first to reimburse the Company.
3. It is condition precedent to liability that the Insured shall not continue to trust any Employee with money or goods after the insured have knowledge of any material fact bearing on the honesty of the Employee unless the Company are advised and its written approval obtained.
4. If required by the Company, the Insured shall provide all information and evidence to the criminal authorities in respect of any fraud or dishonesty committed by an Employee in consequence of a claim under this Section and the Insured shall also prosecute such Employee subject to the payment by the Company of all reasonable expenses necessarily incurred for the conviction.

Section V – Personal Accident

COVER

In the event of the Insured or any director, partner or Employee of the Insured (the Insured Person) sustaining bodily injury by assault (the Injury) causing death or disablement (the Result as stated hereunder) directly and solely as a result of fire, explosion, theft or attempted theft at the Premises, the Company will pay to the Insured Persons or their legal representative the Compensation shown below for such Result in respect of each person:-

<u>The Result</u>	<u>Compensation</u>
1. Death within twelve months of the Injury	HK\$100,000
2. loss of one or more limbs	HK\$100,000
3. loss of sight of one or both eyes within twelve months of the Injury	HK\$100,000
(a) "Loss of Limb" shall mean total loss by physical separation at or above the wrist or ankle or permanent total loss of use of an entire hand arm foot or leg;	
(b) No Compensation shall be payable for	
(i) any of the Results unless such Result occurs within 12 months of sustaining the Injury causing such Result;	
(ii) more than one of the Result 1, 2 or 3 for any one Insured Person;	
(iii) any subsequent injury caused to that Insured Person if one of the Result is payable.	

Section VI – Public Liability

COVER

The Company will indemnify the Insured against

1. all sums which the Insured shall become legally liable to pay for compensation in respect of accidental
 - (a) bodily injury to or illness of any person;
 - (b) loss of or damage to material property arising from the Business and occurring during the Period of Insurance and happening or causing within Geographical Area.

2. all costs and expenses of litigation
 - (a) recoverable by any claimant from the Insured
 - (b) incurred with the written consent of the Company
 in respect of a claim to which the indemnity expressed in this Section applies.

The liability of the Company under this Policy for all compensation payable including all costs and expenses of litigation in respect of or arising out of any one accident or series of accidents consequent on or attributable to one event shall not exceed the amount specified in the Schedule.

DEFINITION (applicable to Section VI only)

Geographical Area shall include, unless otherwise stated in the Schedule, -

1. Hong Kong Special Administrative Region
2. elsewhere in the world in respect of overseas visit provided under Overseas Visits Extension as below-stated

EXTENSION (applicable to Section VI only)

1. **Overseas Visits** - The indemnity provided by this Section is extended to cover the Insured in respect of legal liability arising from occasional visits outside Hong Kong by any of the Directors, Partners and Employees of the Insured in connection with the Business, provided that such personnel are normally resident in Hong Kong
2. **Tenant Liability** - It is hereby noted and agreed that this policy is extended to cover the Insured's legal liability arising out of or in connection with damage caused by or resulting from fire or explosion
 - a) to a building or part thereof not belonging to but whilst under the occupation of the Insured;
 - b) to the contents of the aforesaid building or part thereof not belonging to but in charge of by or under the control of the Insured but in no case is the Insured's legal liability as bailee included.
3. **Social and Sports** - the Company will cover the legal liability of the Insured arising out of sports, social and welfare organizations sponsored by the Insured.
4. **First Aid** - This Policy is extended to indemnify the Insured and any member of the Insured's first aid of medical organization (other than a qualified medical practitioner) employed under a contract of service or apprenticeship with the Insured against liability as within defined in respect of medical or surgical treatment given by such member in the course of his employment with the Insured.
5. **Food and Drinks Supplied** - The Company will cover the Insured's legal liability arising out of any claim made in respect of poisoning of any kind arising from food and/or drinks sold or supplied by the Insured to any patrons or visitors and being consumed at the Premises, provided the Insured shall at all times take every possible precaution to prevent any food and/drinks from deterioration, to ensure that they are free from contamination and fit for human consumption. The Liability of the Company under this extension shall not exceed HK\$2,000,000 for any one period.

