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Industrial All Risk Insurance Policy

QBE INSURANCE (MALAYSIA) BERHAD welcomes you as a Policyholder and we take this opportunity to recommend that you thoroughly examine this Document which sets out the limitations and benefits of the insurance. Please store it in a safe place.

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

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INDUSTRIAL ALL RISKS INSURANCE POLICY

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INDUSTRIAL ALL RISKS INSURANCE POLICY

A. THE COVER

This Policy is issued in consideration of the payment of premium as specified in the Policy Schedule and pursuant to the answers given in the Insured's Proposal Form (or when the Insured applied for this insurance) and any other disclosures made by the Insured between the time of submission of the Insured's Proposal Form (or when the Insured applied for this insurance) and the time this contract is entered into. The answers and any other disclosures given by the Insured shall form part of this contract of insurance between the Insured and the Insurer. In the event of any pre-contractual misrepresentation made in relation to the Insured's answers or in any disclosures made by the Insured, it may result in avoidance of the Insured's contract of insurance, refusal or reduction of the Insured's claim(s), change of terms or termination of the Insured's contract of insurance.

This Policy reflects the terms and conditions of the contract of insurance as agreed between the Insured and the Insurer.

QBE Insurance (Malaysia) Berhad (hereinafter called "the Company") agrees, subject to the terms, conditions and exclusions contained herein or endorsed or otherwise expressed hereon which shall so far as the nature of them respectively will permit be deemed to be conditions precedent to the right of the Insured to recover hereunder, that after payment of the first premium.

SECTION I – MATERIAL DAMAGE

If any of the Property Insured situated in the Premises within the Geographical Area as specified in the Schedule be accidentally physically lost destroyed or damaged other than by an excluded cause (hereinafter termed Damage) at any time during the period of insurance or any subsequent period in respect of which the Insured shall have paid and the Insurer shall have accepted the premium required for the renewal of this Policy

The Insurer will pay to the Insured the actual value of the property at the time of the happening of the Damage or at its option reinstate or replace such property or any part thereof.

SECTION II - BUSINESS INTERRUPTION

If at any time during the period of insurance the business carried on by the Insured at the Premises specified in the Schedule is interrupted or interfered with in consequence of Damage indemnifiable under Section I, then the Insurer shall indemnify the Insured for the amount of loss resulting from such interruption or interference in accordance with the provisions contained in the specification relating to this Section.

Provided that at the time of the happening of the Damage there shall be in force an insurance covering the interest of the Insured in the property at the premises against such Damage and that

(i) payment shall have been made or liability admitted therefor

or

(ii) payment would have been made or liability would have been admitted therefor but for the operation of a proviso in such insurance excluding liability for losses below a specified amount

Provided that the liability of the Insurer in respect of each Section in any one period of Insurance shall in no case exceed

(i) in respect of each item the sum expressed in the Schedule to be insured thereon or in the whole the total sum insured hereby

(ii) any limit of liability shown in the Schedule

or such other sum or sums as may be substituted therefor by memorandum hereon or attached hereto signed by or on behalf of the Insurer.

B. EXCLUSIONS (APPLICABLE TO SECTIONS I, II)

1. EXCLUDED CAUSES

This policy does not cover

1. Damage to the property insured caused by

- a)
 - (i) faulty or defective design materials or workmanship latent defect gradual deterioration deformation or distortion or wear and tear
 - (ii) interruption of the water supply gas electricity or fuel systems or failure of the effluent disposal systems to and from the Premises
 - (iii) settling or bedding down of structures shrinkage or expansion of foundations walls floors or ceilings

unless Damage by a cause not excluded in the policy ensues and then the Insurer shall be liable only for such ensuing Damage

- b)
 - (i) collapse or cracking of buildings
 - (ii) corrosion rust extremes or changes in temperature dampness dryness wet or dry rot fungus shrinkage evaporation loss of weight pollution contamination change in colour flavour texture or finish action of light vermin insects marring or scratching or inherent vice

unless such loss is caused directly by Damage to the property insured or to premises containing such property by a cause not excluded in the policy

- c)
 - (i) theft unless accompanied by violence or threat of violence to persons or forcible and violent entry to or exit from the Premises
 - (ii) any fraudulent scheme trick device or false pretence practised upon the Insured or upon any person(s) having care of the insured property at such time
 - (iii) acts of infidelity or acts of dishonesty on the part of the Insured or any of the employees of the Insured
 - (iv) disappearance unexplained or inventory shortage misfiling or misplacing of information shortage in supply or delivery of materials or shortage due to clerical or accounting error
 - (v) cracking fracturing collapse or Overheating of boilers economisers vessels tubes or pipes nipple leakage or the failure of welds of boilers
 - (vi) mechanical or electrical breakdown or derangement of machinery or equipment including electronic installations computers and data processing equipment.
 - (vii) damage to boilers economisers turbines or other vessels machinery or apparatus in which pressure is used or their contents resulting from their explosion or rupture.
 - (viii) bursting overflowing discharging or leaking of water tanks apparatus or pipes when the premises becomes unoccupied and so remains for a period of more than thirty (30) days

unless

- (l) Damage by a cause not excluded in the policy ensues and then the Insurer shall be liable only for such ensuing Damage and/or
- (II) such loss is caused directly by Damage to the property insured or to premises containing such property by a cause not excluded in the policy
- (d)
 - (i) coastal or river erosion
 - (ii) storm tempest water and rain to property in the open (other than property designed to exist and operate in the open)
 - (iii) the freezing solidification or inadvertent escape of molten or gaseous material unless a fire ensues then the insurer shall be liable for such ensuing damage

- (iv) false programming punching labelling or inserting inadvertent cancelling of information or discarding of data media and loss of information caused by magnetic fields
2. Damage caused by or arising from
- (a) any wilful act or wilful negligence on the part of the Insured or any person acting on his behalf
 - (b) cessation of work
 - (c) delay or loss of market
 - (d) consequential losses of any description other than those insured under Section II
3. Damage occasioned directly or indirectly by or through or in consequence of any of the following occurrences namely
- (a) war invasion act of foreign enemy hostilities or warlike operations (whether war be declared or not) civil war
 - (b) mutiny civil commotion assuming the proportions of or amounting to a popular rising military rising insurrection rebellion revolution military or usurped power
 - (c) any act of terrorism.

For this purpose 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 organization(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.
 - (d)
 - (i) permanent or temporary dispossession resulting from confiscation nationalization commandeering or requisition by any lawfully constituted authority
 - (ii) permanent or temporary dispossession of any building resulting from the unlawful occupation of such building by any person

provided that the Insurers are not relieved of any liability to the Insured in respect of Damage to the property insured occurring before dispossession or during temporary dispossession which is otherwise insured by this Policy
 - (e) the destruction of property by order of any public authority

In any action suit or other proceeding where the Insurer alleges that by reason of the provisions of Exclusions A3(a) (b) and (c) above any loss destruction or damage is not covered by this insurance the burden of proving that such loss destruction or damage is covered shall be upon the Insured.
4. Damage directly or indirectly caused by or arising from or in consequence of or contributed to by
- (a) nuclear weapons material
 - (b) ionising radiations or contamination by radioactivity from any nuclear fuel or from any unclear waste from the combustion of nuclear fuel. Solely for the purpose of this Exclusion A4(b) combustion shall include any self-sustaining process of nuclear fission.

2. EXCLUDED PROPERTY

This Policy does not cover

- 1.
 - (a) money cheques bullion negotiable instruments and securities of all kinds any curiosity or work of art (other than drawing painting and sculpture of individual value not exceeding RM500 per item) furs garments trimmed with fur jewellery watches pearls set or unset precious stones gold silver platinum or other precious metal and alloy
 - (b) documents manuscripts plans drawings designs patterns models moulds business books or computer systems records for the value to the Insured of the information contained therein

- (c) property sold by the Insured under conditional sale trust agreement instalment plan or deferred payment plan or after delivery to customers
 - (d) vehicles licensed for road use (including accessories thereon) caravans railway locomotives or rolling stock watercraft aircraft spacecraft or the like
 - (e) property in transit other than within the premises specified in the Schedule
 - (f) property or structures in course of demolition construction or erection and materials or supplies in connection therewith
 - (g) land (including top-soil back-fill drainage or culverts) driveways pavements roads runways railway lines dams of all kinds weirs overhead lines transmissions mast irrigation systems sewer systems storage tanks and the contents thereof reservoirs canals harbours rigs wells pipelines tunnels bridges docks piers jetties excavations wharves mining property underground off-shore property
 - (h) animals livestock growing crops standing timber plants lawns trees and shrubs
 - (i) property damaged as a result of its undergoing any process
 - (j) machinery during installation removal or resiting (including dismantling and re-erection) if directly attributable to such operations.
 - (k) property undergoing alteration repair testing installation or servicing including materials and supplies therefor if directly attributable to the operations of work being performed thereon unless Damage by a cause not otherwise excluded ensues and then the Insurer will be liable only for such ensuing loss
 - (l) property in course of manufacture if such loss destruction or damage is sustained while the property is being actually worked on and directly resulting from such work unless Damage by a cause not otherwise excluded ensues and then the Insurer will be liable only for such ensuing loss
 - (m) property more specifically insured
2. Damage to property which at the time of the happening of such Damage is insured by or would but for the existence of this policy be insured by any marine policy or policies except in respect of any excess beyond the amount which would have been payable under the marine policy or policies had this insurance not been effected.

C. POLICY CONDITIONS (APPLICABLE TO SECTIONS I & II)

1. IDENTIFICATION

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

2. DUTY OF DISCLOSURE

The Insured had a duty to disclose any matter that the Insured knows to be relevant to the Insurer's decision in accepting the risks and determining the rates and terms to be applied and any matter a reasonable person in the circumstances could be expected to know to be relevant otherwise it may result in avoidance of the Insured's contract of insurance, refusal or reduction of the Insured's claim(s), change of terms or termination of the Insured's contract of insurance.

