



Policy Wording

MACHINERY & TECHNOLOGY INSURANCE

Incorporating insurance cover for equipment damage and breakdown, deterioration of stock and loss of business income insurance

Global Risk Partners is a trading name for European Property Underwriting Ltd who administer this insurance on behalf of the underwriter, HSB Engineering Insurance Ltd.

European Property Underwriting Limited, Corn Exchange, 55 Mark Lane, London, EC3R 7NE. Tel: 020 3740 4110 Fax: 020 3740 4120. www.epul.co.uk. Registered in England No. 06686913. Registered Address: 50 Fenchurch Street, London, EC3M 3JY. European Property Underwriting Limited is authorised & regulated by the Financial Conduct Authority No. 612284.

Your insurance contract with us

The policy is a legal contract between:

- you, the person or organisation shown in the schedule as 'The insured'; and
- us (HSB Engineering Insurance Limited) .

The policy is made up of this document, the schedule setting out details of your cover, and any endorsements shown in the schedule. These make up the entire contract between you and us and must be read together. Please keep them all safely together.

We used the information you gave us on your proposal, and any further information we received, to decide whether to insure you. If any of that information was not accurate or was incomplete, this could affect your cover (see 'Your responsibility to give us correct information' under 'Important information').

If you pay the premium shown in the schedule, and keep to the terms and conditions of the policy, you will be covered under the sections of this document shown in the schedule for the **period of insurance**.

Signed for and on behalf of



Stephen Worrall
Managing Director

HSB Engineering Insurance Limited



Stephen Morris
Underwriting Director

SIGNED FOR AND ON BEHALF OF 2

IMPORTANT INFORMATION 4

 HEADINGS AND INTERPRETATION 4

 YOUR POLICY 4

 YOUR RESPONSIBILITY TO GIVE US CORRECT INFORMATION 4

 YOUR RIGHTS TO CANCEL YOUR POLICY 4

 OUR RIGHTS TO CANCEL YOUR POLICY 5

 OTHER IMPORTANT TERMS THAT MAY AFFECT YOUR COVER 5

 OUR REGULATORS 5

 WHAT HAPPENS IF WE CANNOT MEET OUR LIABILITIES 5

 HOW WE USE YOUR INFORMATION 6

 THE LAWS THAT APPLY TO YOUR POLICY 6

CONTACTING US 7

 MAKING A CLAIM 7

 MAKING A COMPLAINT 7

 MAKING ANY OTHER ENQUIRY 8

DEFINITIONS 9

SECTION 1 - EQUIPMENT DAMAGE AND BREAKDOWN 13

 WHAT WE WILL PAY FOR 13

 HOW MUCH WE WILL PAY 13

 EXTRA COVER 13

 WHAT WE WILL NOT PAY FOR 15

SECTION 2 - DETERIORATION OF STOCK 17

 WHAT WE WILL PAY FOR 17

 HOW MUCH WE WILL PAY 17

 MAXIMUM WE WILL PAY 17

 EXTRA COVER 17

 SPECIAL CONDITIONS APPLYING TO SECTION 2 18

 WHAT WE WILL NOT PAY FOR 18

SECTION 3 - LOSS OF INCOME 19

 WHAT WE WILL PAY FOR 19

 HOW MUCH WE WILL PAY 19

 EXTRA COVER 19

 SPECIAL CONDITIONS APPLYING TO SECTION 3 20

 WHAT WE WILL NOT PAY FOR 21

 EXTRA COVER APPLYING TO ALL SECTIONS 22

 CLAIM CONDITIONS 23

 GENERAL CONDITIONS 24

 GENERAL EXCLUSIONS 26

Important information

Headings and interpretation

Throughout this policy:

- words or phrases which appear in bold have the meanings shown in the 'Definitions' section;
- headings are only to help you find the information you need, they do not form part of the policy wording;
- words which appear in the singular include the plural and vice versa;
- words which appear in the present tense include the past tense and vice versa; and
- any words after the terms 'including', 'include', 'in particular', 'for example' or any similar expressions are examples and will not limit the meaning of the words.

Your policy

This document, together with the schedule and any endorsements shown in the schedule, contains the information you need to know about your insurance. This document contains important information such as the terms and conditions of your insurance and how to contact us. The schedule and endorsements show:

- which sections of this document apply;
- the **sum insured** or **limit of liability** (the maximum amount of cover you have) for each section;
- whether your cover is on a blanket basis (that is, for all **insured property** you own, lease or hire) or specified basis (that is, for the items of **insured property** shown in the schedule);
- any extra cover you have; and
- the premium.

Please keep the schedule with this document. We will send you a new schedule whenever there is a change to your insurance. We will also send you renewal documents each year before the renewal date shown, so you can check that the cover still meets your needs.

Your policy provides cover against specified events. Read this policy carefully to make sure that it meets your needs and you understand what is and is not covered. If there is anything you need to change or do not understand, contact the person who arranged this insurance for you, or you can contact us. You can find the contact details for your local HSBEIL office on our website at www.munichre.com/hsbeil.

Your responsibility to give us correct information

You must make a fair presentation of your risk to us, meaning the information you give us is complete and accurate, and that you have not withheld any important facts. You must make a fair presentation when you first buy the policy, when you renew it or ask us to make a change during the **period of insurance**.

As set out in general condition 5 – 'Change in risk' – you, or anyone acting for you, must tell us about any change in circumstance which happens before or during the **period of insurance** which may affect your cover (for example, something that increases the risk or something we asked you about when we accepted your proposal).

As set out in general condition 9 – 'Fair presentation' – if we find that you, or anyone acting for you, have failed to make a fair presentation we may change the terms of your policy, reduce the amount we pay for any claims, or treat it as if it had never existed.

Your rights to cancel your policy

Cooling-off period

You have 14 days to make sure that you are happy with the cover provided. You can cancel the policy by telling the person who arranged this insurance for you or by telling us in writing and returning the schedule. This 14-day period, known as the 'cooling-off period', starts on:

- the day you receive your policy; or
- the date the **period of insurance** starts;

whichever is later.