EXCLUSION (applicable to Section VI only)

The Company will not indemnify the Insured in respect of:

1. liability assumed by the Insured under agreement unless such liability would have attached in the absence of such agreement.
2. liability in respect of death of or bodily injury or disease or illness to:-
 - a) any person at any time resulting therefrom who at the time of sustaining such injury is engaged in the service of or apprenticeship with the Insured and/or acting on behalf of the Insured or of any sub-contractor to the Insured.
 - b) any self-employed person and/or sole-proprietor arising out of or in the course of performance of the business or occupation or contract work of the Insured.
 - c) any person arising out of or in the course of the employment of such person by the Insured or to any person who is a member of the Insured's family.
3. liability in respect of injury loss or damage caused by sub-contractors to the Insured or by persons engaged in or upon the service or acting on behalf of such sub-contractors.
4. bodily injury to or illness of any person or damage to any land structure building or property caused by vibration or subsidence or the removal or weakening of or interference with support of such land structure building or property or liability arising in consequence of such damage.
5. (a) liability directly or indirectly occasioned by or through or in consequence of seepage, pollution or contamination;
(b) the cost of removing, nullifying or cleaning up seepage, pollution or contamination.
6. fines, penalties, or punitive or exemplary damages.
7. liability in respect of loss of or damage to property
 - (a) belonging to, in the charge or custody, or under the control of the Insured or of any servant or agent of the Insured;
 - (b) being that part of any property on which the Insured or any servant or agent of the Insured is or has been working if that loss of damage results from such work.
8. (a) liability arising directly or indirectly from faulty or inferior workmanship;
(b) expenditure incurred in doing or re-doing or making good any work which the Insured has contracted to do.
9. liability in respect of injury, illness, loss or damage caused by or through or in connection with:
 - (a) any passenger lift, passenger elevator or passenger escalator owned by or in possession of the Insured.
 - (b) the ownership or possession or use by or on behalf of the Insured of:
 - (i) any mechanically propelled vehicle or trailer attached thereto
 - (i.a) licensed for road use
 - (i.b) required by any traffic legislation to be the subject of compulsory insurance or other security
 - (i.c) of which loading or unloading
 - (ii) any craft designed to travel in, on or through water, air space (other than hand-propelled watercraft) or railway locomotive or railway rolling stock
 - (c) the explosion of any boiler or other apparatus owned or used by you, which is intended to operate under internal steam pressure.
10. liability in respect of advice, design, specification, examination, prescription or treatment (other than first aid treatment as per First Aid Extension 4 under this Section) given or provided by the Insured in a professional capacity or any breach of duty owned by the Insured in a professional capacity.

11. liability in respect of
 - (a) any commodity, article or thing sold, supplied, let out on hire, repaired, altered, renovated, treated, installed, erected by the Insured and no longer in the Insured's possession or control;
 - (b) all costs of or arising from the need for making good, removal, repair, rectification, replacement or recall of such commodity, article or thing.
12. any willful or malicious act or any criminal activity
13. death or bodily injury including illness of any person directly or indirectly caused by contagious or infectious disease of any kind.
14. the amounts of deductibles stated in the schedule in respect of each & every occurrence under this Section and its Extensions.

Section VII – Employees' Compensation (operative only if indicated in the Schedule)

COVER

If any Employee in the Insured's immediate employ as specified in the Schedule and defined below shall sustain bodily injury or death by Accident occurring or Disease contracted during the Period of Insurance of this section within the territories of Hong Kong Special Administrative Region (unless otherwise stated in the Schedule) and arising out of and in the course of his/her employment by the Insured in the Business

The Company will subject to the Limit of Indemnity and to the Schedule 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 always that in the event of any change to the Ordinance during or subsequent to the Period of Insurance of this Section altering the legal liability of the Insured under the Ordinance the liability of the Company under this Section shall be limited to such sums as the Company would have been liable to pay if the Ordinance had remained unaltered

EXTENSION (applicable to Section VII only)

1. Employees Inter-Sports Social & Welfare Activities Clause

If an Employee of the Insured is injured when participating in any extra-curricular activities organised and sponsored by the Insured, any accident occurring in such circumstances shall be deemed as arising out of and in the course of employment by the Insured.

2. Business Trip Clause

This Section is extended to provide worldwide cover for all non-manual Employees while they are on business trips.