The Insured also has a duty to tell the Insurer immediately if at any time after the Insured's contract of insurance has been entered into, varied or renewed with the Insurer any of the information given in the Proposal Form (or when the Insured applied for this insurance) is inaccurate or has changed.

3. CESSATION OF RISK

Under any of the following circumstances the insurance under this Policy ceases to attach as regards the property affected unless the Insured before the occurrence of any loss or damage obtains the sanction of the Insurer signified by endorsement upon policy

- (a) if the trade or manufacture carried on be altered or if the nature of the occupation of or other circumstances affecting the building or containing the insured property be changed in such a way as to increase the risk of loss or damage
- (b) if the building insured or containing the insured property becomes unoccupied and so remains for a period of more than 30 days
- (c) if the property insured be removed to any building or place other than that in which it is herein stated to be insured
- (d) if the interest in the property insured passes from the Insured otherwise than by will or operation of law
- (e) if a notice to quit by any order by the local Authorities for the requisition or acquisition of the land on which the Insured's property is situated has been issued
- (f) In respect of Section II only, if the business be wound up or carried on by a liquidator or Receiver or permanently discontinued

4. CANCELLATION

This insurance may be terminated at any time at the request of the Insured in which case the Insurer will retain the customary short period rate for the time the Policy has been in force. This insurance may also be terminated at the option of the Insurer on 30 days notice to that effect being given to the Insured in which case the Insurer shall be liable to repay on demand a rateable proportion of the premium for the unexpired term from the date of the cancellation.

5. SAFEGUARDS AND MAINTENANCE

The Insured shall at all times and as far as is reasonably practicable take steps to safeguard the property insured and maintain it in a proper state of repair. The Insured shall also take steps to enforce the observance of all statutory provisions manufacturer's recommendations and other regulations relating to the safety use and inspection of the property insured.

6. CLAIMS

If any event giving rise to or likely to give rise to a claim under this Policy comes to his knowledge the Insured shall

- (a) immediately
 - (i) take steps to minimize the loss or damage and recover any missing property
 - (ii) give notice in writing to the Insurer and
 - (iii) give notice to the police if the event be theft or suspected theft or wilful or malicious damage
- (b) within 30 days or such further time as the Insurer may in writing allow deliver to the Insurer
 - (i) a claim in writing for the loss or damage containing as particular an account as may be reasonably practical of all the several articles or items of property lost or damaged and the amount of loss or damage thereto respectively having regard to their value at the time of the loss or damage
 - (ii) particulars of all other insurances if any.

The Insured shall at all times at his own expense produce procure and give to the Insurer all such further particulars plans specifications books vouchers invoices duplicates or copies thereof documents proofs and information with respect to the claim and the origin and cause of the loss or damage and the circumstances under which the loss or damage occurred and any matter touching the liability or the amount of liability of the Insurer as may be reasonably required by or on behalf of the Insurer together with a declaration on oath or in other legal form of the truth of the claim and any matters connected therewith.

7. INSURERS' RIGHTS AFTER A LOSS

On the happening of any loss or damage to any of the property insured by this Policy the Insurer may

- (a) enter and take and keep possession of the building or premises where the loss or damage has happened
- (b) take possession of or require to be delivered to it any property of the Insured in the buildings or on the premises at the time of the loss or damage

- (c) keep possession of any such property and examine sort arrange remove or otherwise deal with the same
- (d) sell any such property or dispose of the same for account of whom it may concern.

The powers conferred by this Condition shall be exercisable by the Insurer at any time until notice in writing is given by the Insured that he makes no claim under this Policy or if any claim is made until such claim is finally determined or withdrawn and the Insurer shall not by any act done in the exercise or purported exercise of its powers hereunder incur any liability to the Insured or diminish its rights to rely upon any of the Conditions of this Policy in answer to any claim.

If the Insured or any person acting on his behalf shall not comply with the requirements of the Insurer or shall hinder or obstruct the Insurer in the exercise of its powers hereunder all benefit under this Policy shall be forfeited.

The Insured shall not in any case be entitled to abandon any property to the Insurer whether taken possession of by the Insurer or not.

8. FORFEITURE

If any claim upon this policy be in any respect fraudulent or if any fraudulent means or devices are used by the Insured or any one acting on his behalf to obtain any benefit under this policy or if the loss destruction or damage be occasioned by the wilful act or with the connivance of the Insured all benefit under this policy shall be forfeited.

If a claim be made and rejected and an action or suit be not commenced within three (3) months after such rejection or (in case of an arbitration taking place in pursuance of condition 14 of this policy) within three (3) months after the Arbitrator or Arbitrators or Umpire shall have made their award all benefit under this policy shall be forfeited.

9. TIME LIMITATION

In no case whatever shall the Insurer be liable for any loss or damage after the expiration of twelve months

- (i) in respect of Section I, from the happening of the loss or damage
- (ii) in respect of Section II, from the end of the Indemnity Period or, if later, three months from the date on which payment shall have been made or liability admitted by the Insurers covering the Damage giving rise to the said claim

unless the claim is the subject of pending action or arbitration.

10. SUBROGATION

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

11. CONTRIBUTION

If at the time of any loss destruction or damage happening to any subject matter insured there be any other subsisting insurances whether by the Insured or by any other person or persons covering the same subject matter the Insurer shall not be liable to pay or contribute more than their rateable proportion of such loss destruction or damage.

12. AVERAGE

The sums insured of each item under Section I and of Section II of this policy are declared to be separately subject to Average.

Section I:

If the subject matter insured at the time of any loss destruction or damage be collectively of greater value than the sum insured thereon then the Insured shall be considered as being his own Insurer for the difference and shall bear a rateable proportion of the loss accordingly. Every item if more than one of the policy shall be separately subject to this condition.

Section II:

The Insurance is limited to loss of Gross profit due to (a) Reduction in Turnover and (b) Increase in cost of Working and the amount payable as indemnity thereunder shall be:

- a) in respect of Reduction in Turnover : the sum produced by applying the Rate of Gross Profit to the amount by which the Turnover during the Indemnity Period shall in consequence of the damage fall short of the Standard Turnover.
- b) in respect of Increase in Cost of Working : the additional expenditure (subject to the provisions of the Uninsured Standing Charges Clause) necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the reduction in Turnover which but for that expenditure would have taken place during the Indemnity Period in consequence of the damage but not exceeding the sum produced by applying the Rate of Gross Profit to the amount of the reduction thereby avoided:

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

provided that if the Sum Insured by this item be less than the sum produced by applying the Rate of Gross Profit to the Annual Turnover (or to a proportionately increased multiple thereof where the Maximum Indemnity Period exceeds twelve months) the amount payable shall be proportionately reduced.

13. DEDUCTIBLES

This policy does not cover in respect of each Section the amounts of the deductibles stated in the Schedule in respect of each and every loss as ascertained after the application of all other terms and conditions of the policy including any condition of average.

It is further warranted that during the currency of the policy the Insured shall not effect insurance in respect of the amounts of the deductibles stated in the Schedule.

14. ARBITRATION

If any difference arises as to the amount of any loss or damage such difference shall independently of all other questions 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 disinterested persons as Arbitrators of whom one shall be appointed in writing by each of the parties within two (2) calendar months after having been required so to do in writing by the other party. In case either party shall refuse or fail to appoint an Arbitrator within two (2) calendar months after receipt of notice in writing requiring an appointment the other party shall be at liberty to appoint a sole Arbitrator and in case of disagreement between the Arbitrators the difference shall be referred to the decision of an Umpire who shall have been appointed by them in writing before entering on the reference and who shall sit with the Arbitrators and preside at their meetings. The death of any party shall not revoke or affect the authority or powers of the Arbitrator(s) or Umpire respectively and in the event of the death of an Arbitrator or Umpire another shall in each case be appointed in his stead by the party or Arbitrators (as the case may be) by whom the Arbitrator or Umpire so dying was appointed. The costs of the reference and of the award shall be at the discretion of Arbitrator(s) or Umpire making the award. And it is hereby expressly stipulated and declared that it

shall be a condition precedent to any right of action or suit upon this policy that the award by such Arbitrator(s) or Umpire of the amount of the loss or damage if disputed shall be first obtained.

15. REPAIR AND REPLACEMENT

The Insurer may at its option reinstate or replace the property damaged or destroyed or any part thereof instead of paying the amount of the loss or damage or may join with any other Insurer or Insurers in so doing but the Insurer shall not be bound to reinstate exactly or completely but only as circumstances permit and in reasonably sufficient manner and in no case shall the Insurer be bound to expend more in reinstatement than it would have cost to reinstate such property as it was at the time of the occurrence of such loss or damage nor more than the sum insured by the Insurer thereon.

If the Insurer so elect to reinstate or replace any property the Insured shall at his own expense furnish the Insurer with such plans, specifications measurements quantities and such other particulars as the Insurer may require and no acts done or caused to be done by the Insurer with a view to reinstatement or replacement shall be deemed an election by the Insurer to reinstate or replace.

16. EXTINGUISHING EXPENSES AND RESCUE TEAM COSTS

The insurance of this Policy is held to include

- i) Wages of the Insured's employee other than full time members of a Works Fire Brigade.

- ii) The cost of replenishment of fire fighting appliances and destruction of or damage to materials (including employees' clothing and personal effects unless otherwise specifically insured)
- iii) Other costs (including loss or damage to property to gain access)

necessarily and reasonably incurred in extinguishing fires or in saving property or life from loss or damage by any peril herein at or adjoining the situation of the property insured or immediately threatening to involve such property.