If you do cancel the policy within the cooling-off period, as long as you have not made a claim, we will refund all the premium you have paid. If you have made a claim, you will not get a refund.

Our rights to cancel your policy

We may cancel your policy if you do not keep to:

- claim condition 2 – ‘Fraudulent claims’;
- general condition 4 – ‘Caring for the insured property’;
- general condition 12 – ‘Paying the premium’; or
- general condition 13 – ‘Right to survey’.

If we cancel your policy because you have not kept to claim condition 2 - ‘Fraudulent claims’ - cancellation will be immediate from the date of the fraudulent act relating to your claim. We will keep any premium you have paid and we will also report the matter to the police and any other relevant organisations.

If we cancel your policy because you have not kept to the general conditions shown above, we will send at least 14 days’ written notice to the address we have for you. If you have not made a claim, we will refund a percentage of the premium shown in the schedule based on the number of days left in the **period of insurance**. If you have made a claim you will not get a refund and you must pay us any amount you still owe for the period you have been insured for.

Other important terms that may affect your cover

You must meet the requirements contained in the **conditions precedent** set out in the policy. If you do not keep to these requirements you will not be able to bring a claim under the policy and we will not become legally responsible to pay that claim.

Our regulators

We are authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. The Financial Conduct Authority’s website includes a register of all regulated firms.

You can contact the Financial Conduct Authority at:

Financial Conduct Authority
25 The North Colonnade
Canary Wharf
London
E14 5HS

Telephone: 0800 111 6768
Website: www.fca.org.uk

What happens if we cannot meet our liabilities

If we cannot pay you what we owe, you may be entitled to compensation under the Financial Services Compensation Scheme (FSCS).

You can get more information about the scheme by contacting the FSCS at:

Financial Services Compensation Scheme
10th Floor
Beaufort House
15 St Botolph Street
London

EC3A 7QU

Telephone: 0800 678 1100

Website: www.fscs.org.uk

How we use your information

We are the controller of any personal information (for example, names, addresses, telephone numbers, job titles or dates of birth) you provide to us, or which is processed in connection with your policy. We collect and process information about you that we consider to be necessary in order to make decisions about the cover we provide to you, any claims you make, or to detect and prevent fraud. We also may record incoming and outgoing telephone calls with you for training, monitoring and quality control purposes.

We may share your information with, and obtain information about you from, companies within the Munich Re Group, other insurers, brokers, loss adjusters, credit reference agencies, fraud prevention agencies or other third parties who provide services on our behalf.

For further details on how your information is used and your rights in relation to your information, please see our Privacy statement at <https://www.munichre.com/HSBEIL>.

The laws that apply to your policy

This policy shall be solely subject to English law and shall be subject to the sole and executive jurisdiction of the courts of England and Wales.

All communications relating to the contract will be in English.

Contacting us

Making a claim

When you make a claim, it is very important that you meet all of the requirements of the policy, particularly claim condition 1 – 'Reporting a claim'. You must notify us within the time frames set out in the **condition precedent** otherwise you will not be able to bring a claim under the policy. If you do not keep to the other conditions in the policy we may not pay part or all of your claim.

You must report your claim to either the person who arranged this insurance for you or to us at:

Claims Department
HSB Engineering Insurance Limited
Chancery Place
50 Brown Street
Manchester
M2 2JT

Telephone: +44 (0) 330 100 3432 (Calls to this number are charged at the same standard landline rate as calls to 01 or 02 numbers.)

Email: new.loss@hsbeil.com

Making a complaint

We are committed to providing the highest standards of customer service and treating our customers fairly. If you have a complaint, contact the person who arranged this insurance for you or contact us at:

The Customer Relations Leader
HSB Engineering Insurance Limited
Chancery Place
50 Brown Street
Manchester
M2 2JT

Telephone: +44 (0) 330 100 3433 (Calls to this number are charged at the same standard landline rate as calls to 01 or 02 numbers.)

Email: complaints@hsbeil.com

When we receive your complaint we will:

- confirm this within five business days;
- pass it to our complaints team to be reviewed; and
- do our best to deal with your complaint within four weeks. If we cannot, we will write to you and let you know when we will be able to give you a final response.

If we cannot deal with your complaint within eight weeks, or you are not happy with our final response, you may be able to complain to the Financial Ombudsman Service (FOS).

The FOS is an independent organisation which may be able to review your complaint for you.

You can contact the FOS at:

The Financial Ombudsman Service
Exchange Tower
London
E14 9SR

Telephone: 0800 023 4567 if calling from a landline
0300 123 9123 if calling from a mobile

Website: www.fos.org.uk

The FOS's service is available to individual policyholders as well as charities, trustees and small businesses with an income or assets within set limits. You can get more information from us or the FOS.

If you make a complaint to the FOS, this will not affect your right to take legal action against us.

Making any other enquiry

If you have any questions about the policy or your cover, contact the person who arranged the insurance or contact us.

You can find the contact details for your local HSBEIL office on the website at www.munichre.com/hsbeil.

Definitions

Where the words below are printed in bold in this document or the schedule, they have the meanings shown here.

Act of terrorism

An act committed by, or threat made by, any person or group (whether acting alone or in connection with any organisation or government) for political, religious, ideological or similar purposes, including to influence any government or frighten the public.

Anchor location

A well-known third party business which is responsible, and which your **business** depends upon, for attracting customers to the centre, trading estate or business park in which the **insured location** is situated.

Breakdown

This means:

- the actual breaking, failure, distortion or burning out of any part of the **insured property** whilst in ordinary use which results from a **defect** and causes the **insured property** to suddenly stop, or not restart and require repair or replacement before it can resume normal work;
- **electronic derangement**;
- error or omission of the operator during ordinary operation of the **insured property** other than through the failure to maintain, causing it to suddenly stop, or not restart and require repair or replacement before it can resume normal work;
- joint leakage, failure of welds, cracking, fracturing or overheating of boilers, economisers, superheaters, pressure vessels or any range of associated steam piping, causing the **insured property** to suddenly stop, or not restart and require repair or replacement before it can resume normal work;
- fracturing of any part of the **insured property** by frost which prevents the **insured property** from working; or
- the complete severance of a rope.

