

## F&I ASSETS ALL RISKS POLICY



Coverholder at **LLOYD'S**



## Welcome to F&I Risk Managers

**Your policy provides cover for the sections and the period of insurance shown in your schedule**

The policy is an agreement between you or your company (shown in the schedule as the "insured") and us, Factory & Industrial (Pty) Ltd and underwritten by Lloyd's of London. The insurance is based on the information you have provided either on a proposal form or by a statement of facts. Please remember to inform us if this information changes. We must be informed of any changes to Material Fact's that may affect the risk.

The policy must be read together with the schedule as these and any endorsements form part of a single contract. Please ensure that the cover provided meets your requirements. If not, please contact us or your broker as soon as possible.

Thank you for choosing us as your insurer. We will gladly provide any assistance you may need. Our contact details are listed below :

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### F&I ASSETS ALL RISKS POLICY

**Subject to** the terms exceptions conditions (precedent or otherwise) and in consideration of and conditional upon the prior payment of the premium by or on behalf of the Insured and receipt thereof by or on behalf of the Insurers.

**The Insurers specified in the Schedule agree** each for the percentage share expressed in the Schedule and with the liability of each such Insurer individually being limited to the percentage share set against its name, to indemnify or compensate the Insured by payment or, at the option of the Insurers, by replacement, reinstatement or repair, in respect of the Insured Events occurring during the period of insurance up to the sums insured, limits of indemnity, compensation and other amounts specified.

When more than one Insurer participates in this insurance, the expression "Insurer" shall be amended to "Insurers" wherever it appears in this Policy. In this event the percentage share of each Insurer will be as expressed in the schedule of this Policy and the liability of each such Insurer individually shall be limited to the percentage share set against its name.

**Specific** exceptions, conditions and provisions shall override general exceptions, conditions and provisions.

**Insurers** shall not be liable under more than one Insured Event in respect of loss or damage arising from the same occurrence in respect of the same loss or damage.

**This Policy** together with its Schedules, Specifications, Sections and any endorsements thereto shall be read as one contract and any word or expression to which a specific meaning has been attached in any part thereof shall bear the same meaning wherever it may appear.



## GENERAL ENDORSEMENT(S) and WARRANTIES APPLICABLE TO THIS POLICY

### 1. Warranties / Conditions

#### **Fire Section**

##### **Fire Fighting Equipment Condition**

It is a condition, precedent to the insurer's liability, that the Fire Fighting equipment shall be installed, tested and serviced on an annual basis and shall comply with the requirements of Regulation T1, T2 (SANS 10400) of the National Building Regulations.

##### **Sprinkler Warranty – (where applicable)**

###### **It is warranted that:**

1. The OS&Y (Outside Screw and Yoke) main sprinkler valve/s of the Sprinkler system/s shall be chained and locked in an open (operable) position at all times unless the Sprinkler system/s are rendered inoperable due to their undergoing maintenance or repairs.
2. Whenever a Sprinkler system is rendered inoperable, due to maintenance or repairs, the Insured shall immediately;
  - (a) alert the local Fire Brigade and
  - (b) notify the Company of the period that the System is expected to be out of commission.
3. Precedent to the Company's liability for the payment of a fire claim, the Insured must be in possession of a current ASIB (Automatic Sprinkler Inspection Bureau) certificate of compliance in respect of the Sprinkler system/s installed at the insured premises.

##### **Pallet Condition – (applicable where stock that is subject to water damage )**

It is condition, precedent to the insurer's liability under this policy, that stockpiles of goods at the premises are stored on standard pallets - a distance of approximately 100 mm from the floor surface.

#### **Theft & Electronic Equipment Sections.**

##### **Burglar Alarm Condition**

Precedent to the insurer's liability, it is a condition that the radio siren alarm installed at the insured premises;

- a) is a SAIDSA\* approved system that is linked to a recognised bona fide armed response service provider and
- b) is fully operational whenever the premises are not occupied and
- c) is maintained in a proper working order under a current maintenance contract with the Alarm supplier or service provider.

\* SAIDSA = *South African Intruder Detection Security Association.*

#### **Money Section**

##### **Money in Transit Warranty**

It is warranted that, in respect of conveyances of money between the Insured's premises and any bank or similar institution:

- (a) Money up to an amount of R15000 must be conveyed by the Insured Principal and / or a senior employee of the Insured.
- (b) Money amounting to between R15001 and R50000 must be conveyed by at least two of the Insured Principals or by two senior employees of the Insured.



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( Such conveyances, as fall within (a) and (b) above, must be direct and uninterrupted journeys between the Insured's premises and any bank or similar institution ).

(c) Money in excess of R50000 must be conveyed by a bona fide professional armed security organisation.

### **Business All Risks & Electronic Equipment Sections.**

#### **Locked Vehicle Warranty – (always applicable)**

It is warranted that in respect of portable digital / electronic equipment (Eg. Cameras, Mobile phones, Laptop computers and the like) whilst being transported in vehicles:

- (a) Such equipment shall be placed out of view and the vehicle shall be locked when unattended.
- (b) Cover for theft of such equipment shall be restricted to forcible and violent entry into an unattended vehicle.

### **Electronic Equipment Section**

#### **Dongle Condition**

*This condition shall apply if a Dongle (a specialised software application) is a specifically insured item or is included in a general description of insured equipment.*

It is a condition precedent to the insurer's liability that Dongles must be removed from computers at all times when the premises are closed to normal business operations and locked in a safe or in another secure area that is separated from the room or area where the computer that utilises the Dongle is located. If this condition is not complied with, the company shall be liable only for loss of or damage to the computer and not for any claim in respect of the Dongle or any licence required for the operation of the system.

#### **Power Surge Protection and Uninterrupted Power Supply**

It is a condition precedent to this insurance that all insured electronic equipment (prone to lightning damage, power spikes or fluctuations in electrical flow or voltage) is safeguarded by the installation of Power Surge Protection and Uninterrupted Power Supply equipment and that such equipment complies with and is installed in accordance with the requirements of South African Bureau of Standards Code of Practice ( SABS 0142).