17. DATE RECOGNITION

It is noted and agreed this policy is hereby amended as follows:-

- A. The Insurer will not pay for any loss or damage including loss of use with or without physical damage, injury (including bodily injury), expenses incurred or any consequential loss directly or indirectly caused by, consisting of, or arising from, the failure or inability of any computer, data processing equipment, media microchip, operating systems, microprocessors (computer chip), integrated circuit or similar device, or any computer software, whether the property of the Insured or not, and whether occurring before, during or after the year 2000 that results from the failure or inability of such device and/or software as listed above to:-
 - 1. correctly recognize any date as its true calendar date;
 - 2. capture, save, or retain, and/or correctly manipulate, interpret or process any data or information or command or instruction as a result of treating any date other than as its true calendar date; and/or
 - 3. capture, save, retain or correctly process any data as a result of the operation of any command which has been programmed into any computer software, being a command which causes the loss of data or the inability to capture, save, retain or correctly process such data on or after any date.
- B. It is further understood that the Insurers will not pay for the repair or modification of any part of any electronic data processing system or any part of any device and/or software as listed above in A.
- C. It is further understood that the Insurers will not pay for any loss or damage including loss of use with or without physical damage, injury (including bodily injury), expenses incurred or any consequential loss directly or indirectly arising from any advice, consultation, design, evaluation, inspection, installation, maintenance, repair or supervision done by the Insured or for the Insured or by or for others to determine, rectify or test, any potential or actual failure, malfunction or inadequacy described in A above.
- D. It is further understood that the Insurer will not pay for any consequential loss resulting from any continuing inability of the computer and equipment described in A above to correctly recognize any date as its true calendar date after the lost or damaged property has been replaced or repaired.

Such loss or damage, injury (including bodily injury), expenses incurred or any consequential loss referred to in A, B, C or D above, is excluded regardless of any other cause that contributed concurrently or in any other sequence to the same.

Saving clause

This endorsement shall not exclude subsequent loss or damage or consequential loss which itself results from an Defined Peril. Defined Perils shall mean fire, lightning, explosion, aircraft or vehicle impact, falling objects, windstorm, hurricane, cyclone, typhoon, riot, strike, civil commotion, vandalism, malicious mischief, earthquake, volcanic eruption, flood, bursting or overflowing of water tanks or pipes, subsidence and landslip and spontaneous combustion.

Subject otherwise to the terms and conditions of this Policy.

18. PROPERTY DAMAGE CLARIFICATION CLAUSE

Property damage covered under this Policy shall mean physical damage to the substance of property.

Physical damage to the substance of property shall not include damage to data or software, in particular any detrimental change in data, software or computer programmes that is caused by 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, but not limited to 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. Notwithstanding this exclusion, loss or damage to data or software, which is the direct consequence of insured physical damage to the substance of property, shall 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.

19. PREMIUM WARRANTY

It is a fundamental and absolute special condition of this contract of insurance that the premium due must be paid and received by the Insurer within sixty (60) days from the inception date of this Policy/Endorsement/Renewal Certificate.

If this condition is not complied with then this contract is automatically cancelled and the Insurer shall be entitled to the pro-rata premium for the period they have been on risk.

Where the premium payable pursuant to this Warranty is received by an authorized agent of the Insurer, the payment shall be deemed to be received by the Insurer for the purposes of this Warranty and the onus of proving that the premium payable was received by a person, including an insurance agent, who was not authorized to receive such premium shall lie on the Insurer.

Subject otherwise to the terms and conditions of this policy.

D. CLAUSES (APPLICABLE TO SECTIONS I, ONLY IF IT IS STATED IN THE POLICY SCHEDULE)

1. PURCHASER CLAUSE

If at the time of any loss or damage to any building hereby insured the Insured shall have contracted to sell his interest in such building and the purchase shall not have been but shall be thereafter completed the Purchaser on the completion of the purchase if and so far as the property is not otherwise insured by or on behalf of the Purchaser against such loss or damage shall be entitled to the benefit of this Policy so far as it relates to such loss or damage without prejudice to the rights and liabilities of the Insured or for the Insurer under this Policy up to the date of completion of the purchase.

2. BRAND CLAUSE

In the event of loss or damage to the property insured under this Policy it is understood and agreed that any branded goods and/or merchandise shall not be disposed of by sale without the consent of the Insured. In the event of the Insured not consenting to such sale the salvage value as agreed shall be taken into account in the settlement of loss.

3. REINSTATEMENT MEMORANDUM

It is hereby declared and agreed that in the event of the property insured under the within Policy being lost destroyed or damaged the basis upon which the amount payable under the policy is to be calculated shall be the cost of replacing or reinstating on the same site property of the same kind or type but not superior to or more extensive than the insured property when new subject to the following Special Provisions and subject also to the terms and conditions of the Policy except insofar as the same may be varied hereby.

SPECIAL PROVISIONS

- i) The work of replacement or reinstatement (which may be carried out upon another site and in any manner suitable to the requirements of the Insured subject to the liability of the Insurer not being thereby increased) must be commenced and carried out with reasonable despatch and in any case must be completed within 12 months after the loss destruction or damage or within such further time as the Insurer may (during the said 12 months) in writing allow otherwise no payment beyond the amount which would have been payable under the Policy if this memorandum had not been incorporated therein shall be made.
- ii) Until expenditure has been incurred by the Insured in replacing or reinstating the property lost destroyed or damaged the Insurer shall not be liable for any payment in excess of the amount which would have been payable under the Policy if this memorandum had not been incorporated therein.
- iii) If at the time of replacement or reinstatement the sum representing the cost which would have been incurred in replacement or reinstatement if the whole of the property covered had been destroyed exceeds the sum insured thereon at the breaking out of any fire or at the

commencement of any loss destruction of or damage to such property by any other peril insured against by this Policy then the Insured shall be considered as being his own insurer for the excess and shall bear a rateable proportion of the loss accordingly. Each item of the Policy (if more than one) to which this memorandum applies shall be separately subject to the foregoing provision.

- iv) This Memorandum shall be without force or effect if
 - a) The Insured fails to intimate to the Insurer within 6 months from the date of loss destruction or damage or such further time as the Insurer may in writing allow his intention to replace or reinstate the property destroyed or damaged
 - b) The Insured is unable or unwilling to replace or reinstate the property lost destroyed or damaged on the same or another site.
- v) No payment beyond the amount which would have been payable under the Policy if this memorandum had not been incorporated therein shall be made if at the time of any loss destruction or damage to any property insured hereunder such property shall be covered by any other insurance effected by or on behalf of the Insured which is not upon the identical basis of reinstatement set forth therein.
- vi) Where by reason of any of the above Special Provisions no payment is to be made beyond the amount which would have been payable under the Policy if this memorandum had not been incorporated therein the rights and liabilities of the Insurer and the Insured in respect of the loss destruction or damage shall be subject to the terms and conditions of the Policy including any Condition of Average therein as if this memorandum had not been incorporated therein.

4. PUBLIC AUTHORITY CLAUSE

The property insured under this Policy extends to include such additional cost of the destroyed or damaged property thereby insured as may be incurred solely by reason of the necessity to comply with Building or other Regulations under or framed in pursuance of any Government Act or Bye-laws of any Municipal or Local Authority provided that

- (1) The amount recoverable under this extension shall not include
 - (a) The cost incurred in complying with any of the aforesaid Regulations or Bye-laws
 - (i) in respect of loss destruction or damage occurring prior to the granting of this extension
 - (ii) in respect of loss destruction or damage not insured by the Policy
 - (iii) under which notice has been served upon the Insured prior to the happening of the loss destruction or damage
 - (iv) in respect of undamaged property or undamaged portions of the property
 - (b) the additional cost that would have been required to make good the property loss damaged or destroyed to a condition equal to its condition when new had the necessity to comply with any of the aforesaid Regulations or Bye-Laws not arisen
 - (c) the amount of any rate tax duty development or other charge or assessment arising out of capital appreciation which may be payable in respect of the property or by the owner thereof by reason of compliance with any of the aforesaid Regulations or Bye-laws.
- (2) The work of reinstatement must be commenced and carried out with reasonable despatch and in any case must be completed within twelve months after the loss destruction or damage or within such further time as the Insurer may (during the said twelve months) in writing allow and may be carried out wholly or partially upon another site (if the aforesaid Regulations or Bye-laws necessitate) subject to the liability of the Insurer under this extension not being thereby increased.
- (3) If the liability of the Insurer under (any item of) the Policy apart from this extension shall be reduced by the application of any of the terms and conditions of the Policy then the liability of the Insurer under this extension (in respect of any such item) shall be reduced in like proportion.
- (4) The total amount recoverable under any item of the Policy shall not exceed the sum insured thereby
- (5) All the conditions of the Policy except insofar as they may be hereby expressly varied shall apply as if they had been incorporated herein.

5. CAPITAL ADDITIONS CLAUSE

The insurance hereby extends to cover alterations additions and improvements (but not appreciation in value in excess of the Sum Insured) to the property insured under this Policy hereof for an amount not exceeding RM2,000,000/- (Malaysian Ringgit Two million only) it being understood that the Insured undertake to advise the Insurer each quarter of such alterations additions and improvements and to pay the appropriate additional premium thereon.

6. DESIGNATION CLAUSE

For the purpose of determining where necessary the heading under which any property is insured the Insurer agrees to accept the designation under which such property had been entered in the Insured's books.

7. AUTOMATIC REINSTATEMENT OF LOSS CLAUSE

In the event of the Insurer meeting a claim under this Policy in respect of loss or damage to property insured the Insurer will (in the absence of written notice by the Insured to the contrary) automatically reinstate the sum or sums insured in full from the time of such loss or damage and the Insured shall pay to the Insurer a proportionate additional premium calculated from the time of such loss or damage provided always that the Insurer's liability in respect of each and every occurrence shall in no case exceed in respect of each item the sum stated in the Schedule for which such item is insured.

8. TEMPORARY REMOVAL CLAUSE

The property insured under this Policy is covered (limited to RM2,000,000/- Malaysian Ringgit Two million only) whilst temporarily removed for cleaning renovation modification repair or other similar purpose elsewhere on the same or to any other premises and in transit thereto and therefrom by road, rail, or inland waterway all in Malaysia.

The amount recoverable under this extension in respect of the property so removed shall not exceed the amount which would have been recoverable had the loss or damage occurred in that part of the premises from which the property is temporarily removed.

This extension does not apply to property if and so far as it is otherwise insured nor does it apply to items covering stock and merchandise of every description nor as regards losses occurring elsewhere than at the premises from which the property is temporarily removed to

- (a) Motor vehicles and motor chassis
- (b) Property (other than machinery and plant) held by the Insured in trust.