Business

Your business activities relating to the 'Business description' shown in the schedule.

Calculated premium

The premium you must pay at the end of the **period of insurance** calculated using the figures declared under general condition 7 – 'Declarations'.

Cold chamber

An insulated chamber that is artificially cooled or temperature-controlled in order to preserve its contents.

Collapse

The sudden distortion of any part of the **insured property** caused by crushing, stress by a force of internal steam or other fluid pressure (other than pressure of chemical action or ignition of the contents) which causes physical damage.

Condition precedent

An important legal term which sets out a step or action you must take. If you do not keep to or meet the requirements set out in a condition precedent you will not be able to bring a claim under the policy and we will not become legally responsible to pay that claim.

Damage

Breakdown, physical damage, destruction, **collapse** or **explosion** unless specifically excluded by us.

Defect

A flaw, imperfection, disorder or characteristic of any part of the **insured property** which may or does prevent it working in the way it was intended.

Deposit premium

The premium you must pay at the start of the **period of insurance** based on the following estimates that you have provided to us.

- The total value of **insured property** at the start of the **period of insurance** (section 1), this becomes the **total insured value** shown on the schedule.
- The total value of **insured stock** at the start of the **period of insurance** (section 2), this becomes the **sum insured** shown on the schedule.

- The estimated gross **income** during the **period of insurance** (section 3), this becomes the **estimated gross income** shown on the schedule.

Deterioration

Any detrimental change in the condition of the **insured stock** being stored.

Electronic derangement

Malfunction of the computer equipment or electronic circuitry which controls or operates the **insured property** or **cold chamber**, and which:

- is not accompanied by visible **damage**; and
- requires repair or replacement of that computer equipment or electronic circuitry in order to restore the **insured property** or **cold chamber** to normal working.

This does not include the:

- rebooting, reloading or updating of software or programs;
- **insured property** or **cold chamber** being incompatible with any software or equipment installed, introduced or networked within the previous 30 days; or
- **insured property** or **cold chamber** not being sufficient in terms of size, specification or capacity.

Estimated gross income

The amount shown in the schedule as the gross income you expect to earn during the period of insurance or a proportionately adjusted amount if the indemnity period is less than or more than 12 months.

Excess

The 'Excess' shown in the schedule, which is the amount of your claim, after applying general condition 3 – 'Average' that we will not pay.

Explosion

Sudden tearing of the **insured property** caused by a force of internal steam or other fluid pressure (other than pressure of chemical action or ignition of the contents) together with the forced release of its contents which causes physical damage.

Financial loss

The amount your **income** reduces during the **indemnity period** in comparison to your **standard income** as a result of an **insured event**, plus:

- the extra expense of avoiding or minimising the reduction in your **income** (but no more than the amount of reduction avoided); and
- if we agree in writing, the extra expense over the amount of reduction avoided, of continuing your **business**;
- less any amount saved during the **indemnity period** in respect of charges and expenses of your **business** that may stop or be reduced as a result of the **insured event**.

Franchise

The time period, shown in the schedule, starting at the time of the **insured event**.

Hazardous substance

Any substance, other than ammonia, that has been declared to be hazardous to health or the environment by a governmental authority.

Income

Monies actually received by you for goods or services provided from the **insured location** during the course of your **business**.

Indemnity period

The time period, shown in the schedule, starting on the date of the **insured event**.

Insured event

This means:

- **damage** to the **insured property**;
- **deterioration** of the **insured stock**; or
- being unable to get access to, or use the **insured property** or **insured stock** after:
 - damage to any property within a mile of an **insured location**; or
 - a public or police authority using its powers to protect life or property.

Insured location

Any location shown in the schedule as an insured location.

Insured property

Any fixed items of machinery or equipment you own, lease or hire, including:

- landing gates;
- any purpose-built lifting and handling machinery or equipment permanently fitted to a road vehicle;
- mobile cranes, forklift trucks and similar items of lifting equipment; and
- computer or electronic data processing equipment which is linked and dedicated to the control of any machine, equipment or production or treatment process.

It does not include:

- **temporary plant**;
- supporting structures, lift enclosures, rail tracks, anchorage bolts or fixing appliances, brickwork, masonry, foundations or chimneys;
- road vehicles themselves;
- prototype and experimental machinery and equipment;
- any other computer or data processing equipment;
- office equipment;
- vending machines; and
- trade stock and products of your business.

If the cover for section 1 in the schedule is described as 'specified basis', cover is only provided for the items of **insured property** shown in the schedule.

Insured stock

Goods shown in the schedule which are for the purposes of your **business**:

- contained in a **cold chamber** at the time of **deterioration**; or
- at the **insured location** and would have been placed in the **cold chamber** if **damage** to the **cold chamber** had not occurred.

Limit of liability

The amount shown in the schedule which is the most we will pay for claims arising out of each **occurrence**, regardless of the number of people or organisations insured by your policy.

Market value

The estimated amount that part or all of the **insured property** would sell for under normal market conditions, after allowance for fair wear and tear, had the sale taken place immediately before the **damage**.

New business

Any business that, at the **occurrence** of an **insured event**, has not been trading for a full year.

Occurrence

One event or a series of events arising out of, or in connection with, the same cause, source or event.

Period of insurance

The period of time, as shown in the schedule, during which you are covered by the policy, unless it is cancelled or treated as though it never existed (see 'Your responsibility to give us correct information' on page 6).

Pollution

Contamination of the air, water, land or property.

Standard income

Your **income** during the period in the 12 months immediately before the date of the **insured event** which corresponds with the **indemnity period**. This figure may be increased or reduced depending on your **business's** trading trends and circumstances at the time of the **insured event**.

Sum insured

The amount shown in the schedule which is the most we will pay for claims arising out of each **occurrence**, regardless of the number of people or organisations insured by your policy.

Temporary plant

Machinery or equipment of a similar type and capacity to the **insured property** hired in by you:

- as a temporary replacement for your owned or leased **insured property** which is undergoing repair, service or maintenance; or
- as a temporary additional item for a period of up to seven days.