3. Extraordinary Weather Clause

In the event of any Employee of the Insured whose attendance at his place of employment is required by the Insured during extraordinary weather conditions, the cover provided under this Section is extended to indemnify the Insured for death or injury sustained by the Employee whilst proceeding directly to the place of employment or returning therefrom directly to his/her home. Such death or injury shall be deemed to have arisen out of and in the course of the Employee's employment for the purpose of this Section.

LIMIT OF INDEMNITY (applicable to Section VII only)

1. 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 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.
2. In relation to any liability of the Insured in respect of a Disease contracted by an Employee due to the nature of his/her employment with the Insured which nature of employment applies during a period that extends over more than one policy period of insurance:
 - (a) the aggregate of the Company's Indemnity to the Insured 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
 - (b) subject to the limitation of paragraph (2)(a) hereof, the Company's Indemnity to the Insured under this Section 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 Section bears to the total period of his employment to the nature of which such Disease was due.
3. 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 (1) and (2) hereof shall apply to the aggregate of indemnity to all Insureds.
4. 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 (1) or (2) 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.
5. If there should be any shortfall in the actual Earnings declared in accordance with the paragraph of INSURANCE PREMIUM of this Section from the respective actual Earnings, the extent of the Company's 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 of this Section shall be used in lieu of the actual earnings that should have been declared to determine the extent of the under-insurance, if any.

DEFINITION (applicable to Section VII only)

1. **Accident** means an accident or a series of accidents arising out of one event.
2. **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 Section.
3. **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.
4. **The Ordinance** means the Employees' Compensation Ordinance (Chapter 282 of the laws of Hong Kong Special Administrative Region).
5. **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 Special Administrative Region).
6. **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 Special Administrative Region).

EXCLUSION (applicable to Section VII only)

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

1. the Insured's liability to employees of contractors to the Insured;
2. any liability of the Insured which attaches by virtue of an agreement but which would not have attached in the absence of such agreement;
3. any sum which the Insured would have been entitled to recover from any party but for an agreement between the Insured and such party;
4. any liability arising from Pneumoconiosis or Mesothelioma or Noise-Induced Deafness;
5. the Insured's liability to any person who is not an employee of the Insured within the meaning of the Ordinance;
6. 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;
7. 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;
8. any liability of whatsoever nature directly or indirectly caused by or contributed to by or arising from:
 - (a) nuclear weapons material;
 - (b) 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;
9. 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.
10. the Insured's liability to any self-employed Persons or Sole-Proprietors engaged in the Business/Insured Project of the Insured.
11. the Insured's liability to any Employee who has not been specified in the Schedule.

INSURANCE PREMIUM (applicable to Section VII only)

1. Prior to the commencement of the Period of Insurance of this Section, the Insured shall supply the Company with a declaration estimating the Earnings of the Employees to be covered by this Section (whose particulars have now been specified in the Schedule) during the Period of Insurance of this Section (which declaration is referred to herein as "the Estimated Earnings Declaration") on the basis of which a deposit premium becomes payable to the Company.
2. The Insured shall within ninety (90) days after the expiry of the Period of Insurance of this Section or upon cancellation of this Section supply the Company with a completed Premium Adjustment and Declaration of Earnings Form stating the actual Earnings of Employees covered by this Section (whose particulars have now been specified in the Schedule) and provide the relevant supporting documents during the Period of Insurance of this Section (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. Employees who do not fall within the occupations, description set out in the Schedule of the Policy are not Employees covered by this Section and would not be taken into account for premium adjustment purpose.
3. It is hereby declared that the Premium payable by the Insured in consideration of the indemnity provided under this Section is the sum of the deposit premium and the adjustment premium calculated pursuant to paragraphs (1) and (2) hereof.
4. The name Hong Kong Identity Card number class of employment and Earnings of every Employee of the Insured covered by this Section (whose particulars are specified in the Schedule) shall be properly recorded by the Insured and retained in a safe place so that a record exists of all Employees covered by this Section (whose particulars are specified in the Schedule) for the purposes of this Section and the Insured shall at all reasonable times allow the Company to inspect and obtain copies of such records.
5. 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 the insurance upon expiry of this Policy.

CONDITION (applicable to Section VII only)

1. **Proposal and Declaration**
The truth of the statements and answers in the Proposal, the Estimated Earnings Declaration and the Actual Earnings Declaration shall be a condition precedent to any liability of the Company to make payment or to provide indemnity under the insurance of this Policy.
2. **Avoidance of Certain Terms and Rights 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 Section the Insured shall repay such amount to the Company.