## GENERAL EXCEPTIONS

### 1. STANDARD SAIA EXCLUSIONS

This policy does not cover loss of or damage to property related to or caused by:

- (A) (i) civil commotion, labour disturbances, riot, strike, lockout or public disorder or any act or activity which is calculated or directed to bring about any of the foregoing;
- (ii) war, invasion, act of foreign enemy, hostilities or warlike operations (whether war be declared or not) or civil war;
- (iii) (a) mutiny, military or usurped power, martial law or state of siege, or any other event or cause which determines the proclamation or maintenance of martial law or state of siege;
- (b) insurrection, rebellion or revolution;
- (v) any act (whether on behalf of any organisation, body or person or group of persons) calculated or directed to overthrow or influence any State or Government or any provincial, local or tribal authority with force or by means of fear, terrorism or violence;
- (v) any act which is calculated or directed to bring about loss or damage in order to further any political aim, objective or cause, or to bring about any social or economic change, or in protest against any State or Government or any provincial, local or tribal authority, or for the purpose of inspiring fear in the public or any section thereof;
- (vi) any attempt to perform any act referred to in clause (iv) or (v) above;
- (vii) the act of any lawfully established authority in controlling, preventing, suppressing or in any other way dealing with any occurrence referred to in clause A (i), (ii), (iii), (iv), (v) or (vi) above.

If the company alleges that, by reason of clause A (i), (ii), (iii), (iv), (v), (vi) or (vii) of this exclusion, loss or damage is not covered by this policy, the burden of proving the contrary shall rest on the insured.

- (B) This policy does not cover loss or damage caused directly or indirectly by or through or in consequence of any occurrence for which a fund has been established in terms of the War Damage Insurance and Compensation Act, 1976 (No. 85 of 1976) or any similar Act operative in any of the territories to which this policy applies.
- (C) Notwithstanding any provision of this policy including any exclusion, exception or extension or other provision not included herein which would otherwise override a general exclusion, this policy does not cover loss of or damage to property or expense, of whatsoever nature directly or indirectly caused by arising out of or in connection with any act of terrorism regardless of any other cause or event contributing concurrently or in any sequence to the loss, damage or expense.

For the purposes of clause (C) of this General Exclusion, an act of terrorism includes, without limitation, the use of violence or force or the threat thereof whether as an act harmful to human life or not, by any person or group of persons, whether acting alone, or on behalf of or in connection with any organisation or government, or any other person or body of persons, committed for political, religious, personal or ideological reasons or purposes including any act committed with the intention to influence any government or for the



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purpose of inspiring fear in the public or any section thereof. If the company alleges that by reason of clause (C) of this Exclusion, loss or damage is not covered by this policy, the burden of proving the contrary shall rest on the insured.

### THIS POLICY DOES NOT COVER

#### 2. NUCLEAR EXCLUSION (Except as regards the Fidelity, Stated Benefits and Group Personal Sections)

any legal liability, loss, damage, cost or expense whatsoever or any consequential loss directly or indirectly caused by or contributed to by or arising from:

- (i) ionising radiations or contamination by radio - activity from any nuclear fuel or from any nuclear waste from the combustion or use of nuclear fuel.
- (ii) nuclear material, nuclear fission or fusion, nuclear radiation:
- (iii) nuclear explosives or any nuclear weapon:
- (iv) nuclear waste in whatsoever form:

regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

For the purpose of this exclusion only, combustion shall include any self-sustaining process of nuclear fission.

#### 3. ENVIRONMENTAL IMPAIRMENT EXCLUSION

Notwithstanding anything contained to the contrary herein this policy excludes costs and expenses incurred by the Insured in cleaning up, removing or nullifying pollution or contamination of air, soil or water whether on or off the premises of the Insured provided that this Exception shall not refer to the cost of removal of surface debris including but not limited to water, mud and damaged property, not exceeding mechanical removal and replacement of topsoil (including the costs associated therewith) as may be necessary for clearance of or regaining access to site following any insured Event.

#### 4. COMPUTER LOSS EXCLUSION

**Applicable to all sections of this policy insuring damage to property or the consequences of damage to property or any liability**

Notwithstanding any provision of this policy including any special exclusion or extension or other provision not included herein which would otherwise override a general exclusion, this policy does not cover:

- a) loss or destruction of or damage to any property whatsoever (including a computer) or any loss or expense whatsoever resulting or arising therefrom;
- b) any legal liability of whatsoever nature;
- c) any consequential loss;

directly or indirectly caused by or contributed to by or consisting of or arising from the incapacity or failure of any computer, correctly or at all.

- i) to treat any date as the correct date or true calendar date, or correctly or appropriately to recognise manipulate interpret process store receive or to respond to any data or information, or to carry out any command or instruction, in regard to or in connection with any such date or



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- ii) to capture save retain or to process any information or code as a result of the operation of any command which has been programmed into any computer,
- ii) to capture save retain or to process any information or code due to programme errors, incorrect entry or the inadvertent cancellation or corruption of data and or programmes
- iii) being a command which causes the loss of data or the inability to capture save retain or correctly to process such data in regard to or in connection with any such date or
- iv) to capture save retain or to process any data as a result of the action of any computer virus, or other corrupting, harmful or otherwise unauthorised code

or instruction including any trojan horse, time or logic bomb or worm or any other destructive code, media or programme or interference

A computer includes any computer, data processing equipment, microchip, integrated circuit or similar device in computer or non-computer equipment or any computer software, tools, operating system or any computer hardware or peripherals and the information or data electronically or otherwise stored in or on any of the above, whether the property of the Insured or not.

### Special Extension to the above General Exclusion

- A Loss or destruction of or damage to the insured property by fire, explosion, lightning, earthquake or by the special perils referred to in B below or indemnified by the Glass, Employer's Liability, Stated Benefits, Group Personal Accident or Motor section is not excluded by this General Exclusion.
- B The special perils that are not excluded for the purpose of this special extension are damage caused by:
1. storm, wind, water, hail or snow excluding damage to property
    - a) arising from its undergoing any process necessarily involving the use or application of water;
    - b) caused by tidal wave originating from earthquake or volcanic eruption;
    - c) in the underground workings of any mine;
    - d) in the open (other than buildings structures and ) Unless so described and plant designed to exist or operate in the open); ) specifically
    - e) in any structure not completely roofed; ) insured as a separate item
    - f) being retaining walls; )
  2. aircraft and other aerial devices or articles dropped therefrom;
  3. impact by animals, trees, aerals, satellite dishes or vehicles excluding damage to such animals, trees, aerals satellite dishes or vehicles or property in or on such vehicles.

These special perils do not cover wear and tear or gradual deterioration.

- C The above General Exclusion also does not apply to consequential loss as insured by any Business Interruption indemnity provided by this policy to the extent that such consequential loss results from damage to insured property by the perils referred to in A above.
- D This Special Extension will not insure any loss destruction, damage or consequential loss if it would not have been insured in the absence of this Computer Loss General Exclusion and this Special Extension.