Territorial limits

The United Kingdom, the Channel Islands and Isle of Man.

Time excess

The time period, as shown in the schedule, we will not pay any **financial loss** for.

Total insured value

The amount, shown in the schedule, which you have told us represents the value of all **insured property** or **insured stock** situated at the **insured location** upon which the premium or **deposit premium** is calculated.

Transit

The loading, unloading and movement of the **insured property** other than by airborne or waterborne craft except by roll-on roll-off ferry.

Section 1 - Equipment damage and breakdown

As well as the claim conditions, general conditions and general exclusions, the following terms and conditions apply under section 1.

What we will pay for

We will pay you for **damage** to **insured property**, during the **period of insurance**, while it is:

- at an **insured location**; or
- temporarily removed from an **insured location** and being operated under your control anywhere within the **territorial limits**.

We will also pay for **damage** to the **insured property**:

- during **transit**; or
- whilst temporarily removed from any **insured location**;

as long as the **insured property** remains under your control and it is being removed for the purpose of repair, replacement, restoration, service or modification anywhere within the **territorial limits** or member states of the European Union. This includes **damage** caused by the perils listed in 5 – 'Excluded perils' under 'What we will not pay for' in this section.

How much we will pay

Partial loss

If the **insured property** is partially **damaged**, we will pay the cost of repairing or restoring the **damaged** part to a condition similar to the condition it was in when new. We will not pay more than the amount we would have to pay for a total loss (see below).

For **damage** to conveyor belts and heat-resistant materials which form a component part of the **insured property** and have a limited working life, we will pay up to the **market value** of the part at the time of the **damage**.

We will also pay the cost of replacing undamaged parts of the **insured property** if they are not compatible with the replacement parts used to repair **damage** to the **insured property**. However, if we replace undamaged parts with new compatible parts, we will not pay more than it would have cost to replace the undamaged parts if it was only those undamaged parts that had suffered **damage**.

Total loss

If the **insured property** is **damaged** beyond economical repair (that is, if the cost of repairs is higher than the cost of replacing the **insured property**) we will pay the cost of a new replacement that is equal in specification and performance to, but not better than, the **damaged insured property**.

If at the time of **damage**, items which are the same as the **insured property** are no longer produced by the manufacturer, we will pay the cost of replacing the **insured property** with its nearest equivalent.

Maximum we will pay

For all **damage** arising from each **occurrence** we will pay up to the **limit of liability**, regardless of the number of people or organisations insured by the policy.

Any 'Extra cover limits' will be on top of the **limit of liability** shown against section 1 in the schedule.

Extra cover

If we have agreed to provide any of the extra cover below, this will be shown in the 'Extra cover limits' in the schedule and we will not pay more than these limits for each **occurrence**.

1. Contamination

If we accept a claim for **damage** to **insured property**, we will pay the cost of repairing, replacing, disposing of or cleaning up **insured property** that is contaminated or polluted as a result of that **damage**.

2. Emergency services

If we accept a claim for **damage to insured property**, we will pay any charge you have to pay the emergency services as a result of that **damage**.

3. Energy efficiency improvements

If we accept a claim for **damage to insured property**, we will pay the reasonable additional cost, as agreed by us in writing, to replace the **damaged insured property** with similar equipment that is better for the environment, safer and more energy efficient than the **insured property** being replaced.

4. Hazardous substances

If we accept a claim for **damage to insured property**, we will pay the cost of repairing, replacing, disposing of or cleaning up property **damaged** by a **hazardous substance** as a result of that **damage**.

5. Hire charges for substitute equipment

If we accept a claim for **damage to insured property**, we will pay the cost of hiring substitute equipment of a similar type and capacity while the **damaged insured property** is being repaired, or until the **damaged insured property** is permanently replaced.

6. Lifted goods

We will pay for **damage** to property you own, lease or hire, or which is in your custody or control whilst being lifted or handled by the **insured** at an **insured location**.

7. Movement of insured property

We will pay for **damage to insured property** during its movement from one position to another within the **insured location**.

8. Newly acquired property

We will pay for **damage** to newly acquired property from the time that installation and testing is completed and it is ready to be used at an **insured location**, as long as:

- you tell us about the new property before the end of the **period of insurance** and pay any extra premium we ask for;
- the newly acquired property is of the same type and function as the **insured property**; and
- the newly acquired property is, as far as you know, free from **defects**.

9. Own surrounding property

We will pay for **damage** to property you own, lease or hire, or for which you are responsible:

- directly resulting from **damage** to the **insured property**;
- caused by impact through the normal operation of lifting and handling by **insured property**;
- caused by the spontaneous fragmenting of the **insured property**; or
- if that **damage** is caused by leakage or lack of steam following an **explosion**.

However, under this extra cover we will not pay for **damage**:

- to the property being handled by, conveyed by, processed by or contained in the **insured property** (unless the **damage** results from an **explosion**); or
- caused by leakage or lack of:
 - heat;
 - steam (other than following **explosion**);
 - cooling;
 - light; or
 - power.

10. Public authorities' requirements

If we accept a claim for **damage to insured property**, we will pay the reinstatement costs necessary to keep to a law or regulation, or any requirement of a local authority, that applies to the **damaged insured property** or its replacement. We will only pay these costs if the reinstatement work is completed within 12 months of the **damage** being caused, or within any further time that we allow.

We will not pay:

- any cost relating to undamaged property or any undamaged item of **insured property**;
- any tax, charge or assessment which arises out of capital appreciation (that is, any increase in the value of the **insured property**); or
- the cost of keeping to any notice issued before the **damage** happened.

11. Removing debris

If we accept a claim for **damage to insured property**, we will also pay the cost of dismantling, demolishing and removing **damaged insured property** and for any required protection of the **insured property**.

12. Storage tank contents

We will pay for loss of the contents and the cost of cleaning up the spilled or leaked contents from any storage tank included as **insured property damaged** whilst within the boundaries of the **insured location**.

13. Temporary and fast tracked repair

If we accept a claim for **damage to insured property**, we will pay the cost of making temporary repairs and fast-tracking a permanent repair, replacement or restoration.