9. STOCK DECLARATION

- (a) In consideration of the premium by this Policy being provisional in that it is calculated on 100% of the sum insured hereby and is subject to adjustment on expiry of each period of insurance

The Insured AGREES to declare to the Insurer in writing the value of the insured stocks (other than retail) less any amount insured by policies other than declaration policies on the basis of the average of the value at risk on each day of the month and to make such declaration within thirty days of the expiry of each calendar month such declaration to be signed by the Insured or by a responsible person authorized to sign on his behalf.

If other policies on declaration basis cover the stocks hereby insured the declaration shall be made so as to apportion to each policy a share of the value of the stocks insured under such declaration policies pro rate to the respective amounts named in the policies.

In the event of a declaration not being made within the thirty days mentioned above then the Insured shall be deemed to have declared the sum insured hereby as the value at risk. On the expiry of each period of insurance the premium shall be calculated at the agreed rate on the average sum insured namely the total of the values declared or deemed to have been declared divided by the number of declarations due to have been made. If the resultant premium be greater than the provisional premium the Insured shall pay the difference if it be less the difference shall be repaid to the Insured but such repayment shall not exceed 50% of the provisional premium.

- (b) The basis of value for declaration shall be the market value and any loss or damage hereunder shall be settled on the basis of the market value immediately anterior to the loss or damage.
- (c) If at the time of any loss or damage there be any other subsisting insurance or insurances on other than a declaration basis whether effected by the Insured or by any other person or persons covering the stocks hereby insured this Policy shall apply only to the excess of the value of such stocks at the time of the loss or damage over the sum insured by such insurance or insurances

and this Insurer shall not be liable to pay or contribute more than that proportion of such loss or damage which such excess (or if there be other declaration insurances covering the same stocks a rateable proportion of such excess) but not exceeding the sum insured hereby bears to the total value of the stocks.

- (d) If after the occurrence of a loss or damage it is found that the amount of the last declaration previous to the loss or damage is less than the amount that ought to have been declared then the amount which would have been recoverable by the Insured shall be reduced in such proportion as the amount of the said last declaration bears to the amount that ought to have been declared.
- (e) Notwithstanding the occurrence of a loss or damage it is understood that the sum insured will be maintained at all times during the currency of the Policy and the Insured therefore undertakes to pay extra premium on the amount of any loss pro rata from the date of such loss or damage to the expiry of the period of insurance the premium being calculated at the rate applicable to the stocks destroyed and such extra premium shall not be taken into account in and shall be distinct from the final adjustment of premium.
- (f) In the event of this Policy being cancelled by the Insured during its currency (whether stocks exist or not) the premium to be retained by the Insurer shall be the pro rata proportion of the premium calculated on the average amount insured up to the date of cancellation or 50% of the provisional premium whichever is the greater but if the Policy is cancelled by the Insured after a loss or damage has occurred the premium to be retained by the Insurer shall be the pro rata proportion of the premium calculated on the average amount up to the date of cancellation plus the pro rata proportion of the premium from the date of loss or damage to the expiry of the period of insurance in the amount of the loss paid or 50% of the provisional premium whichever is the greater.
- (g) The maximum liability of the Insurer shall not exceed the sum insured hereby and premium shall not be receivable on values in excess thereof. The sum insured may however be increased by prior agreement with the Insurer in which event the new sum insured and the date from which it is effective will be recorded on the Policy by endorsement
- (h) If the stocks hereby insured shall at the time of loss or damage be collectively of greater value than the sum insured thereon then the Insured shall be considered as being his own insurer for the difference and shall bear a rateable proportion of the loss accordingly. Every item if more than one on stocks (other than retail) shall be separately subject to this condition.
- (i) It is warranted that every other policy on a declaration basis covering the stocks insured hereby shall be identical in wording with this Policy.
- (j) This insurance is subject in all respects to the printed conditions of the Policy except insofar as they may be varied by these Special Conditions.

**10. ARCHITECT'S, SURVEYOR'S ENGINEER'S AND CONSULTANT'S FEES
(with separate sum insured).**

The insurance by this item(s) is in respect of Architect's Surveyor's and Consulting Engineer's fees for estimates plans specifications quantities tenders and supervision necessarily incurred in the reinstatement of the property insured consequent upon its loss destruction or damage but not such fees for preparing any claim hereunder. The amount payable for such fees shall not exceed those authorised under the scales of the Associations of the respective professions prevailing at the time of loss or damage subject to the limit of the sum insured on this item(s).

**11. ARCHITECT'S, SURVEYOR'S ENGINEER'S AND CONSULTANT'S FEES
(without separate sum insured).**

The insurance on buildings plant and machinery hereby insured includes Architect's Surveyor's and Consulting Engineer's fees for estimates plans specifications quantities tenders and supervision necessarily incurred in the reinstatement of the property insured consequent upon its loss destruction or damage but not such fees for preparing any claim hereunder. The amount payable for such fees shall not exceed those authorized under the scales of the Associations of the respective professions prevailing at the time of loss destruction or damage subject to the Insurers maximum liability for any loss damage and fees not exceeding the sum insured against each item.

12. REMOVAL OF DEBRIS (with separate sum insured)

The insurance by this item is in respect of costs and expenses necessarily incurred by the Insured with the consent of the Insurer in the :-

- (a) removal of debris
- (b) dismantling and/or demolishing
- (c) shoring up or propping

of the portion or portions of the property insured by this policy destroyed or damaged by any peril hereby insured against. (Item (b) and (c) above are deemed to be deleted when neither Building nor machinery are insured).

The Company will not pay any costs or expenses

- (i) incurred in removing debris except from the site of such property destroyed or damaged and the area immediately adjacent to such site.
- (ii) arising from pollution or contamination of property not insured by this policy.

13. REMOVAL OF DEBRIS (without separate sum insured)

The insurance on Item(s) as specified in the Policy Schedule hereby insured includes costs and expenses necessarily incurred by the Insured with the consent of the Insurer in the:-

- (a) removal of debris
- (b) dismantling and/or demolishing
- (c) shoring up or propping

of the portion or portions of the property insured by the said Item(s) above of this policy destroyed or damaged by any perils hereby insured against. [Items (b) and (c) above are deemed to be deleted when neither building nor machinery is insured.]

The amount payable for such costs and expenses shall not exceed 10% of the Sum Insured of each Item or RM2,000,000 whichever is lower.

The Insurer will not pay any costs or expenses

- (i) incurred in removing debris except from the site of such property destroyed or damaged and the area immediately adjacent to such site.
- (ii) arising from pollution or contamination of property not insured by this policy.

Provided always the Insurer's maximum liability shall not exceed the sum stated in the Schedule for which the Item(s) is/are insured.

14. CONTRACT PRICE

It is agreed that in respect only of goods sold but not delivered for which the Insured is responsible and with regard to which under the conditions of the sale the sale contract is cancelled by reason of loss or damage hereby Insured against either wholly or to the extent of the loss or damage the liability of the Insurer shall be based on the contract price and for the purpose of calculating the value of all goods to which this clause would in the event of destruction or damage be applicable the same basis shall be used.

15. COMPUTER SYSTEMS RECORDS

Computer systems records are insured only for the value of the materials together with the cost of clerical labour and computer time expended in reproducing such records (excluding any expenses in connection with the production of information to be recorded therein) and not for the value of the information contained therein.

16. TEMPORARY STORAGE CLAUSE

The property (excluding buildings) insured under this Policy is covered whilst temporarily stored anywhere in Malaysia and Singapore PROVIDED that

- (a) the period of temporarily storage shall not exceed one hundred eight (180) days

- (b) the liability of the Insurer is limited to RM500,000 (Malaysian Ringgit five hundred thousand only) for property covered under this clause
- (c) the Insurer shall not be liable for any loss or damage to the property whilst in transit (including the processes of loading and unloading incidental to such transit)
- (d) this insurance does not apply to property in so far as it is otherwise insured nor does it apply to motor vehicles and motor chassis

17. APPRAISEMENT CLAUSE

If the aggregate claim for any one loss or damage does not exceed RM5,000 (Malaysian Ringgit five thousand only) by the item or items affected no special inventory or appraisal of the undamaged property shall be required.

If two or more buildings be included in a single item this provision shall apply to the range of buildings and/or contents by the item or items affected.

18. VEHICLE LOAD CLAUSE

In the event of any of the Insured's vehicles being left loaded overnight whilst in or on the premises described in the specification hereto the Insurer will indemnify the Insured in respect of such load in the event of loss or damage by any of the perils insured against by this Policy.

19. ALTERATIONS AND REPAIRS CLAUSE

Workmen are allowed on or about the insured property to carry out alterations and repairs provided the trade manufacture nature of occupation and/or construction of the building remains unchanged.

20. UNVALUED POLICY CLAUSE

This is an unvalued policy. The onus is on the Insured to prove the actual value of the Property insured at the time of the happening of its destruction or the actual amount of such damage.

E. CLAUSES (APPLICABLE TO SECTIONS II, ONLY IF IT IS STATED IN THE POLICY SCHEDULE)

1. SPECIFIED SUPPLIERS' PREMISES

In consideration of the payment of an additional premium which is included in the premium hereon it is hereby agreed and declared that, subject to the conditions of the policy, loss as insured by Items(s) No.(s)..... of this policy resulting from interruptions of or interference with the business in consequence of damage as insured under the material damage section of the policy, to property at the undernoted situations shall be deemed to be loss resulting from damage to property used by the insured at the premises.

Provided that the liability under this memorandum in respect of any one location under (each of) Item(s) No(s) shall not exceed the percentage of the sum insured thereunder shown against each situation.

Supplier	Situation	Insurers Liability
_____	_____	_____
_____	_____	_____

Insurers will only be liable for any loss indemnifiable under this extension once the period of the loss has exceeded seventy two (72) hours from the time that the insured is first impacted by a shortage in supplies and shall continue until such time that supplies have been restored in sufficient quantities to enable the insured to maintain the pre loss level of production.