E This Special Extension shall not apply to any Public Liability indemnity.

### 5. CONSEQUENTIAL LOSS

Loss of earnings loss by delay loss of market or other consequential loss or damage of any kind except as specifically provided.

### 6. COVER UNDER MARINE POLICIES

Destruction of or damage to property which at the time of the happening is insured by or would but for the existence of this policy be insured by any marine policy or policies except for any excess beyond the amount which would have been payable under the marine policy or policies had this insurance not been effected

### 7. CONVULSIONS OF NATURE

Loss or damage occasioned by or through or in consequence directly or indirectly of volcanic eruption, tidal wave, hurricane, cyclone or other convulsions of nature unless specifically insured and named in the policy.

## GENERAL PROVISIONS

1 **The Deductible** (1.1 shall apply unless by endorsement one of 1.2 to 1.6 is selected)

#### 1.1 Sectional per Event

Any amount payable by Insurers in terms of this Policy shall be reduced by the amount of any Deductible applicable to an Insured Event under that Section. It is a condition that the amount of any Deductible is not otherwise insured (unless advised to and agreed by the Insurers).

#### 1.2 Combined per Occurrence

The amounts payable by Insurers in terms of Property Damage and Business Interruption related to the same occurrence shall be reduced by the amount of any Combined Deductible applicable to such occurrence. It is a condition that the amount of any such combined Deductible is not otherwise insured (unless advised to and agreed by the Insurers).

#### 1.3 Aggregate Deductible

The maximum amount to be borne by the Insured in respect of the Sectional or Combined Deductible applicable to all occurrences during the then current period of insurance.

#### 1.4 Threshold Deductible

The first amount to be borne by the Insured in respect of each and every occurrence and which shall not be included in any Aggregate Deductible calculation.



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### **1.5 Inner Deductible**

The first amount to be borne by the Insured in respect of each and every occurrence before the application of any other Deductible and which shall not be included in any Aggregate Deductible calculation.

### **1.6 Residual Deductible**

The first amount to be borne by the Insured in respect of each and every occurrence following exhaustion of the Aggregate Deductible.

## **2 Payments on Account**

Payments on account may be made to the Insured at the discretion of the Insurers.

## **3 Basis of Indemnity**

The indemnity under this Policy is on an occurrence basis. Occurrence, whenever referred to in the Policy, its Schedules or Sections, shall mean an occurrence or series of occurrences arising from one event or original cause.

## **4 Claims Preparation Costs**

This section covers the reasonable expenses incurred by the insured in producing and certifying any particulars or details required by the company in terms of general condition 3 such as professional services by auditors, accountants, architects, and engineers, except the Insured's own employees or public adjusters, but limited to the sum insured stated in the specification..

## **5 Payment of Premiums**

Premium is payable on or before the inception date or renewal date as the case may be. The Insurers shall not be obliged to accept premium tendered to them after inception date or renewal date as the case may be but may do so upon such terms as they, at their sole discretion, may determine.

## **GENERAL CONDITIONS EXCEPTIONS AND PROVISIONS**

### **1 Prevention of Loss**

The Insured shall take reasonable steps to:

- 1.1 safeguard the Property Insured;
- 1.2 maintain in efficient condition all plant, machinery and equipment owned by them;
- 1.3 prevent accidents and minimise loss or damage.

### **2 Misrepresentation/Alteration**

This Policy shall be voidable with regard to that portion of the Property Insured in priority to the Policy as a whole if:

- 2.1 there is misrepresentation, misdescription or non-disclosure of any material particular;
- 2.2 there is alteration after the commencement of this insurance:
  - 2.2.1 whereby the Insured's interest ceases except by operation of law unless such alteration has been agreed to by the Insurers;



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**2.2.2** the risk of accident, loss or damage is increased unless such alteration has been agreed to by the Insurers.

**2.3** the Insured breaches any warranty or condition.

### **3 Claims**

**3.1** On the occurrence of an Insured Event the Insured shall as soon as practicable and at their own expense:

**3.1.1** notify Insurers and give details of any other insurance covering the same event;

**3.1.2** inform the police of any claim involving theft or (if required by the Insurers) loss of property and take all practicable steps to discover the guilty party and recover the stolen or lost property;

**3.1.3** provide the Leading Insurer on behalf of Insurers with full particulars of the claim and such proofs, information and sworn declarations as the Leading Insurer may require;

**3.1.4** co-operate with the Leading Insurer, or their nominees, on behalf of the Insurers in minimising the loss or damage.

**3.2** A claim shall not be payable if:

**3.2.1** the Insured makes any admission, statement, offer, promise, payment or indemnity without the prior written consent of the Insurers;

**3.2.2** twenty four months has elapsed since the occurrence of the Insured Event unless the claim is the subject of pending legal action;

**3.2.3** it is rejected and legal action is not commenced within twelve months of the rejection;

**3.2.4** this condition has not been complied with and, in the event of non-compliance, any payment on account already made shall be repaid to the Insurers forthwith.

### **4 Insurers' Rights**

**4.1** On the occurrence of an Insured Event the Leading Insurer or its nominees may, on behalf of the Insurers and without incurring any liability or in any way diminishing Insurers' rights:

**4.1.1** take, enter or keep possession of any building or premises where loss or damage has occurred and take possession of any Property Insured and deal with it in any reasonable manner. This condition shall be evidence of the leave and licence of the Insured to the Leading Insurer on behalf of all Insurers to do so. The Insured shall not be entitled to abandon any property to the Insurers whether already in the possession of the Leading Insurer or not;



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**4.1.2** prosecute in the name of the Insured for the Insurers benefit any claim for indemnity or damages or otherwise.

**4.2** The Insured shall, at the expense of the Insurers, do and permit do be done all such things as may be necessary or reasonably required by the Insurers for the purpose of enforcing any rights to which Insurers shall be or would become subrogated whether such things shall be required before or after indemnification.

### **5 Other Insurances**

**5.1** If at the time of any event giving rise to a claim under this Policy an insurance exists with any other insurer covering the Insured against the same Insured Event the Insurers shall be liable to pay or contribute only a rateable proportion of the amount payable in respect of such event.

**5.2** Where such policy contains any provision excluding it from ranking concurrent with or contributing rateably to this Policy Insurers shall not be liable for more than such proportion of the loss or damage as the sum insured hereby bears to the value of the Property Insured.

**5.3** If such other policy is subject to any condition of average this Policy, if not already subject to any condition of average, shall be subject to average in like manner.