14. Temporary plant

If you have **temporary plant** that suffers **damage** (including **damage** caused by the perils listed in 5 - 'Excluded perils' - under 'What we will not pay for' in this section) while it is at an **insured location** or in **transit** within the **territorial limits**, we will pay the amount you are legally liable to pay under any hiring agreement for:

- that **damage to temporary plant**;
- continuing hire charges for **temporary plant**; and
- your reasonable legal costs which you are required to pay, but only if we agree in writing. However, we will not pay any costs awarded against you.

What we will not pay for

We will not pay for the following.

1. Airborne and waterborne craft

Damage to insured property or temporary plant situated on, being loaded onto, unloaded from or moved by:

- airborne or waterborne vessels, craft or similar devices; or
- platforms or rigs;

unless otherwise covered under this section.

2. Application of tools

Damage caused by the proper use of tools to maintain, service or repair the **insured property**.

3. Excess

The amount shown as the 'Excess' in the schedule.

4. Excluded parts

Damage to:

- tyres caused by cuts, bursts, punctures or the application of brakes, unless arising from a malicious act; or
- bulbs, fuses, batteries, or any other consumable part of the **insured property** that requires periodic renewal, unless it forms part of other insured **damage**.

However, we will pay for **damage to the insured property** as a result of the causes above if we would otherwise have paid for the **damage** under your policy.

5. Excluded perils

Damage to insured property caused by:

- fire (however caused);
- lightning;
- explosion (other than **explosion** as defined);
- aircraft and other aerial devices or items dropped from them;
- earthquake;
- subsidence;
- flood, escape of water, storm, tempest, inundation;
- riot, civil commotion or an act of striking or locked out workers;
- escape of fire extinguisher fluid; or
- theft or attempted theft;

unless otherwise covered under this section.

6. Experiments and overload

Damage caused by intentional overloading, testing, experiment or deliberate application of any abnormal condition.

7. Guarantee, warranty or maintenance contract

The cost of repairing, putting right, replacing or restoring any **damage** if that cost can be recovered under any manufacturer's or supplier's guarantee or warranty, or any maintenance contract.

8. Improvements

Any cost of improving or overhauling **insured property** following **damage**, unless otherwise covered under extra cover 3 – 'Energy efficiency improvements'.

9. Normal upkeep

The cost of service or maintenance of the **insured property**.

10. Setting up risk

Damage to insured property while it is being installed, erected, tested, commissioned, dismantled, transported or removed, other than:

- when the **insured property** is being transported or removed under its own power while it is at an **insured location**;
- **damage** covered under extra cover 7 – 'Movement of insured property'; or
- **damage** caused while the **insured property** is temporarily removed from any **insured location** to be repaired, replaced, restored, serviced or modified.

11. Solidification

Damage to insured property caused by solidification unless that **damage** results from **damage** to the **insured property**.

12. Wear and tear

Damage to insured property caused by:

- wear and tear, gradual degradation, or rust;
- scratching or chipping of painted or polished surfaces;
- erosion or corrosion;
- reduction in performance; or
- any fault known about at the start of the **period of insurance**.

However, we will pay for **damage** to the **insured property** resulting from the causes above which we would otherwise have paid under your policy.

Section 2 - Deterioration of stock

As well as the claim conditions, general conditions and general exclusions, the following terms and conditions apply if the schedule shows that you have cover under section 2.

What we will pay for

If section 2 is shown as insured in the schedule, we will pay you for each **occurrence** of **deterioration** of the **insured stock** while it is stored inside a **cold chamber** which is permanently fixed within an **insured location** or within a public cold store, as long as the **deterioration** is as a result of one of the following taking place during the **period of insurance**.

- A change in temperature due to:
 - **damage** to a **cold chamber**;
 - any thermostat or controlling device of the **cold chamber** not working;
 - error or omission of the operator during ordinary operation of the **cold chamber**, other than through the failure to maintain;
 - failure of the public electricity supply at the terminal point of the supplier's feed to the **insured location**; or
 - **electronic derangement**.
- The action of escaped refrigerant fumes from the **cold chamber** machinery.

We will also pay for **deterioration** of the **insured stock** while in any temporary replacement **cold chamber** (including the **cold chamber** compartment of a refrigerated vehicle) at any third party premises within the **territorial limits**, for up to 14 days.

How much we will pay

We will pay the cost of replacing **deteriorated insured stock** up to the **sum insured** shown in the schedule.

Maximum we will pay

For all **deterioration** arising from each **occurrence**, we will pay up to the **sum insured** shown in the schedule, regardless of the number of people or organisations insured by the policy.

Any 'Extra cover limits' will be on top of the **sum insured** shown against 'Section 2' in the schedule.

Extra cover

If we have agreed to provide any of the extra cover below, this will be shown in the 'Extra cover limits' in the schedule and we will not pay more than these limits for each **occurrence**.

1. Cleaning and disinfection

If we accept a claim for **deterioration**, we will pay the cost of cleaning and disinfecting the **cold chamber**.

2. Disposal of insured stock

If we accept a claim for **deterioration**, we will pay the cost of removing or disposing of **deteriorated insured stock**.

3. Refrigerated vehicles

We will pay the cost of replacing **deteriorated insured stock** while stored in the **cold chamber** compartment of a refrigerated vehicle which is permanently situated at an **insured location** or in **transit** anywhere within the **territorial limits**.

Special conditions applying to section 2

1. Temperature readings

You must keep a record of temperature readings taken in each **cold chamber**. The readings must be taken:

- every morning and every afternoon on all days you are open for **business** at the **insured location**. These readings must be at least six hours apart; and
- once on days you are not open for **business**. The interval between readings must be no more than 24 hours.

If you use continuous temperature monitoring and recording equipment:

- you will need to provide evidence that temperatures are manually read at the time intervals given above; or
- the monitoring system must have a working alarm to alert you if the temperature is not within acceptable parameters, and when the **insured location** is unattended the alarm is connected to a receiving centre.

What we will not pay for

We will not pay for the following.