2. UNSPECIFIED SUPPLIERS' PREMISES

In consideration of the payment of an additional premium which is included in the premium hereon it is hereby agreed and declared that, subject to the conditions of the policy, loss as insured by Items(s) No.(s)..... of this policy resulting from interruptions of or interference with the business in consequence of damage as insured under the material damage section of the policy, to property at the under-noted situations shall be deemed to be loss resulting from damage to property used by the insured at the premises.



Provided that the liability under this memorandum in respect of any one location shall not exceed 10% of the sum insured thereunder or RM10 million, whichever is the lower.

Situations:

The premises situate in Malaysia, Singapore or Brunei of any other of the insured's suppliers, manufacturers or processors of components, goods and materials.

Insurers will only be liable for any loss indemnifiable under this extension once the period of the loss has exceeded seventy (72) hours from the time that the insured is first impacted by a shortage in supplies and shall continue until such time that supplies have been restored in sufficient quantities to enable the insured to maintain the pre loss level of production.

3. SPECIFIED CUSTOMERS' PREMISES

In consideration of the payment of an additional premium which is included in the premium hereon it is hereby agreed and declared that subject to the conditions of the policy, loss as insured by Item(s) No(s) of this policy resulting from interruption or interference with the business in consequence of damage as insured under the material damage section of the policy, to property at any premises in Malaysia, Singapore or Brunei of the undernoted customer(s) shall be deemed to be loss resulting from damage to property used by the insured at the premises.

Provided that if the percentage shown below against the name of the Customer at whose premises damage has occurred shall be less than the percentage of the annual turnover derived by the insured from that customer, the amount otherwise payable under the terms of this memorandum in respect of that customer shall be proportionately reduced.

Customer	Situation	Limit of Liability
_____	_____	_____
_____	_____	_____

PROVIDED that the Insurers shall not be liable for any loss insured by this extension unless interruption of or interference with the Business of the Insured exceeds a period of seventy-two (72) hours and the liability of the insurer under this extension shall apply only to such period in excess of seventy-two (72) hours.

4. PREVENTION OF ACCESS

In consideration of the payment of an additional premium which is included in the premium hereon it is hereby agreed and declared that subject to the conditions of the Policy, loss as insured by the Item(s) No(s) specified in the Schedule of this Policy resulting from interruptions of or interference with the business in consequence of damage as insured under the material damage section of the policy to property in the vicinity of the Insured's premises which shall prevent or hinder the use thereof or access thereto, whether the premises or property of the insured therein shall be damaged or not, shall be deemed to be loss resulting from damage to property used by the insured at the premises.

Indemnity Period shall mean the period during which the results of the Business shall be affected in consequence of the accident, beginning with the date of the occurrence and ending not later than the Maximum Indemnity Period thereafter.

Maximum Indemnity Period shall mean the Indemnity Period as specified in the Specification of the Policy.

The Insurer's liability under this memorandum shall not exceed 10% of the Sum Insured or RM10 million, whichever is lower in any one period of insurance, after the application of all other terms and conditions of the policy.

PROVIDED that the Insurers shall not be liable for any loss insured by this extension unless interruption of or interference with the Business of the Insured exceeds a period of seventy-two (72) hours and the liability of the insurer under this extension shall apply only to such period in excess of seventy-two (72) hours.

5. PUBLIC UTILITIES

In consideration of the payment of additional premium it is hereby declared that subject to the conditions of the Policy loss as insured by this Policy resulting from interruption of or interference with the business

consequent upon failure of public supplies of electricity/water/gas (whichever is applicable) resulting from a damage as defined in the Policy at any:

- generating station or substation of the public electricity supply undertaking.
- land based premises of the public gas supply undertaking or of any natural gas producer linked directly therewith,
- water works or pumping station of the public water supply undertaking,

from which the Insured obtains electricity/water/gas (whichever is applicable) shall be deemed to be loss resulting from damage to property used by the Insured at the premises. Any transmission lines or pipes feeding to the Insured's premises are not included.

A deliberate act of the supply undertaking not performed for the purpose of safeguarding life or protecting the system and rationing not necessitated solely by accidental damage to the supply undertaking's equipment are excluded

PROVIDED that the Insurers shall not be liable for any loss insured by this extension unless failure of the public supplies of electricity exceeds a period of seventy-two (72) hours and the liability of the insurer under this extension shall apply only to such period in excess of seventy-two (72) hours.

6. INFECTIOUS OR CONTAGIOUS DISEASES, MURDER, SUICIDE, PEST, FOOD OR DRINK POISONING; OR DEFECTIVE SANITARY ARRANGEMENTS

It is hereby agreed and declared that the insurance of this Policy is extended to cover contingencies hereunder specified :-

- (i) Human infectious or contagious disease manifested within by any person whilst in the Premises
- (ii) Murder or suicide occurring at the Premises
- (iii) Injury or illness sustained by any person arising from or traceable to foreign injurious matter in the food or drink provided on the Premises
- (iv) Vermin or pets at the Premises
- (v) Defects in the drains and other sanitary arrangements at the Premises

which directly and solely results in the restriction of use of the Premises (whether total or partial) by the order of the competent public authority.

Any interruption of or interference with the Business of the Insured in accordance with the provisions herein contained in the Schedule shall be deemed to be DAMAGE as herein defined under the Policy.

SPECIAL CONDITIONS

1. Notifiable Disease or illness shall mean illness sustained by any person resulting from -
 - (a) food or drink poisoning, or
 - (b) any human infectious or human contagious disease [excluding Acquired Immune Deficiency Syndrome (AIDS)]

an outbreak of which the competent local authority has stipulated shall be notified to them.
2. For the purpose of this memorandum

Indemnity Period shall mean the period during which the results of the Business shall be affected in consequence of the occurrence discovery or accident, beginning -

 - (a) in the case of (i), (iv) and (v) above, with the date of the occurrence or discovery
 - (b) in the case of (ii) and (iii) above, with the date from which the restrictions on the Premises are applied.

and ending not later than when restrictions are lifted or the Maximum Indemnity Period thereafter, whichever is the shorter period.

Maximum Indemnity Period shall mean the Indemnity Period as specified in the Specification of the Policy.

Premises shall mean only those locations stated in the Premises definition; in the event that the policy includes an extension which deems loss destruction or damage at other locations to be an Incident such extension shall not apply to this memorandum.

3. The Insurer shall not be liable under this memorandum for any costs incurred in the cleaning, repair, replacement, recall or checking of property.
4. The Insurer shall only be liable for the loss arising at those Premises which are directly affected by the occurrence discovery or accident.
5. The Insurer's liability under this memorandum shall not exceed 10% of Sum Insured or RM10 million, whichever is lower in any one period of insurance, after the application of all other terms and conditions of the policy.

Provided that the Insurers shall not be liable for any loss insured by this extension unless interruption of or interference with the Business of the Insured exceeds a period of seventy-two (72) hours and the liability of the insurer under this extension shall apply only to such period in excess of seventy-two (72) hours.

7. ACCOUNTANTS' CLAUSE

Any particulars or details contained in the Insured's books or documents which may be required by the Insurers under condition 6 of this Policy for the purpose of investigating or verifying any claim hereunder may be produced by professional accounts if at the time they are regularly acting as such for the Insured and their report shall be prima facie evidence of the particulars and details to which such report relates.

8. PAYMENT ON ACCOUNT CLAUSE

Payment on account will be made to the Insured if desired provided that it is established that the loss is indemnifiable under this policy.

9. DEPARTMENTAL CLAUSE

If the business be conducted in departments the independent trading results of which are ascertainable the provisions of Clauses (a) and (b) of Item 1 of the specifications attached shall apply separately to each Department affected by the damage except that if the Sum Insured by the said item be less than the aggregate of the Sums produced by applying the rate of Gross Profit for each department of the business (whether affected by the damage or not) to the relative annual output thereof, the amount payable shall be proportionately reduced.

10. UPWARD ADJUSTMENT CLAUSE

In the event of the *Gross Profit earned during any annual period of insurance (or during the accounting period of 12 months more nearly concurrent with any period of insurance) as certified by the Insured's Auditors being greater than the Sum Insured thereon, the Insured will be held covered to the extent of $\frac{1}{2}$ of the Sum Insured thereof and pro-rata additional premium not exceeding 75% of the premium paid on such Sum Insured for such period of insurance will be charged in respect of the difference.

N.B. The maximum percentage of upward adjustment shall be limited to 25% only. An additional premium calculated at 75% of the upward adjustment percentage shall be imposed. This additional premium shall be treated as provisional, and shall be adjusted in accordance to the actual Gross Profit earned as certified by the Insured's auditors.

11. ALTERNATIVE BASIS CLAUSE

It is agreed and declared that in the event of a claim, adjustment may be based on 'Turnover or Output' whichever affords the most equitable result, and except in the definition of turnover the word 'Turnover' wherever used in this Policy shall read as 'Turnover or Output'. 'Output' shall mean sale value of goods

manufactured by, or sold by, the Insured in the course of the Business at the Premises, provided that: (a) only one such meaning shall be operative in connection with any one occurrence involving damage as within defined. (b) if the meaning set out in this Clause be used MEMO 1 shall be held to be altered to read as follows:

Alternative Trading Clause

If during the Indemnity Period goods shall be manufactured elsewhere than at The Premises affected by the damage for the benefit of The Business either by the Insured or by others on the Insured's behalf the sale value of the goods so manufactured shall be brought into account in arriving at the output during the Indemnity Period

12. SALVAGE SALES CLAUSE

If, following damage giving rise to a claim under this Policy, the Insured shall hold a salvage sale during the Indemnity Period, Clause (a) of Item No. 1 of the specifications attached shall for the purpose of such claim read as follows: -

- (a) IN RESPECT OF REDUCTION IN TURNOVER: the sum produced by applying Rate of Gross Profit to the amount by which the Turnover during the Indemnity Period (less the Turnover for the period of the salvage sale) shall in consequence of the damage, fall short of the Standard Turnover from which sum shall be deducted from the Gross Profit actually earned during the period of the salvage sale

13. REINSTATEMENT OF LOSS CLAUSE

In consideration of the Insured undertaking to pay an additional premium at the agreed rate on the amount of loss calculated on a pro rata basis from the date of such loss to the expiry of the current period of insurance, it is agreed that in the event of loss the insurance hereunder shall be maintained in force for the full sum insured.