### **6 Cancellation**

This Policy may be cancelled by the Insured giving immediate notice or by the Insurers giving thirty days notice in writing to the Insured. Subject to general condition 7, a pro-rata return of premium calculated from the expiry of the period of notice to the expiry of the then current period of insurance will be allowed.

If any section of this policy is cancelled during the currency of a period of insurance the applicable aggregate deductible(s) shall be adjusted pro rata to the actual period of insurance and the adjustment shall be prepared against such figures.

### **7 Adjustment of Premium**

If the premium for any section of this Policy or any part thereof is subject to adjustment on declaration such adjustment shall be made at the expiry of each period of insurance and the

Insured shall, at all times, keep adequate records of the particulars relative to the declaration required and shall make such records available to Insurers at the intervals provided for or on request.

### **8 Reinstatement of Sum Insured (not applicable to stock insured on a declaration basis)**

In consideration of sums insured not being reduced by the amount of any valid claim the Insured shall, if required, pay a pro-rata premium on the amount of the valid claim from the date of reinstatement or replacement, whichever is the later, to the expiry of the then current period of insurance.



### **9 Fraud**

If any claim under this Policy is in any respect fraudulent or if any fraudulent means or devices are used by the Insured or anyone acting on their behalf to obtain any benefit under this Policy or if any loss or damage be occasioned by the wilful act or with the connivance of the Insured all benefit under this Policy in respect of such claim shall be forfeited.

### **10 Jurisdiction**

This Policy is subject to the laws of the Republic of South Africa whose courts shall have sole jurisdiction to the exclusion of the courts of any other country. Where payment is to be made to or by the Insurers it shall be made in the currency of the Republic of South Africa at the Insurers' head offices unless otherwise allowed.

### **WAIVER OF RIGHTS**

**11.1** In the event of any rights of recovery having been inadvertently waived by the Insured or by any employee without authority so to do under a contract, agreement, lease or other undertaking entered into in the ordinary course of the business prior to the occurrence of any damage, this insurance shall not be prejudiced thereby.

**11.2** In the event of a claim arising under this Policy the Insurers agree to waive any rights, remedies or relief to which they might become entitled by subrogation (but only in excess of the amount recovered under any policy providing an indemnity for liability to third parties) against

**11.2.1** any company standing in relation to the Insured of Holding Company to Subsidiary or Controlled Company

**11.2.2** any company standing in relation to the Insured of Subsidiary or Controlled Company to Holding Company

**11.2.3** any company which is a Subsidiary or Controlled Company of the same Holding Company of which the Insured are themselves a Subsidiary or Controlled Company

**11.2.4** any third party to the extent that the right of recovery may have been limited by way of contract entered into between the Insured and such party

**11.2.5** any director or employee of the Insured and/or member of their families.

as defined in the Companies Act 1973 (as amended)



## SECTION 1 - PROPERTY DAMAGE

### PROPERTY INSURED

All tangible property belonging to or leased to or hired by the Insured or held in trust or on commission for which they are responsible or for which they have undertaken to arrange insurance but excluding:

- 1      bullion, furs, jewellery, precious and semiprecious stones and metals, Kruger Rands and similar coins, rare books and works of art;
- 2      money which shall mean current coin, bank and currency notes, travellers and other cheques, money and postal orders, current unused postage, revenue and holiday pay stamps, script and share certificates, credit card slips and other certificates, documents or instruments of a negotiable nature;
- 3      property in transit other than within the Insured's own premises;
- 4      property which is or would, but for the existence of this Policy, be insured or insurable by any marine insurance policy except in respect of any excess beyond the amount that would have been recoverable under such marine insurance policy;
- 5      property more specifically insured;
- 6      **6.1**     railway locomotives, rolling stock and other railway property;
- 6.2**     aircraft, watercraft;
- 6.3**     mechanically propelled vehicles or vehicle chassis, mobile plant, caravans and trailers but this exception shall not apply to fork-lift trucks and other special types not licensed for road use whilst confined to the Insured's premises.
- 7      plants, seedlings, trees, shrubs, nursery stock, vegetative cuttings, clones and their parent stock, growing crops whether fruit, vegetables, flowers or grain and other growing agricultural, silvicultural or horticultural produce of whatsoever nature and any other vegetation (whether cultivated or not);
- 8      **8.1**     animals or birds or;
- 8.2**     land (which shall include topsoil and back-fill), aviation runways, dams (including the contents thereof), canals, docks, jetties, wharves, piers, excavations and (unless stated as insured in the specification) drainage culverts, driveways, pavements and roads
- 8.3**     reservoirs and pipelines (including the contents thereof), tunnels, bridges, cables or cableways, all external to the Premises
- Provided 8.2 and 8.3 shall apply unless stated as insured in the specification
- 9      explosives;
- 10     overhead transmission and distribution lines and their supporting structures other than those situated on or within 150 metres of the Premises;



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- 11 earthworks and property or structures in the course of construction, erection or dismantling including materials and supplies related thereto otherwise than as provided for in clause 16 (temporary removals);
- 12 mining property below ground level;
- 13 property in the possession of clients under lease, rental, credit and suspensive sale agreements;
- 14 outstanding debts;
- 15 property damaged as the result of its undergoing any process of heating or drying or any process necessarily involving the use of water;
- 16 catalysts or any like process agent in situ for the expended period relative to its expected functional cycle;
- 17 the personal effects, including pedal cycles and tools, of any director or employee lost or damaged whilst on the business of the Insured anywhere in the world if such property is otherwise insured. If not insured the amount payable shall not exceed in respect of any one individual the lesser of the sum insured/limit of indemnity or R 5 000 and in respect of any one occurrence the sum insured/limit of indemnity.