1. Deliberate act of a utility supplier

Any cost resulting from a deliberate act or failure of a utility supplier, grid operator or telecommunications operator, other than where that was necessary to protect life or prevent damage to property.

2. Excess

The amount shown as the 'Excess' in the schedule.

3. Excluded perils

Deterioration of insured stock caused by or arising from:

- fire (however caused);
- lightning;
- explosion (other than **explosion** as defined);
- aircraft and other aerial devices or items dropped from them;
- earthquake;
- subsidence;
- flood, escape of water, storm, tempest, inundation;
- riot, civil commotion or an act of striking or locked out workers;
- escape of fire extinguisher fluid; or
- theft or attempted theft;

unless otherwise covered under this section.

4. Machinery damage

Damage to the **cold chamber** containing **insured stock**.

Section 3 - Loss of income

As well as the claim conditions, general conditions and general exclusions, the following terms and conditions apply if the schedule shows that you have cover under section 3.

What we will pay for

If section 3 is shown as insured in the schedule, we will pay your **financial loss** resulting from an **insured event** during the **period of insurance**.

How much we will pay

We will pay your **financial loss** during the **indemnity period** as a result of an **insured event**.

When we are working out the amount to pay, we will take into account the circumstances that would have affected **income** at an **insured location** had the **insured event** not happened.

If, under section 1, a replacement for your **damaged** item of **insured property** is no longer being produced or is no longer available, and repairing the **damage** would not be economical (that is, if the cost of repairs is higher than the cost of replacing the **damaged insured property**), the maximum period we will pay for under this section will be:

- six months; or
- the **indemnity period**;

whichever is the shorter.

If you are a **new business**, we will pay the difference between your **income** during the **indemnity period** and during the period immediately before the loss, less any savings resulting from reduced costs.

Maximum we will pay

For all **financial loss** arising from each **occurrence** we will not pay more than 130% of your **sum insured**, as shown in the schedule, regardless of the number of people or organisations insured by the policy.

Any 'Extra cover limits' will be on top of the **sum insured** shown against 'Section 3' in the schedule.

Extra cover

If we have agreed to provide any of the extra cover below, this will be shown in the 'Extra cover limits' in the schedule and we will not pay more than these limits for each **occurrence**.

1. Anchor location

We will pay your **financial loss** resulting from **damage** to property at an **anchor location** which is of a similar type and function to the **insured property**.

For the purposes of this extra cover **damage** is to, and all references to '**insured property**' within the policy definitions are replaced by, property similar in type and function to the **insured property**.

2. Brands and labels

We will pay the cost to your **business** of salvaging, stamping on or removing the brands and labels from any goods **damaged** as a result of an **insured event**, as long as this will not cause further **damage** to the **insured property** or **deterioration** of the **insured stock**.

3. Claims preparation cost and accountants' fees

We will pay the cost of you providing us with the information we need to work out the amount we should pay, as a result of:

- extra staffing costs;
- extra fees charged by your usual auditors or accountants; or

- any goods used to provide the information we need.

4. Customers' extension

We will pay your direct customers, who are shown in the schedule, for their own reduction in profit as a direct result of an **insured event**, as long as:

- you are contractually bound to pay the direct customers for their reduction in profit; and
- the amount we pay will not include any of your direct customers' working expenses or standing charges which may end or be reduced as a result of the **insured event**.

If we agree in writing, we will also pay your **financial loss** following **damage to insured property** or **deterioration of insured stock** at your direct customers' premises.

5. Deterioration

If we accept a claim for **damage to insured property** and that **damage** causes **deterioration** which in turn causes further **damage** to the **insured property** we will also pay any further cost of repairs to the **insured property**.

6. Public relations costs

If we accept a claim for **financial loss**, and we agree in writing, we will also pay the cost of a professional public relations firm to help you create and distribute communications to:

- the media;
- the public; or
- your customers and clients.

7. Public utilities

If your **financial loss** continues beyond the **franchise** shown against this extra cover in the schedule, we will pay your **financial loss** following the failure of:

- the public electricity, gas or water supply at the terminal point of the supplier's feed to the **insured location**; or
- telecommunications at an **insured location**.

8. Reinstatement of data

If we accept a claim for **damage** to computer equipment that controls or operates an item of **insured property**, we will also pay the cost of reinstating lost data.

9. Suppliers' extension

We will pay your direct suppliers, who are shown in the schedule, for their own reduction in profit as a direct result of an **insured event**, as long as:

- you are contractually bound to pay the direct suppliers for their reduction in profit; and
- the amount we pay will not include any of your direct suppliers' working expenses or standing charges which may end or be reduced as a result of the **insured event**.

If we agree in writing, we will also pay your **financial loss** following **damage to insured property** or **deterioration of insured stock** at your direct suppliers' premises.

Special conditions applying to section 3

1. Damage or deterioration requirement

We will only pay a claim for **financial loss** resulting from **damage to insured property** or **deterioration of insured stock** if:

- the **damage** is covered under section 1 or the **deterioration** is covered under section 2; or
- we would not pay a claim under section 1 or 2 purely because we apply:
 - the **excess**; or
 - exclusion 7 – 'Guarantee, warranty or maintenance contract' - under 'What we will not pay for' in section 1.

What we will not pay for

We will not pay for the following.

1. Application of tools

Financial loss caused by the proper use of tools to maintain, service or repair the **insured property**.

2. Deliberate act of a utility supplier

Financial loss or any other cost resulting from a deliberate act or failure of a utility supplier, grid operator or telecommunications operator, other than where that was necessary to protect life or prevent damage to property.

3. Excluded perils

Financial loss resulting from **damage to insured property** or **deterioration of insured stock** caused by:

- fire (however caused);
- lightning;
- explosion (other than **explosion** as defined);
- aircraft and other aerial devices or items dropped from them;
- earthquake;
- subsidence;
- flood, escape of water, storm, tempest, inundation;
- riot, civil commotion or an act of striking or locked out workers;
- escape of fire extinguisher fluid; or
- theft or attempted theft;

unless otherwise covered under this section.