14. INTERDEPENDENCY CLAUSE

It is hereby expressly declared and agreed that if damage to any of the joint Insured's premises/property should result in another of the Insured suffering a reduction in turnover or increase in cost of working then such loss is deemed to be covered by this Policy notwithstanding that no material damage was sustained by the latter premises/property.

15. ACCUMULATION OF STOCK CLAUSE

In adjusting any loss account shall be taken and an equitable allowance made if any shortage of turnover due to the damage is postponed by reason of the turnover being temporarily maintained from accumulated stock of finished goods in warehouses and/or depots.

16. NEW BUSINESS CLAUSE

For the purpose of any claim arising from damage occurring before the completion of the first year's trading of the business at the premises, the terms, 'Rate of Gross Profit' 'Annual Turnover' and 'Standard Turnover' shall bear the following meanings and not as within stated:-

Rate of Gross Profit

The rate of gross profit earned on the turnover during the period between the commencement of the business and the date of the damage) to which such adjustment shall) be made as may be necessary to) provide for the trend of the) business and the variations) in or special circumstances) affecting the business either) before or after the damage or) which would have affected the) business had the damage not) occurred, so that the figures) thus adjusted shall represent) as nearly as may be reasonably) practicable the results which
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Annual Turnover

The proportional equivalent for the period of twelve months of the turnover realised during the period between the commencement of the business) to which such adjustment shall) be made as may be necessary to) provide for the trend of the) business and the variations) in or special circumstances) affecting the business either) before or after the damage or) which would have affected the) business had the damage not) occurred, so that the figures) thus adjusted shall represent) as nearly as may be reasonably) practicable the results which
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and the date of the damage) but for the damage would have
) been obtained during the
Standard Turnover) relative period after the
) damage
 The proportional equivalent for)
 a period equal to the Indemnity)
 Period, of the Turnover)
 realised during the period)
 between the commencement of)
 the business and the date of)
 the damage)

After twelve months of trading have been completed the normal specification wording operates.

F. SPECIFICATIONS (APPLICABLE TO SECTIONS II, ONLY IF IT IS STATED IN THE POLICY SCHEDULE)

1. GROSS PROFIT DIFFERENCE BASIS WORDING

SPECIFICATION referred to in Policy No : _____ in the name of _____ and forming an integral part of that policy.

Item No.	Sum Insured
1. On Gross Profit	<u>As specified in the Policy Schedule</u>

THE INSURANCE UNDER ITEM NO. 1 is limited to loss of Gross Profit due to (a) REDUCTION IN TURNOVER and (b) INCREASE IN COST OF WORKING and the amount payable as Indemnity thereunder shall be :

- (a) IN RESPECT OF REDUCTION IN TURNOVER : The sum produced by applying the Rate of Gross Profit to the amount by which the Turnover during the Indemnity Period shall in consequence of the damage fall short of the Standard Turnover.
- (b) IN RESPECT OF INCREASE IN COST OF WORKING : The additional expenditure (subject to the provisions of the Uninsured Standing Charges Clause) necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the reduction in Turnover which but for that expenditure would have taken place during the Indemnity Period in consequence of the damage but not exceeding the sum produced by applying the Rate of Gross Profit to the amount of the reduction thereby avoided :

less any sum saved during the Indemnity Period in respect of such of the charges and expenses of the business payable out of Gross Profit as may cease or be reduced in consequence of the damage :

provided that if the Sum Insured by this Item be less than the sum produced by applying the rate of Gross Profit to the Annual Turnover (or to a proportionately increased multiple thereof where the Maximum Indemnity Period exceeds twelve months) the amount payable shall be proportionately reduced.

DEFINITIONS



GROSS PROFIT The amount by which the sum of the Turnover, Closing Stock and Work-In-Progress shall exceed the sum of the Opening Stock, Work-in-Progress and the Specified Working Expenses.

N.B. 1

The amount of the Opening and Closing Stocks shall be arrived at in accordance with the Insured's normal accountancy methods, due provision being made for depreciation.

N.B. 2

The words and expressions used in this Definition shall have the meaning usually attached to them in the books and accounts of the Insured unless otherwise defined in this specification.

SPECIFIED WORKING EXPENSES As specified in the Policy Schedule

TURNOVER The money (less discount allowed) paid or payable to the Insured for goods sold and delivered and for services rendered in course of the business at the premises.

INDEMNITY PERIOD The period beginning with the occurrence of the damage and ending not later than the Maximum Indemnity Period thereafter during which the results of the business shall be affected in consequence of the damage.

MAXIMUM INDEMNITY PERIOD As specified in the Policy Schedule

RATE OF GROSS PROFIT	)	to which such adjustment shall be made as may
The rate of Gross Profit earned on the	)	be necessary to provide for the trend of the
Turnover during the financial year	)	business and for variations in or special
immediately before the date of damage	)	circumstances affecting the business either
	)	before or after the damage or which would have
ANNUAL TURNOVER	)	affected the business had the damage not
The Turnover during the twelve months	)	occurred, so that the figures thus adjusted shall
immediately before the date of the damage	)	represent as nearly as may be
	)	reasonably practicable the results which but for
STANDARD TURNOVER	)	the damage would have been obtained during
The Turnover during that period in the twelve	)	the relative period after the damage.
months immediately before the date of the)	
damage which corresponds with the)	
Indemnity Period.)	

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

Uninsured Standing Charges Clause. If any standing charges of the business be not insured by this policy (having been deducted in arriving at the Gross Profit as defined herein) then in computing the amount recoverable hereunder as Increase in Cost of Working that proportion only of the additional expenditure shall be brought into account which the Gross Profit bears to the sum of the Gross Profit and all the Uninsured Standing Charges.

Premium Adjustment Clause. In the event of the Gross Profit (or a proportionately increased multiple thereof where the Maximum Indemnity Period exceeds twelve months) earned during the accounting period of twelve months most nearly concurrent with any period of insurance as certified by the Insured's Auditors, being less than the sum insured thereon a pro-rata return of premium not exceeding fifty per cent (50%) of the premium paid on such sum insured for such period of insurance will be made in respect of the difference. If any damage shall have occurred giving rise to a claim under this section, such return shall be made in respect only of so much of the said difference as is not due to such damage.

2. DUAL BASIS WAGES WORDING

SPECIFICATION referred to in Policy No : _____ in the name of _____ and forming an integral part of that policy.

Item No.	Sum Insured
1. On Wages	<u>As specified in the Policy Schedule</u>

THE INSURANCE UNDER ITEM NO. 1 is limited to loss in respect of Wages and the amount payable as indemnity thereunder shall be :

- (a) IN RESPECT OF REDUCTION IN TURNOVER :
- (i) during the Initial Period : the sum produced by applying the Rate of Wages to the shortage in turnover during such period less any saving during such period through reduction in consequence of the damage in the amount of Wages paid :
 - (ii) during the remaining portion of the Indemnity Period : the sum produced by applying the Rate of Wages to the shortage in Turnover during such period less any saving during period through reduction in consequence of the damage in the amount of Wages paid but not exceeding the sum produced by applying the remainder percentage of the Rate of Wages to the shortage in Turnover during the said remainder portion of the Indemnity Period increased by such amount as is deducted for savings under the terms of Clause (i).

Note : At the option of the Insured the Alternative Period may be substituted for the Initial Period provided that the amount arrived at under the provisions of Clause (a) (ii) shall not exceed such amount as is deducted under Clause (a) (i) for savings effected during the Alternative Period.

- b) IN RESPECT OF INCREASE IN COST OF WORKING :
- so much of the additional expenditure described in Clause (b) of the relative gross profit item as exceeds the amount payable thereunder :

but not more than the additional amount which would have been payable in respect of Reduction in Turnover under the provisions of Clause (a) (i) and (ii) of this Item had such expenditure not been incurred :

Provided that if the Sum Insured by this Item be less than the sum produced by applying the Rate of Wages to the Annual Turnover (or to a proportionately increased multiple thereof where the Maximum Indemnity Period exceeds twelve months) the amount payable under this Item shall be proportionately reduced.

DEFINITIONS

INDEMNITY PERIOD	The period beginning with the occurrence of the damage and ending not later than the Maximum Indemnity Period thereafter during which the results of the business shall be affected in consequence of the damage.
MAXIMUM INDEMNITY PERIOD	_____ months
INITIAL PERIOD	The portion of the Indemnity Period beginning with the occurrence of the damage and ending not later than _____ weeks thereafter.
REMAINDER PERCENTAGE	_____ per cent.
ALTERNATIVE PERIOD	The portion of the Indemnity Period beginning with the occurrence of the damage and ending not later than _____ weeks thereafter.
WAGES	The remuneration (including EPF contribution, SOCSO, bonuses, holiday pay or other payments pertaining to Wages) of all employees.

RATE OF WAGES	The Rate of Wages to Turnover during the financial year immediately before the date of the damage to which such adjustments shall be made as may be necessary to provide for the trend of the business and for variations in or after the damage or circumstances affecting the business either before or after the damage or which would have affected the business had the damage not occurred, so that the figures thus adjusted shall represent as nearly as may be reasonably practicable the results which but for the damage would have been obtained during the relative period after the damage.
TURNOVER	The money (less discount allowed) paid or payable to the Insured for goods sold and delivered and for services rendered in course of the business at the premises.
ANNUAL TURNOVER	The Turnover during the twelve months immediately before the date of the damage.
STANDARD TURNOVER	The Turnover during that period in the twelve months immediately before the date of the damage which corresponds with the Indemnity Period.
SHORTAGE IN TURNOVER	The amount by which the Turnover during a period shall in consequence of the damage fall short of the part of the Standard Turnover which relates to that period.