### **INSURED EVENTS**

Physical loss of or damage to the Property Insured whilst at the Premises, unless otherwise specifically provided, by:

#### **INSURED EVENT 1 : FIRE AND ALLIED PERILS**

- 1.1 fire, explosion, lightning.
- 1.2 **SPECIAL PERILS** which shall mean
  - 1.2.1 storm, wind, water, hail, snow, but excluding loss or damage:
    - 1.2.1.1 to property in the underground workings of any mine;
    - 1.2.1.2 to property in the open or in any structure not completely roofed other than property designed to exist or operate in such conditions.
  - 1.2.2 aircraft, other aerial devices and articles dropped therefrom;
  - 1.2.3 impact by animals, vehicles or articles dropped therefrom but excluding loss of or damage to such vehicles or property in or on such vehicles;
  - 1.2.4 falling trees or parts thereof;but excluding wear and tear or gradual deterioration or damage caused or aggravated by subsidence or landslip.
- 1.3 earthquake (notwithstanding General Exception 5.1) but excluding damage to property in the underground workings of any mine
- 1.4 **MALICIOUS DAMAGE** which shall mean damage as defined by



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or through or in consequence of the deliberate or wilful or wanton act of any person committed with the intention of causing such loss of or damage to the property insured other than loss or damage to

**1.4.1** movable property which is

**1.4.1.1** stolen

**1.4.1.2** damaged in an attempt to remove it or part of it from any premises owned or occupied by the Insured

**1.4.2** movable or immovable property which is damaged by thieves whilst breaking into or out of or attempting to break into or out of any premises owned or occupied by the Insured

**1.4.3** immovable property owned or occupied by the Insured occasioned by or through or in consequence of

**1.4.3.1** the removal or partial removal or any attempt thereof or

**1.4.3.2** the demolition or partial demolition or any attempt thereof of

the said immovable property or any part thereof with the intention of stealing any part thereof

Provided that this extension does not cover

**1.4.3.2.1** loss or damage related to or caused by fire or explosion

**1.4.3.2.2** consequential or indirect loss or damage of any kind or description whatsoever other than loss of rent if specifically insured

**1.4.3.2.3** loss or damage resulting from total or partial cessation of work or the retarding or interruption or cessation of any process or operation

**1.4.3.2.4** loss or damage occasioned by permanent or temporary dispossession resulting from confiscation commandeering or requisition by any lawfully constituted authority

**1.4.3.2.5** loss or damage related to or caused by any occurrence referred to in General Exception 1 1.1, 1 1.2, 1 1.3, 1 1.4, 1 1.5 or 1 1.6 of this Policy or the act of any lawfully established authority in controlling preventing suppressing or in any other way dealing with any such occurrence

### **Proviso 1**

If the Insurer allege that by reason of proviso 1.4.3.2.1, 1.4.3.2.2, 1.4.3.2.3, 1.4.3.2.4 or 1.4.3.2.5 loss or damage is not covered by this section the burden of providing the contrary shall rest on the Insured





## Proviso 2

If any building insured or containing the insured property becomes unoccupied for 30 consecutive days the insurance in respect of this extension is suspended as regards the property affected unless the Insured, before the occurrence of any damage obtains the written agreement of the Insurer to continue this extension.

During the period of the initial unoccupancy of 30 consecutive days the Insured shall become a co-insurer with the Insurer and shall bear a proportion of any damage equal to 20% of the claim before deduction of any deductible.

## EXTENSIONS TO INSURED EVENT 1

### 1 Rent

The Insurers will pay the amount of rent receivable, rent payable or the rental value defined hereunder during the period the Premises are rendered untenable as the result of loss or damage by an Insured Event provided that:

- 1.1 the liability of the Insurers shall be limited to the lesser of the period necessary to make the Premises tenable or the period stated in the Specification;
- 1.2 the amount payable shall be in the proportion which the amount stated in the Specification bears to the actual rent receivable/rent payable/rental value of the premises;
- 1.3 the total amount recoverable shall not exceed the amount stated in the Specification.

**Rent Receivable** shall mean the actual rent receivable by the Insured at the time of the Insured Event in respect of the affected Premises or on such part thereof as may then be let.

**Rent Payable** shall mean the actual rent payable by the Insured to the owner or landlord of the affected Premises.

**Rental Value** shall mean the actual rental value of the affected Premises.

## SPECIAL CONDITIONS APPLICABLE TO INSURED EVENT 1

### 1 Average

If on the commencement of the occurrence of an Insured Event the value of the Property Insured is collectively greater than the sum insured thereon the Insured shall be considered their own insurer for the difference and shall bear a rateable proportion of the loss.

## INSURED EVENT 2 : ACCIDENTAL DAMAGE

Accidental physical loss of or physical damage to the Property Insured by any cause not excluded hereunder or insured or excluded elsewhere by this Policy or for which insurance is available elsewhere under this policy.

Notwithstanding General Condition 5 this insurance shall not be brought into contribution with any other Insured Event or that for which more specific insurance has been arranged.



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This insurance does not cover:

- 2.1** loss of or damage to glass, china, earthenware, marble (other than marble floors) and other fragile or brittle objects but this exclusion will not apply of such property consisting of stock in trade;
- 2.2** any reduction in the amount payable for a claim due to the application of any deductible or any condition of average;
- 2.3** detention, confiscation, attachment, nationalisation, destruction or requisition by any lawfully constituted authority or judicial process;
- 2.4** unexplained disappearance or shortage only revealed during or after an inventory or errors or omissions in receipts, payments or accounting or misfiling or misplacing of information;
- 2.5** settlement or bedding down, ground heave, collapse or cracking of structures or the removal or weakening of support to any Property Insured;
- 2.6** discharge or leakage of chemicals oils liquid (other than water) or gas or fumes including loss of such property from the tanks pipes or apparatus or receptacles in which it is contained;
- 2.7** drought, failure of and/or the deliberate withholding by the supply authority of supplies of water, steam, gas, electricity, fuel or refrigerant;
- 2.8** breakdown, electrical and/or mechanical derangement;
- 2.9** loss of or damage to Property Insured caused by:
  - 2.9.1** any fraudulent scheme, trick, device or false pretence practised on the Insured (or any person having custody of the Property Insured) or fraud or the dishonesty of any principal, member, partner, director, employee or agent of the Insured;
  - 2.9.2** molten metal or the overheating, implosion, fracturing, weld failure, nipple leakage or other failure in vessels, pipes, tubes or apparatus;
  - 2.9.3** altering, bleaching, cleaning, dyeing, manufacture, repair, restoring, servicing, renovating, testing or any other work thereon;
  - 2.9.4** fault or defect in its design, formula, specification, drawing, plan, materials, workmanship or professional advice, normal maintenance, gradual deterioration, depreciation, corrosion, rust, oxidation or other chemical action or reaction, frost, change in temperature or humidity, fermentation or germination, dampness, dryness, wet or dry rot, shrinkage, evaporation, loss of weight, contamination, pollution, change in colour, flavour, texture, finish or its own wear and tear;
  - 2.9.5** denting, chipping, scratching or cracking not affecting the operation of the item;



## F&I ASSETS ALL RISKS

- 2.9.6** vermin, insects, micro-organisms such as but not restricted to bacteria, viruses, protozoans and other pathological or parasitic organisms, inherent vice, fumes, flaws, latent defect, fluctuations in atmospheric or climatic conditions or the action of light;
- 2.9.7** operational error or omission on the part of the Insured or any employee of the Insured.
- 2.10** loss of or damage to property in the underground workings of any mine.
- 2.11** loss or damage to the property insured whilst it is undergoing any process (defined below) unless caused by a sudden and unforeseen event (not otherwise excluded) which
  - 2.11.1** originates outside and apart from any machinery, apparatus or equipment in which or on which or with which the process is being conducted
  - 2.11.2** is caused other than by an error or omission of the person engaged in operating or conducting or performing the process
  - 2.11.3** is not related to the supply of inadequate or incorrect materials.