4. Franchise

Financial loss under extra cover 7 – 'Public utilities' - during the **franchise**, unless the **financial loss** continues beyond this period. If the **financial loss** is longer than the **franchise** there will be no deduction.

5. Indirect losses

Financial loss or any other cost resulting from:

- any lease, contract, licence or order ending or being suspended or cancelled;
- penalties of any kind;
- lack of, or guarantees of, performance;
- inefficiency or delay; or
- measures to eliminate or reduce losses from any of the causes stated above in this exclusion.

6. Solidification of contents

Financial loss resulting from the solidification of the contents of **insured property**, unless the solidification results from an **insured event** covered by the policy.

7. Time excess

Financial loss during the period of the **time excess**.

Extra cover applying to all sections

If we have agreed to provide any of the extra cover below, this will be shown in the 'Extra cover limits' in the schedule and we will not pay more than these limits for each **occurrence**.

1 Investigation cost

If we accept a claim for **damage to insured property** or **deterioration of insured stock**, and we agree in writing, we will pay the cost of investigating possible repair, replacement or restoration.

2 Loss prevention measures

We will pay the cost of preventing or minimising actual or expected **damage to insured property** or **deterioration of insured stock** covered by the policy, as long as:

- **damage** or **deterioration** would be expected if the measures were not taken;
- we are satisfied that the **damage** or **deterioration** has been prevented or minimised by these measures;
- the cost is limited to the cost of **damage** or **deterioration** which would have been caused; and
- the expected **damage** arises from a cause that could not be foreseen.

We will only pay this cost if the expected **damage** does not arise from any **defect** in the **insured property** (see general condition 8 - 'Discovering a defect').

The full terms and conditions of the policy apply as if **damage** or **deterioration** had arisen.

Claim conditions

You must keep to the following conditions whenever you need to make a claim under the policy. If you do not meet these conditions, and this reduces our legal or financial rights under the policy, we may refuse to pay part or all of your claim.

1. Reporting a claim

It is a **condition precedent** of your policy that as soon as you know about any incident or circumstance that may result in a claim that you tell the person who arranged the policy (or us), providing full details, as soon after the incident or circumstance as possible and within 14 days if as a result of riot, civil commotion, strike, locked-out workers or people taking part in labour disturbances.

As soon as you know about any incident or circumstance that may result in a claim you must also:

- take all reasonable steps and precautions to prevent further **damage to insured property, deterioration of insured stock, financial loss** or other loss;
- immediately tell the police about any **damage to insured property, deterioration of insured stock, financial loss** or other loss relating to crime and get a crime reference number;
- keep any **damaged insured property, deteriorated insured stock** and other evidence and allow us to inspect it; and
- give us details of any other insurances you may have which may cover **damage to insured property, deterioration of insured stock, financial loss** or other loss insured by this policy.

In addition, for any incident or circumstance that may result in a claim you must:

- immediately send us every letter, writ, summons or other document you receive in connection with the claim;
- co-operate with us fully and provide all the information we need to investigate your claim;
- tell us if lost or stolen **insured property** is recovered or if you recover money from a third party (you may need to give the **insured property** or money to us); and
- not admit responsibility or agree to pay any money on our behalf without our written permission.

2. Fraudulent claims

If you (or anyone acting for you) make a claim that you know is in any way false or exaggerated, we will not pay the claim and we may cancel your policy from the time of the fraudulent act relating to your claim (see 'Our rights to cancel your policy' on page ?). We may also cancel any other policies you have with us.

3. Enforcing your rights

We may, at our expense, take all necessary steps to enforce your rights against any third party. We can do this before or after we pay a claim. You must not do anything before or after we pay your claim to affect our rights and you must give us any help and information we ask for.

4. Controlling a defense

We can, but do not have to, take control of investigating, settling or defending any claim made against you. If necessary, we will appoint an adjuster, solicitor or any other appropriate person to deal with the claim. We may appoint your solicitor, but only on a fee basis similar to that of our own solicitor, and only for work done with our written permission. We would take this action in your name. We will only defend claims if we think there is a reasonable chance of being successful, and after taking the costs of the defence into account.

5. Other insurance

If there is any other insurance covering your claim, we will only pay our share, even if the other insurer refuses the claim or disputes their share of the claim.

6. Salvage and recoveries

If you have made a claim and you later recover the **insured property**, or recover money from a third party, you must tell us immediately. If we have paid the claim, you must give the **insured property** or money to us.

If we have paid a claim and we then recover the **insured property**, or recover money from a third party, we will give you any proceeds above the amount we paid you in connection with the claim.

Any amount due from you or us must be paid as soon as reasonably possible.

General conditions

The following conditions apply to the whole policy. If you do not keep to any condition of the policy, and that condition is relevant to your claim, we may refuse to pay part or all of the claim.

1. Abandonment

You are not entitled to abandon the **insured property**, whether or not we have taken possession of it.

2. Adjustment of premium

If, at the start of the **period of insurance**, we have charged a **deposit premium** for any section of the policy, we will adjust the premium payable at the end of the **period of insurance**. The adjusted premium will be the **calculated premium**. If the **calculated premium** is more than or less than the **deposit premium**, you will pay or we will refund the difference.

The minimum premium we will charge for the policy is the 'Minimum retained premium' shown in the schedule. If the **calculated premium** is less than the minimum retained premium, then the minimum retained premium will replace the **calculated premium** when we determine any refund.

3. Average

If the **sum insured** or **total insured value** set against an item of **insured property** or **insured stock** is less than the value of the insured property or **insured stock** at the time of any **damage, deterioration** or **financial loss** you will be considered your own insurer for the difference, which means that you must pay the appropriate proportion of the **damage, deterioration** or **financial loss**.

4. Caring for the insured property

You must:

- keep to any law or regulation, including food regulation, relevant to the **insured property** and **insured stock**;
- make sure that the **insured property** is maintained, inspected and tested as recommended by the manufacturer;
- make sure that a contract is in place so that your **cold chamber** is maintained, inspected and tested at least every six months (only applicable if you are covered under section 2);
- keep records of all maintenance procedures and maintenance carried out, and make them available to us when we ask for them;
- take all reasonable steps and precautions to prevent or reduce **damage to insured property, deterioration of insured stock** and **financial loss**; and
- not continue to use **insured property** after **damage**, unless we have given our written permission.