3. 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 defence 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 earnings of all employees 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.

4. 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 Section 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.

5. 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 Section or whereby any such claim is limited or qualified in any way.

6. 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; or
- (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.

7. 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.

8. Terrorism

Notwithstanding any provision to the contrary in this Section 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:

- (a) the Limit of Indemnity under this Section 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");
- (b) the Company will only be required to make payment after it has received from the Government (i) an approval letter confirming that the Company should settle the claim and (ii) payment under the Facility Agreement; and
- (c) 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 Company's breach of the Facility Agreement, or the Loss does fall within the Exceptions or any other conditions leading to no payment for the Loss under the Facility Agreement, or the Facility Agreement ceases in the event that the remaining balance under Facility is exhausted, or the termination of the Facility Agreement by the Government.

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 this Section.

GENERAL EXCLUSION (applicable to all Sections, unless otherwise stated)

The Company shall not be liable in respect of:-

- 1. any contingency caused by or happening through or in consequence of:-
 - (a) war, invasion, act of foreign enemy, hostilities or warlike operations (whether war be declared or not) or civil war;
 - (b) mutiny, riot, military or popular rising, insurrection, revolution, military or usurped power, martial law or state of siege or any of the events of causes which determine the proclamation or maintenance of martial law or state of siege
- 2. loss of or damage to any property or any resultant loss or expenses or any consequential loss or legal liability directly or indirectly arising from
 - (a) ionising radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel
 - (b) the radioactive toxic explosive or other hazardous properties of any explosive nuclear assembly or nuclear component thereof.

3. loss, damage, 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 exclusion an act of terrorism means an act, including but not limited to the use of force or violence and/or the 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), committed for political, religious, ideological or similar purpose including the intention to influence any government and/or to put the public, or any section of the public, in fear.

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 any act of terrorism.

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

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

This exclusion does not apply to Section VII.

4. loss, destruction or damage caused by or resulting from pollution or contamination except such loss or destruction or damage to the property insured not otherwise excluded.
5. any accident, loss damage expense, liability or bodily injury occasioned by or through or in consequence directly or indirectly of confiscation, commandeering, detention or requisitioned destruction of or damage to the property insured by order of the Government de jure or de facto or any public, municipal or local authority of the country or area in which the Premises is situated.
6. loss, damage, destruction, distortion, erasure, corruption or alteration of electronic data from any cause whatsoever (including but not limited to computer virus) or loss of use, reduction in functionality, cost, expense of whatsoever nature resulting therefrom, regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

Electronic data means facts, concepts and information converted to a form usable 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. Computer virus means a set of corrupting, harmful or otherwise unauthorized instructions or code instructions or code including a set of maliciously introduced unauthorized instructions or code, programmatic or otherwise, that propagate themselves through a computer system or network of whatsoever nature. Computer virus includes but is not limited to "Trojan Horses", "worms" and "time or logic bombs".

7. consequential loss or damage of any kind except as provided in Section II.
8. any liability arising directly or indirectly out of, caused by or in connection with the existence, handling, processing, manufacturing, mining, sale, transportation, distribution, storage, use, removal, remediation, treatment, disposal or escape of (1) asbestos or silica dust and (2) asbestos, asbestos products or any product containing asbestos.
9. any claim or providing any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose that the Company to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America.

GENERAL CONDITION (applicable to all sections)

1. Policy Document

The Policy and the Schedule (which forms an integral part of this Policy) shall be read together as one contract and any word or expression to which a specific meaning has been attached in any part of this Policy or of the Schedule shall bear such specific meaning whenever it may appear.

2. 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.

3. Reasonable Precaution

The Insured shall exercise all reasonable precautions for maintenance and safety of the property insured.

4. Policy Voidable

If the Insured or anyone acting on his behalf makes any claim under this Policy knowing the claim to be fraudulent this Policy shall become void and all benefit forfeited.

5. Alteration & Repair and Change of Risk

The Policy shall remain operative during the premises in course of structural alterations repairs or interior decorations provided that the maximum contract value of such works shall not exceed HK\$200,000.

If a change of circumstances other than the above-mentioned works after the commencement of the insurance increases the risk of loss injury or damage or the Insured's interest ceases except by will or operation of law this Policy will be voidable unless the Company has agreed in writing to accept such alteration.