For the purposes of this exclusion process shall mean any process of production (including any processing, mixing, pouring or feeding not necessarily forming part of a production process) packing, treatment, testing, commissioning, servicing or repairing.

### Clauses and memoranda applicable to Insured Event 2

#### 1. DOCUMENTS

- 1.1** Loss of or damage to documents normally kept in the portion of the premises occupied as offices by any peril not specifically excluded.

#### 1.2 Definition

The term documents shall mean

films, tapes, addressograph plates, books, records, maps, plans, drawings, abstracts, deeds, wills, mortgages, agreements, manuscripts, letters, certificates, documents and similar written, printed or otherwise inscribed papers and documents used by the insured in the business and owned by them or for which they are responsible excluding money, current postage or revenue stamps, cancelled and uncanceled coupons, securities, bearer bonds, cheques, drafts and any written order to pay a sum certain in money and any written evidence of indebtedness or obligation and all property carried or held as samples or for sale or for delivery after sale and computer software and computer data carrying media unless otherwise stated in the specification.

#### 1.3 Limitations clause

The Insurers' liability under this extension is limited to all costs, charges and expenses incurred by the Insured in replacing or restoring such documents.

#### 1.4 Specific exception

This extension does not cover



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### 1.4.1 loss or damage caused by

**1.4.1.1** electric or magnetic injury, disturbance or erasure of electronic or magnetic recordings except by lightning in which case the lightning loss or indemnifiable amount will be reduced by the greater of 10% of such amount or R1,000

**1.4.1.2** vermin or inherent defect or by processing, copying or other work upon the documents

**1.4.1.3** the dishonesty of any partner in or of or director of the Insured whether acting alone or in collusion with the others. This exception shall not apply to any director who is also an employee of the Insured and whom the Insured have the right at all times to govern, control and direct in the performance of his work in the service of the Insured in the course of the Business

### 1.4.2 gradual deterioration or wear and tear

### 1.4.3 costs involved in re-shooting films and videos and re-recording audio tapes.

## INSURED EVENT 3 : THEFT

Theft or any attempt thereat but excluding:

- 3.1** unexplained disappearance or shortage only revealed during or after an inventory or errors or omissions in receipts, payments or accounting or misfiling of information;
- 3.2** any fraudulent scheme, trick, device or false pretence practised on the Insured or any person having custody of the Property Insured;
- 3.3** loss or damage:
  - 3.3.1** which is insured or insurable under Insured Event 1 except in the case of explosion caused in an attempt to effect entry;
  - 3.3.2** in which any principal, partner, member, director or employee of the Insured or any person having custody of the Property Insured is concerned as principal or accessory;
- 3.4** modification destruction or manipulation of electronic data processing media or data by any means whatsoever;
- 3.5** loss of or damage to unattended property left outside any building or security area.



## EXTENSIONS TO INSURED EVENT 3

### 1 Malicious Damage Theft (if stated in the specification to apply)

Damage to the buildings at the Premises including landlords' fixtures and fittings and all contents therein held in trust or on commission by the Insured or for which the Insured is responsible and which is not included in the sum insured applicable to Insured Event 1 caused by the deliberate or wilful or wanton act of any person during the course of theft or attempted theft provided that this extension does not cover:

- 1.1 consequential or indirect loss or damage of any kind or description whatsoever;
- 1.2 loss or damage occasioned by permanent or temporary dispossession resulting from confiscation, commandeering or requisition by any lawfully constituted authority;
- 1.3 loss or damage related to or caused by any occurrence referred to in General Exception 1.1, 1.2, 1.3, 1.4, 1.5 or 1.6 or the act of any lawfully established authority in controlling, preventing, suppressing or in any other way dealing with any such occurrence.

If the Insurers allege that by reason of 1.1, 1.2 or 1.3 loss or damage is not covered by this policy the burden of proving the contrary shall rest on the Insured.

### 2 Locks, Keys and Access Cards (if stated in the specification to apply)

The Insurers will pay those reasonable costs and expenses incurred by the Insured for replacing or reprogramming locks, keys and access cards to the Premises or any safe/strongroom contained therein following the disappearance of the same or following upon the Insured suspecting that duplicates of such keys or access cards are in the possession of an unauthorised person provided that the total amount recoverable in respect of a single Insured Event shall not exceed the limit of liability stated in the Specification.

## INSURED EVENT 4 : MONEY

Any accident or misfortune not otherwise excluded to Money (notwithstanding the exception to Property Insured) occurring anywhere within the territorial limits or whilst in the custody of a partner director or employee of the Insured whilst away from the insured premises on a business trip anywhere in the world.

This insurance does not cover:

- 4.1 An Insured Event in respect of which a claim is submitted or would, but for any Deductible applicable, be submitted under any fidelity guarantee insurance.
- 4.2 the dishonesty of any principal, member, director, partner or employee of the Insured or any person having custody of the Money unless such dishonesty is discovered within fourteen days of the occurrence thereof (subject to 4.1 above) in which event the amount payable shall be reduced by 2% of the limit of indemnity plus a further 10% of the net amount payable after deduction of the 2%;
- 4.3 an Insured Event arising from shortage due to error or omission;



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### 4.4 loss of or damage to Money:

- 4.4.1 exceeding R2000 not contained in a locked safe/strongroom while that portion of the Premises containing such Money is unattended or arising from the use of keys to any safe/strongroom unless the keys are obtained by violence or threat of violence;
- 4.4.2 from any vehicle being used by the Insured unless a principal, director, member, partner or employee of the Insured is actually in such vehicle or if not in such vehicle within five metres of it in a position from which the vehicle is clearly visible. This exception shall not apply if the person concerned is incapacitated as a direct result of an accident involving the vehicle or by thieves.