If you do not keep to this condition, we may cancel your policy (see "Our rights to cancel your policy" on page 5).

5. Change in risk

Your cover will not be affected by any act, failure to act or change in circumstance that you could not have known about or controlled and which increases the risk of **damage to insured property, deterioration of insured stock** or **financial loss**.

As soon as you (or anyone acting for you) become aware of any act, failure or change in circumstance which may affect your policy, you must tell us as soon as possible and keep to any extra terms and conditions we set. This applies to any change of circumstance which arises, whether before or during the **period of insurance**, including before we renew your policy.

6. Contracts (Rights of Third Parties) Act 1999

Any person or company who is not named in the schedule has no right under the Contracts (Rights of Third Parties) Act 1999 (or any other law) to enforce any term of the policy.

7. Declarations

For all sections insured under this policy for which we have charged a **deposit premium** you must provide the following to us within 60 days of the end of the **period of insurance**.

- The total value of **insured property** at the end of the **period of insurance** (section 1).
- The total value of **insured stock** at the end of the **period of insurance** (section 2).
- Your actual **income** during the **period of insurance** (section 3).

We will rely on the declarations you provide under this general condition to adjust the premium in line with general condition 2 - 'Adjustment of premium'.

8. Discovering a defect

If you find out about a **defect** which has not yet resulted in **damage**, you must investigate it as soon as possible and, if necessary, correct the **defect** in all **insured property** at your own expense.

9. Fair presentation

You must make a fair presentation by disclosing and not misrepresenting every material circumstance which you know or ought to know when you first buy your policy, ask us to make a change or when you renew it.

If you fail to make a fair presentation and if:

- your failure is deliberate or reckless, we will treat your policy as if it never existed, and keep any premium you have paid. If your failure occurs during a change to your policy we will terminate your policy from the date of that change, refuse subsequent claims and keep any premium you have paid.
- your failure was not deliberate or reckless and we would not have issued your policy had you made a fair presentation, we will treat your policy as if it never existed, refuse any claims and return any premium you have paid. If your failure occurs during a change to your policy we will treat your policy as though the change was not made, and return any extra premium you paid.
- your failure was not deliberate or reckless and we would have issued or changed your policy on different terms had you made a fair presentation, we will;
 - alter the terms of your policy to those we would have imposed (other than those relating to premium); and/or
 - reduce the amount paid or payable on any claim in proportion to the amount of additional premium we would have charged.

10. Maintenance contracts

Before the **period of insurance**, you must tell us if any maintenance contract on the **insured property** or **cold chamber** will end during the **period of insurance**. We may then change the terms of your policy.

11. More than one insured

If more than one insured is named in the schedule, the first named insured will receive all notices and agree any changes to the policy and will be treated as acting for all the named insureds. We will not remove any named insured without their permission.

For any claim, the total amount we will pay will not be more than the **sum insured** or **limit of liability**, regardless of the number of people or organisations insured by the policy.

12. Paying the premium

You must pay the premium on or before the start of the **period of insurance** or on dates agreed by us.

If you do not pay a premium on time, we may cancel the policy (see 'Our rights to cancel your policy' on page 5).

13. Right to survey

If we ask, you must give us access to your **insured location** at an agreed date and time to carry out a risk survey.

If you do not keep to this condition we may cancel the policy (see 'Our rights to cancel your policy' on page 5).

14. Tax

Any claim we pay will not include VAT unless you cannot recover part or all of the VAT you have paid.

General exclusions

The following exclusions apply to the whole of your policy.

We will not pay for any claim caused by or resulting from the following.

1. Electronic data and date recognition

- A denial of service attack (any actions or instructions intended to damage, interfere with or affect the availability or performance of networks, network services, network connectivity or telecommunication systems).
- Electronic equipment not being able to correctly recognise, process or store any date.

2. Intentional acts

Any intentional act or failure by you, unless this is a measure to prevent or reduce injury, **damage**, **deterioration** or **financial loss**.

3. Inspection Service Exclusion Clause

Where we are not contracted to carry out the statutory inspections of the insured property 'Condition 4 – Caring for your insured property' is amended to include:

- Provide confirmation that the statutory inspections are being carried out
- Provide sight of the current inspection certificate in the event of a loss

4. Nuclear risks

- Ionising radiation from, or contamination by, radioactivity from any nuclear fuel or nuclear waste, or from burning nuclear fuel.
- The radioactive, toxic, explosive or other dangerous properties of any nuclear installation, reactor or other nuclear equipment, or any nuclear part of them.
- Any weapon or device using atomic or nuclear fission, fusion or similar reaction, or radioactive force or material.
- The radioactive, toxic, explosive or other dangerous properties of any radioactive material.
- Any chemical, biological, biochemical or electromagnetic weapon.

5. Pollution

Pollution, except as shown in extra cover 1 – 'Contamination' in section 1.

6. Property being confiscated

Your property being confiscated or **damaged** by, or under the order of, any government, public authority or local authority.

7. Sanction limitation

We will not make any payment under the policy if doing so would expose us to any sanction, prohibition or restriction under any United Nations resolutions, or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America.

8. Terrorism

- Any **act of terrorism**, regardless of any other cause or event contributing to the **damage**, **deterioration** or **financial loss**.
- Civil commotion in Northern Ireland.
- Any action taken to control, prevent, suppress or in any way deal with any **act of terrorism**.

9. Unexplained events

Damage or **deterioration** which is discovered when carrying out checks or inventories and cannot be accounted for.

10. War

War, invasion, hostilities (whether war is declared or not), civil war, rebellion, revolution or uprising.

This general exclusion does not apply to any **damage, deterioration or financial loss** resulting from, or caused by, weapons of war which were not discovered before the start of the **period of insurance**, as long as there is no war in the country where the **insured property or insured stock** is during the **period of insurance**.

11. Your insolvency or bankruptcy

Your insolvency or bankruptcy.