6. Insured's Legal Personal Representative

In the event of the death of the Insured the Company will indemnify the Insured's legal personal representatives in respect of liability previously incurred by the Insured provided they conform with the terms of this Policy.

7. Legal Compliance

The Insured shall duly comply with and observe all provisions requirements and regulations of

- i Fire Services Department
- and/or ii Labour Department
- and/or iii Dangerous Goods Ordinance
- and/or iv Factories and Industrial Undertaking Ordinance
- and/or v any other Statutory obligation

including any notice given and requirements made pursuant to same the breach and disregard of which may affect or increase the risk hereby insured except only that this Condition shall not apply in respect of any Ordinance Regulation Notice or Requirement expressly waived by the Insurers by endorsement on this Policy.

8. Records and Premium Adjustments

If any part of the premium is calculated on estimates given by the Insured, then the Insured must keep an accurate record containing all relevant particulars and allow the Company to inspect such records within one month from the expiry of each period of insurance and also the Insured must provide the information as requested by the Company and the premium shall be adjusted accordingly.

9. Claim

- (a) As soon as reasonably possible, the Insured shall
 - (i) inform the Company of any occurrence or notice received which may produce a claim and provide any further details which the Company may require
 - (ii) notify the police of any loss, destruction or damage by theft or attempted theft and supply them with a full list and description of missing articles, or by riot civil commotion strikers locked-out workers persons taking part in labour disturbances and malicious persons
 - (iii) forward immediately to the Company any writ or summons issued against the Insured by a Third Party
- (b) No settlement admission of liability payment or promise of payment shall be made to a Third Party without the consent of the Company.
- (c) The Company at its option may indemnify the Insured by payment reinstatement replacement or repair in respect of any property lost or damaged or any part thereof. If the Company elects to reinstate or replace any property it shall not be bound to reinstate or replace exactly or completely but only as circumstances permit and in reasonably sufficient manner and shall not in any case be bound to expend in respect of any one of the items insured more than the sum insured thereon.
- (d) The Company shall be entitled to
 - (i) take benefit of any rights of the Insured against any other party before or after the Insured has received payment under this Policy
 - (ii) take over the defense or settlement of any claim made upon the Insured by any other party.

10. Salvage

The Company shall have the right to enter the building where the loss or damage has occurred and to take and keep possession of any of the property insured and to deal with salvage in a reasonable manner. All benefit under this Policy shall be forfeited if this condition is not observed.

11. Other Insurance

If in the event of a claim arising under this Policy there shall be in force any other insurance covering the same property and/or contingencies, the Company shall not be liable for more than its ratable proportion thereof.

12. Cancellation

The Company may cancel this Policy or any Section or part thereof by giving 7 days notice in writing by registered letter to the Insured's last known address and in such event the Insured shall become entitled to the return of a proportionate part of the premium corresponding to the unexpired portion of the Period of Insurance.

For Section VII – Employees' Compensation Section, the Premium shall be adjusted in accordance with the provisions of "INSURANCE PREMIUM" of the Section.

13. Arbitration

All differences arising out of this Policy shall be referred to the decision of an Arbitrator to be appointed in writing by the parties in difference or if they cannot agree upon a single Arbitrator to the decision of two Arbitrators one to be appointed in writing by each of the parties within one calendar month after having been required in writing so to do by either of the parties or in case the Arbitrators do not agree of an Umpire appointed in writing by the Arbitrators before entering upon the reference. The Umpire shall sit with the Arbitrators and preside at their meetings and the making of an Award shall be a condition precedent to any right of action against the Insurers. If the Insurers 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.

14. Jurisdiction

This Policy shall be subject to the jurisdiction of Hong Kong and construed in accordance with the laws of Hong Kong. The Company shall not be liable in respect of judgments which are not in the first instance delivered by or obtained from a court of competent jurisdiction in Hong Kong SAR, nor to orders obtained in the said court for the enforcement of judgments made outside Hong Kong whether by way of reciprocal agreements or otherwise.

15. Contracts (Rights of Third Parties)

Any person or entity who is not a party to this Policy shall have no rights under the Contracts (Rights of Third Parties) Ordinance (Cap 623 of the Laws of Hong Kong) to enforce any terms of this Policy.

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