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

Uninsured Standing Charges Clause. If any standing charges of the business be not insured by this policy (having been deducted in arriving at the Gross Profit as defined herein) then in computing the amount recoverable hereunder as Increase in Cost of Working that proportion only of the additional expenditure shall be brought into account which the Gross Profit bears to the sum of the Gross Profit and all the Uninsured Standing Charges.

Premium Adjustment Clause. In the event of the Wages (or a proportionately increased multiple thereof where the Maximum Indemnity Period exceeds twelve months) earned during the accounting period of twelve months most nearly concurrent with any period of insurance as certified by the Insured's Auditors, being less than the sum insured thereon a pro-rata return of premium not exceeding fifty per cent (50%) of the premium paid on such sum insured for such period of insurance will be made in respect of the difference. If any damage shall have occurred giving rise to a claim under this section, such return shall be made in respect only of so much of the said difference as is not due to such damage.
This Premium Adjustment Clause is only valid for twelve (12) months from the date of expiry of the Policy.

3. GROSS PROFIT ADDITION BASIS WORDINGS

SPECIFICATION referred to in Policy No. _____ in the name of _____ and forming an integral part of that policy.

Item No.	Sum Insured
1. On Gross Profit	<u>As specified in the Policy Schedule</u>

THE INSURANCE UNDER ITEM NO. 1 is limited to loss of Gross Profit due to (a) REDUCTION IN TURNOVER and (b) INCREASE IN COST OF WORKING and the amount payable as Indemnity thereunder shall be :

- (a) IN RESPECT OF REDUCTION IN TURNOVER : The sum produced by applying the Rate of Gross Profit to the amount by which the Turnover during the Indemnity Period shall in consequence of the damage fall short of the Standard Turnover:
- (b) IN RESPECT OF INCREASE IN COST OF WORKING : The additional expenditure (subject to the provisions of the Uninsured Standing Charges Clause) necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the reduction in Turnover which but for that expenditure would have taken place during the Indemnity Period in consequence of the damage but not exceeding the sum produced by applying the Rate of Gross Profit to the



less any sum saved during the Indemnity Period in respect of such of the Insured Standing Charges as may cease or be reduced in consequence of the damage :
 provided that if the Sum Insured by this Item be less than the Sum produced by applying the Rate of Gross Profit to the Annual Turnover (or to a proportionately increased multiple thereof where the Maximum Indemnity Period exceeds twelve months) the amount payable shall be proportionately reduced.

DEFINITIONS

GROSS PROFIT The sum produced by adding to the Net Profit the amount of the Insured Standing Charges or if there be no Net Profit the amount of the Insured Standing Charges less such a proportion of any net trading loss as the amount of the Insured Standing Charges bears to all the Standing Charges of the business.

NET PROFIT The net trading profit (exclusive of all capital receipts and accretions and all outlay properly chargeable to capital) resulting from the business of the Insured at the premises after due provision has been made for all standing and other charges including depreciation but before the deduction of any taxation chargeable on profits.

INSURED STANDING CHARGES As specified in the Policy Schedule

TURNOVER The money paid or payable to the Insured for goods sold and delivered and for services rendered in course of the business at the premises.

INDEMNITY PERIOD The period beginning with the occurrence of the damage and ending not later than the Maximum Indemnity Period thereafter during which the results of the business shall be affected in consequence of the damage.

MAXIMUM INDEMNITY PERIOD _____ months

RATE OF GROSS PROFIT) to which such adjustment
 The rate of Gross Profit earned) shall be made as may be
 on the Turnover during the) necessary to provide for
 financial year immediately) the trend of the business and
 before the date of damage) for variations in or
) special circumstances

ANNUAL TURNOVER) affecting the business either
 The Turnover during the) before or after the damage
 twelve months immediately) or which would have affected
 before the date of the damage) the business had the damage
) not occurred, so that the

STANDARD TURNOVER) figures thus adjusted shall
 The Turnover during that) represent as nearly as may be
 period in the twelve) reasonably practicable the
 months immediately before) results which but for the
 the date of the damage) damage would have been
 which corresponds with the) obtained during the
 Indemnity Period.) relative period after the
) damage.

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

Uninsured Standing Charges Clause. If any standing charges of the business be not insured by this policy then in computing the amount recoverable hereunder as Increase in Cost of Working that proportion only of the additional expenditure shall be brought into account which the sum of the Net Profit and the Insured Standing Charges bears to the sum of Net Profit and all the Standing Charges.

Premium Adjustment Clause. In the event of the Gross profit (or a proportionately increased multiple thereof where the Maximum Indemnity Period exceeds twelve months) earned during the accounting period of twelve months most nearly concurrent with any period of insurance as certified by the insured's Auditors being less than



the sum insured thereon a pro-rata return of premium not exceeding fifty per cent (50%) of the premium paid on such sum insured for such period of insurance will be made in respect of the difference. If any damage shall have occurred giving rise to a claim under this section, such return shall be made in respect only of so much of the said difference as is not due to such damage.

This Premium Adjustment Clause is only valid for twelve (12) months from the date of expiry of the Policy.

4. GROSS REVENUE WORDING

SPECIFICATION referred to in Policy No. _____ in the name of _____ and forming an integral part of that policy.

Item No.	Sum Insured
1. On Gross Revenue	<u>As specified in the Policy Schedule</u>

THE INSURANCE UNDER ITEM NO. 1 is limited to (a) LOSS OF GROSS REVENUE and (b) INCREASE IN COST OF WORKING and the amount payable as indemnity thereunder shall be:

- (a) IN RESPECT OF LOSS OF GROSS REVENUE : The amount by which the Gross Revenue during the Indemnity Period shall in consequence of the damage fall short of the Standard Gross Revenue
- (b) IN RESPECT OF INCREASE IN COST OF WORKING : The additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the reduction in Gross Revenue which but for that expenditure would have taken place during the Indemnity Period in consequence of the damage but not exceeding the amount of the reduction hereby avoided :

less any sum saved during the Indemnity Period in respect of such of the Working Expenses and Standing Charges of the business as may cease or be reduced in consequence of the damage :

provided that if the Sum Insured by this item be less than the Annual Gross Revenue (or to a proportionately increased multiple thereof where the Maximum Indemnity Period exceeds twelve months) the amount payable shall be proportionately reduced.

DEFINITIONS

INDEMNITY PERIOD The period beginning with the occurrence of the damage and ending not later than the Maximum Indemnity Period thereafter during which the results of the business shall be affected in consequence of the damage.

MAXIMUM INDEMNITY PERIOD _____ months

GROSS REVENUE The money paid or payable to the Insured in respect of work done and services rendered in the course of the business at the premises, excluding.....

STANDARD GROSS REVENUE The Gross Revenue during that period in the twelve months immediately before the date of the damage which corresponds with the Indemnity Period) to which such adjustments) shall be made as may be) necessary to provide for) the trend of the business) and for variation in or other) circumstances affecting the) business either before or) after the damage or which would) have affected the business had) the damage not occurred,) so that the figures thus adjusted) shall represent as nearly as) may be reasonably practicable) the results which but for the) damage would have been obtained) during the relative period after



TURNOVER The money paid or payable to the Insured for goods sold and delivered and for services rendered in the course of the business at the premises.

INDEMNITY PERIOD The period beginning with the occurrence of the damage and ending not later than the Maximum Indemnity Period thereafter during which the results of the business shall be affected in consequence of the damage.

MAXIMUM INDEMNITY PERIOD _____ months

RATE PAYABLE The percentage that the insured Standing Charges bears to the Turnover during the financial year immediately before the date of damage.) to which such adjustment shall be made as may be necessary to provide for the trend of the business and for variations in or special circumstances affecting the business either before or after the damage or which would have affected the business had the damage not occurred, so that the figures thus adjusted shall represent as nearly as may be reasonably practicable the results which but for the damage would have been obtained during the relative period after the damage.

ANNUAL TURNOVER The Turnover during the twelve months immediately before the date of the damage.) to which such adjustment shall be made as may be necessary to provide for the trend of the business and for variations in or special circumstances affecting the business either before or after the damage or which would have affected the business had the damage not occurred, so that the figures thus adjusted shall represent as nearly as may be reasonably practicable the results which but for the damage would have been obtained during the relative period after the damage.

STANDARD TURNOVER The Turnover during that period in the twelve months immediately before the date of the damage which corresponds with the Indemnity Period.) to which such adjustment shall be made as may be necessary to provide for the trend of the business and for variations in or special circumstances affecting the business either before or after the damage or which would have affected the business had the damage not occurred, so that the figures thus adjusted shall represent as nearly as may be reasonably practicable the results which but for the damage would have been obtained during the relative period after the damage.

Alternative Trading Clause. If during the Indemnity Period goods shall be sold or services shall be rendered elsewhere than at the premises for the benefit of the business either by the Insured or by others on their behalf the money paid or payable in respect of such sales or services shall be brought into account in arriving at the turnover during the Indemnity Period.

Uninsured Standing Charges Clause. If any standing charges of the business be not insured by this policy then in computing the amount recoverable hereunder as Increase in Cost of Working that proportion only of the additional expenditure shall be brought into account which the sum of the Net Profit and the Insured Standing Charges bears to the sum of Net Profit and all the Standing

6. GROSS RENTAL WORDING

SPECIFICATION referred to in Policy No. _____ in the name of _____ and forming an integral part of that policy.

Item No.	Sum Insured
1. On Gross Rental	<u>As specified in the Policy Schedule</u>

THE INSURANCE UNDER ITEM NO. 1 is limited to (a) LOSS OF GROSS RENTAL and (b) INCREASE IN COST OF WORKING and the amount payable as indemnity thereunder shall be :

- (a) IN RESPECT OF LOSS OF GROSS RENTAL : The amount by which the Gross Rental during the Indemnity Period shall in consequence of the damage fall short of the Standard Gross Rental
- (b) IN RESPECT OF INCREASE IN COST OF WORKING : The additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the Loss of Gross Rental which but for that expenditure would have taken place during the Indemnity Period in consequence of the damage but not exceeding the amount of the reduction in Gross Rental thereby avoided :

less any sum saved during the Indemnity Period in respect of such of the expenses and charges payable out of Gross Rental as may cease or be reduced in consequence of the damage : provided that if the sum insured by this item be less than the Annual Gross Rental (or to a proportionately increased multiple thereof where the Maximum Indemnity Period exceeds twelve months) the amount payable shall be proportionately reduced.