### **SPECIAL MEMORANDA**

General Exception 5.1 does not apply to this Insured Event

### **SPECIAL CONDITION**

#### **DEDUCTIBLE APPLICABLE TO THEFT OF CHEQUES**

Any loss or series of losses attributable to one original event which is payable under Insured Event 4 and which results from the theft of any cheque or cheques shall be reduced by a deductible of 25% of the loss unless:

#### **1. Cheques drawn by the Insured**

- 1.1 the cheque has been drawn and crossed exactly in accordance with the attached "Recommended SAIA Procedure for Drawing and Crossing of Cheques" or any other superior method approved by the South African Insurance Association and the printed portion of the cheque (*as opposed to the written or typed portion*) has been printed by the bank itself or a printer licensed to print cheques by the Automatic Clearing Bureau

or

- 1.2 the cheque has been dispatched to the payee by certified post

#### **2. Cheques drawn by someone other than the Insured and which were received by the Insured by post or direct by the cashier**

- 2.1 such cheque has been crossed and marked "not negotiable" and marked "not transferable" immediately on receipt thereof by the Insured and
- 2.2 the Insured is able to identify the drawer and amount of the cheque from their records

#### **3. Cheques of which the Insured is the true owner which were drawn by someone other than the Insured and posted to the Insured but the Insured did not receive them**

- 3.1 the cheque has been drawn and crossed exactly in accordance with the attached "Recommended SAIA Procedure for Drawing and Crossing of Cheques" or any other superior method approved by the South African Insurance Association

or

- 3.2 the cheque was dispatched to the Insured by certified or similar post.



### RECOMMENDED SAIA PROCEDURE FOR DRAWING AND CROSSING OF CHEQUES AND PRINTING OF BLANK CHEQUES

#### A. DRAWING AND CROSSING OF CHEQUES

One of the safest methods of drawing and crossing a cheque which is acceptable to banks is as undernoted and this is the method recommended by the South African Insurance Association

1. Delete the pre-printed words "or bearer". This limits the possibility of the drawee bank paying out to a bearer who might not be entitled to payment
2. If instead of "or bearer" your cheque has pre-printed on it "or order" these words must also be deleted
3. Write on the face of the cheque the words "not transferable"
4. Cross the cheque by drawing two parallel lines across the cheque
5. Write the words "not negotiable" between the two parallel lines referred to in 4 above
6. Ensure that the payee is accurately and properly and fully described

Where the payee is a company its full name should be used, for example: RH Jones (Pty) Ltd

It is recommended that where the bank account number or CC number of the payee is known this should be included after the name of the payee for example "RH Jones (Pty) Ltd, Co No: 69/123456" or "RH Jones (Pty) Ltd ABC Bank account no: 123456789"

7. In drawing the cheque no spaces should be left which would allow anyone to add extra words or figures
8. An example of this method of drawing a cheque is attached as Annexure A
9. On the rear of the cheque the wording listed in Annexure B should be printed. Please ensure that space is left on the rear of the cheque for bank stamps and endorsements
10. All the markings on a cheque should be legible and clearly visible. Persons drawing cheques should not use abbreviated or different versions of the terminology used in our example. The words "not neg" and a crossing using a rubber stamp containing a rectangle rather than two parallel lines are worthless
11. The method used to complete cheques should be one which makes an ink impression on the paper like handwriting a typewriter or a dot matrix type printer. The ribbon used on the printer/typewriter should be of the type which impregnates ink into the paper. Do not use:
  - 11.1 old ribbons
  - 11.2 laser type printers which do not make an impression in the paper



11.3 the "reverse printing technique"

11.4 correctable type ribbons

### **B. PRINTING OF BLANK CHEQUES**

Blank cheques should only be printed by the Bank itself or a printer licensed by the Automatic Clearing Bureau. These printers know the recommended requirements of banks and should only use approved:

security paper (CBS1 or superior)

security designs

special security inks compatible with the security paper/design

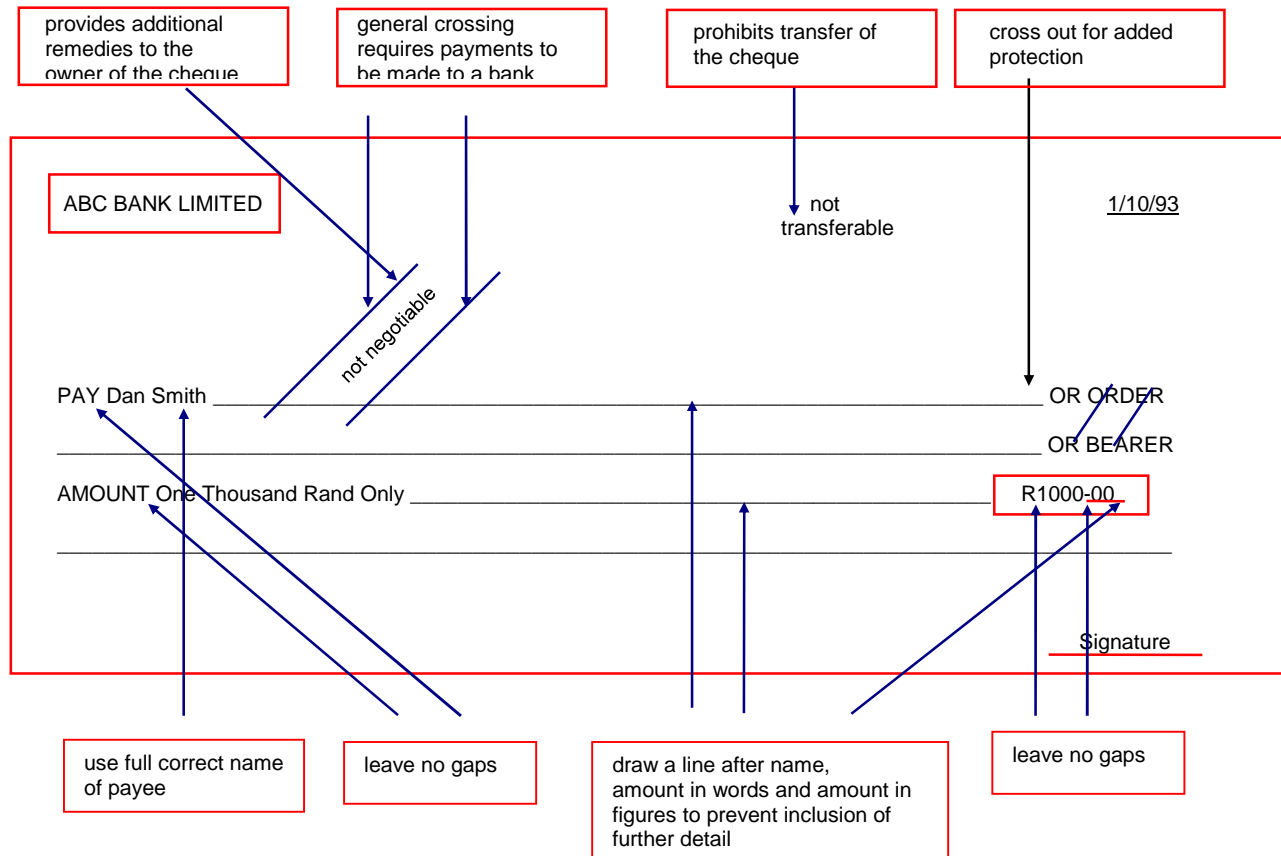
methods which make it difficult for someone to make a supply of blank cheques by photostatting the originals