DEFINITIONS

GROSS RENTAL The money paid or payable to the insured by tenants in respect of rental of the Premises.

INDEMNITY PERIOD The period beginning with the occurrence of the damage and ending not later than the Maximum Indemnity Period thereafter during which the Gross Rental shall be affected in consequence of the damage.

MAXIMUM INDEMNITY PERIOD _____ months

STANDARD GROSS RENTAL The Gross Rental during the period corresponding with the Indemnity Period in the twelve months immediately before the date of the damage which corresponds with the Indemnity Period) to which such adjustments) shall be made as may be) necessary to provide for the) trend of the business and for) variations in or other) circumstances affecting) business either before or) after the damage or which) would have affected) business had the damage not) occurred, so that the) figures thus adjusted shall) represent as nearly as may be) reasonably practicable the) results which but for the) damage would have been) obtained during the relative) period after the damage.

ANNUAL GROSS RENTAL The Gross Rental during the twelve months immediately before the date of the damage) to which such adjustments) shall be made as may be) necessary to provide for the) trend of the business and for) variations in or other) circumstances affecting) business either before or) after the damage or which) would have affected) business had the damage not) occurred, so that the) figures thus adjusted shall) represent as nearly as may be) reasonably practicable the) results which but for the) damage would have been) obtained during the relative) period after the damage.

Alternative Trading Clause. If during the Indemnity Period the business shall be conducted elsewhere than at the premises the money paid or payable to the Insured in respect of rent at such other premises shall be brought into account in arriving at the Gross Rental during the Indemnity Period.

Premium Adjustment Clause. In the event of one time the Gross Rental (or a proportionately increased multiple thereof where the Maximum Indemnity Period exceeds twelve months) earned during the accounting period of twelve months most nearly concurrent with any period of insurance as certified by the Insured's Auditors, being less than the sum insured thereon a pro rata return of premium not exceeding 50 per cent of the premium paid on such sum insured for such period of insurance will be made in respect of the difference. If any damage shall have occurred giving rise to a claim under this section, such return shall be made in respect only of so much of the said difference as is not due to such damage.

This Premium Adjustment Clause is only valid for twelve (12) months from the date of expiry of the Policy.

7. 100% WAGES WORDING

SPECIFICATION referred to in Policy No : _____ in the name of _____ and forming an integral part of that policy.

Item No.	Sum Insured
1. On Wages	<u>As specified in the Policy Schedule</u>

THE INSURANCE ON ITEM NO. 1 is limited to loss in respect of WAGES due to (a) Reduction in Turnover and (b) Increase in Cost of Working, and the amount payable as indemnity thereunder shall be:

- a) **IN RESPECT OF REDUCTION IN TURNOVER :** The sum produced by applying the Rate of Wages to the amount by which the turnover during the Indemnity Period shall in consequence of the damage fall short of the Standard Turnover.
- b) **IN RESPECT OF INCREASE IN COST OF WORKING :** The additional expenditure (subject to the provisions of Uninsured Standing Charges Clause) necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the reduction in turnover which but for that expenditure would have taken place during the Indemnity Period in consequence of the damage but not exceeding the sum produced by applying the Rate of Wages to the amount of the reduction thereby avoided:

less any sum saved during the Indemnity Period if Wages shall cease or be reduced in consequence of the damage. It being understood that allowances to employees retained in the insured's services during the Indemnity Period while unable to work in consequence of the damage shall be treated as wages paid

provided that if the sum insured by this item be less than the sum produced by applying the Rate of Wages to the Annual Turnover (or to a proportionately increased multiple thereof where the Maximum Indemnity Period exceeds twelve months) the amount payable shall be proportionately reduced.

DEFINITIONS

WAGES	The remuneration (including EPF contribution, SOCSO, bonuses, holiday pay or other payments pertaining to payroll) of all employees other than those whose remuneration is treated as salaries in the insured's book of account.
INDEMNITY PERIOD	The period beginning with the occurrence of the damage and ending not later than the Maximum Indemnity Period thereafter during which the results of the business shall be affected in consequence of the damage.
MAXIMUM INDEMNITY PERIOD	<u>As specified in the Policy Schedule</u>
RATE OF WAGES	) to which such adjustment shall be made as may be necessary to provide for the trend of the business and for variations in or other circumstances affecting the business either before or after the damage or which would have affected the business had the damage not occurred, so that the figures thus adjusted shall represent as nearly as may be reasonably practicable the results which but for the damage would have been obtained during the relative period after the damage.
The Rate of Wages earned on the Turnover during the financial year immediately before the date of damage	
ANNUAL TURNOVER	
The Turnover during the twelve months immediately before the date of the damage	
STANDARD TURNOVER	) to which such adjustment shall be made as may be necessary to provide for the trend of the business and for variations in or other circumstances affecting the business either before or after the damage or which would have affected the business had the damage not occurred, so that the figures thus adjusted shall represent as nearly as may be reasonably practicable the results which but for the damage would have been obtained during the relative period after the damage.
The Turnover during that period in the twelve months immediately before the date of the damage which corresponds with the Indemnity Period.	

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

Uninsured Standing Charges Clause. In computing the amount recoverable hereunder as Increase In Cost Of Working, that proportion only of the additional expenditure incurred in respect of the Indemnity Period shall be brought into account which the amount of payroll bears to the sum of Net Profit and all the Standing Charges and Wages.



8. INCREASED COST OF WORKING ONLY WORDING

SPECIFICATION referred to in Policy No : _____ in the name of _____ and forming an integral part of the policy.

Item No	Sum Insured
1. On Increase in Cost Of Working Only	<u>As specified in the Policy Schedule</u>

The insurance under Item No. 1 is limited to Increase in Cost Of Working and the amount payable as Indemnity thereunder shall be:

The additional expenditure necessarily and reasonably incurred by the insured during the Indemnity Period and in consequence of the damage for the sole purpose of avoiding or diminishing a reduction in Turnover or for the purpose of resuming or maintaining normal business operation: less any sum saved during the Indemnity Period in respect of any revenue expenditure as may cease or be reduced in consequence of the damage: provided always that the liability of the Company shall not exceed:

- a) in respect of the first month of the Indemnity Period 40 per cent of the amount insured by this item :
- b) in respect of the second month of the Indemnity Period 20 per cent of the amount insured by this item:
- c) in respect of the subsequent months of the Indemnity Period 10 per cent of the amount insured by this item :

but if the expenditure for the first and second months of the Indemnity Period is less than the limits specified above the unexhausted balance may be utilised by the insured in the subsequent months of the Indemnity Period.

DEFINITIONS

INDEMNITY PERIOD The period beginning with the occurrence of the damage and ending not later than the Maximum Indemnity Period thereafter during which the results of the business shall be affected in consequence of the damage.

MAXIMUM INDEMNITY PERIOD _____ months

TURNOVER The money (less discount allowed) paid or payable to the Insured for goods sold and delivered for services rendered in course of the business at the premises.

9. PRO-RATA WAGES WORDING

SPECIFICATION referred to in Policy No : _____ in the name of _____ and forming an integral part of that policy.

Item No	Sum Insured
1. On Wages	<u>As specified in the Policy Schedule</u>

THE INSURANCE UNDER ITEM NO. 1 is limited to loss incurred by the insured by the payment of Wages for a period beginning with the occurrence of the damage and ending not later than the Indemnity Period.

The amount payable as indemnity under this item shall be the actual amount which the insured shall pay as wages for such period to employees whose services cannot in consequence of the damage be utilised by the insured at all and an equitable part of the wages paid for such period to employees whose services cannot in consequence of the damage be utilised by the insured to the full : provided that if the sum insured by this item be less than the aggregate amount of the wages that would have been paid during the Maximum Indemnity Period immediately following the damage had the damage not occurred the amount payable shall be proportionately reduced.

DEFINITIONS

WAGES The remuneration (including EPF contribution, SOCSO, bonuses, holiday pay or other payments pertaining to payroll) of all employees other than those whose remunerations is treated as salaries in the insured's book of accounts.



**INDEMNITY
PERIOD**

The period beginning with the occurrence of the damage and ending not later than the Maximum Indemnity Period thereafter during which the results of the business shall be affected in consequence of the damage.

MAXIMUM

_____ weeks

10. ADDITIONAL INCREASE COSTS OF WORKING

The insurance under item No. _____ is limited to such further additional expenditure beyond that recoverable under clause (b) of item No. _____ on gross profit and item No. _____ on wages/payroll as the insured shall necessarily and reasonably incur during the indemnity period in consequence of the damage for the purpose of avoiding or diminishing the reduction in turnover.

11. AUDITORS' FEES CLAUSE

The insurance under item No. _____ of this Policy is limited to reasonable fees payable by the Insured to their Auditors for producing and certifying any particulars or details contained in the Insured's books of account or other business books or documents or such other proofs, information or evidence as may be required by the Company under the terms of condition 6 of this

IMPORTANT NOTICE:

1. The following are channels available for complaints on insurance related matters. You can contact our Complaint Unit for assistance at 03-7861 8400 or the following authorised bodies:

(a) FINANCIAL MEDIATION BUREAU (FMB)
LEVEL 25, DATARAN KEWANGAN DARUL TAKAFUL
NO. 4 JALAN SULTAN SULAIMAN
50000 KUALA LUMPUR
TEL: 03-2272 2811
FAX: 03-2274 5752

(b) LAMAN INFORMASI NASIHAT DAN
KHIDMAT (LINK)
BANK NEGARA MALAYSIA
P. O. BOX 10922
50929 KUALA LUMPUR
TEL: 1-300-88-5465 (LINK)
FAX: 03-2174 1515