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## ANNEXURE A - SAIA RECOMMENDED CHEQUE





## ANNEXURE B - SAIA RECOMMENDED CHEQUE

**Warning to be printed on rear of cheque - leave enough space for bank stamps etc**

### WARNING

To person encashing this cheque or receiving it in exchange for any consideration

Where a cheque has been stolen from or lost by the true owner, you may be liable to reimburse him for his loss if you encash such cheque or receive it in exchange for any consideration. (Section 81 of the Bills of Exchange Act, 1964)

**NB** This cheque is crossed and marked "not negotiable" and "not transferable"

### INSURED EVENT 5 : PROPERTY IN TRANSIT

Any accident or misfortune not otherwise excluded to the Property Insured whilst in Transit (notwithstanding the exception to Property Insured) occurring anywhere within the Territorial Limits.

Transit shall be deemed to commence from the time of moving the Property Insured at the Insured's premises for the purpose of delivery including while being loaded onto or conveyed by a conveyance or while temporarily stored for a period not exceeding ninety six hours in the course of transit and shall cease at any building or other place of storage at the premises of final destination when off-loading is completed.

This insurance does not cover:

- 5.1** loss or damage resulting from or caused by:
  - 5.1.1** theft from an unattended vehicle in the custody or control of the Insured or any principal, member, director, partner or employee of the Insured unless the Property Insured is contained in a completely closed and securely locked vehicle or the vehicle itself is housed in a securely locked building and entry to such locked vehicle or building is accompanied by forcible and violent entry or exit;
  - 5.1.2** inherent vice, flaws, defect, vermin, insects, damp, mildew or rust;
  - 5.1.3** the dishonesty of any principal, member, director, partner or employee of the Insured or any person having custody of the Property Insured whether acting alone or in collusion;
  - 5.1.4** confiscation, detention, requisition or nationalisation by customs or other authorities;
  - 5.1.5** or arising whilst in transit by sea or inland transit incidental thereto;
  - 5.1.6.** breakdown of refrigeration equipment;
- 5.2** wear and tear, depreciation, deterioration or other gradually operating cause unless following an accident or misfortune not otherwise excluded;



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- 5.3 the action of light, climatic or atmospheric conditions unless caused by storm, wind, water, hail or snow;
- 5.4 property consigned to or from any place outside the Territorial Limits;
- 5.5 mechanical or electrical breakdown, failure, breakage or derangement unless following an accident or misfortune not otherwise excluded;
- 5.6 consequential loss of any kind, delay or loss of market.

### EXTENSIONS TO INSURED EVENT 5

#### 1 Breakdown in Transit

If an insured conveyance breaks down during any transit or if for any reason beyond the control of the Insured the Property Insured is endangered the Insured may use any form of alternative conveyance to complete the transit and/or safeguard the Property Insured;

#### 2 Non-Acceptance

If a consignee refuses to accept delivery of the Property Insured this insurance shall continue until such property is redelivered to the Insured's premises by any means of conveyance but the

Insured shall take all reasonable steps to ensure that such property is delivered as soon as is reasonably possible.

### EXTENSIONS TO SECTION 1

Subject otherwise to the Policy terms, conditions, limitations and deductibles the Insured Events under Section 1 of this Policy are extended to cover as stated

#### 1. Riot strike and civil commotion (if stated in the specification to apply)

to cover loss or damage directly occasioned by or through or in consequence of:

- 1.1 civil commotion, labour disturbances, riot, strike or lockout;
- 1.2 the act of any lawfully established authority in controlling, preventing, suppressing or in any other way dealing with any occurrence referred to in 1.1 above;

Provided that this extension does not cover:

- 1.3 loss or damage occurring in the Republic of South Africa or Namibia;
- 1.4 consequential or indirect loss or damage of any kind or description whatsoever, other than loss of rent if specifically insured;
- 1.5 loss or damage resulting from total or partial cessation of work, or the retarding or interruption or cessation of any process or operation;
- 1.6 loss or damage occasioned by permanent or temporary dispossession resulting from confiscation, commandeering or requisition by any lawfully constituted authority;



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- 1.7** loss or damage related to or caused by any occurrence referred to in General Exception 1 of this Policy or the act of any lawfully established authority in controlling, preventing, suppressing or in any other way dealing with any such occurrence.

If the Insurers allege that by reason of provisos 1.3, 1.4, 1.5, 1.6 or 1.7 loss or damage is not covered by this section, the burden of proving the contrary shall rest on the Insured.

**2. Sprinkler update (if stated in the specification to apply)**

to cover those additional costs and expenses incurred by the Insured in complying with any legal requirement to update or replace the undamaged portion of an automatic sprinkler system, drencher, gas or foam installation with a modern system provided that the total amount recoverable shall not exceed the sum insured/limit of indemnity stated in the Specification.

**3. Average Day One Basis: Non-Adjustable - applicable to insured event 1 only (if stated in the specification to apply)**

The items to which this extension applies and their declared values are shown in the specification.

- 3.1** The Insured having stated in writing the declared value incorporated in each item to which this extension applies, the premium has been calculated accordingly.

"Declared Value" shall mean the Insured's assessment of the cost of reinstatement of the property insured arrived at in accordance with the first paragraph of the Reinstatement Value Conditions at the level of costs applying at the inception of the Period of Insurance (ignoring inflationary factors which may operate subsequently to the fixing of the Declared Value) together with, insofar as the insurance by the item provides, due allowance for:

**3.1.1** the additional costs of reinstatement to comply with Public Authority Requirements (as stated herein)

**3.1.2** architects and other professional fees (as stated herein)

**3.1.3** costs of demolition and clearing and erection of hoardings (as stated herein).

- 3.2** At the inception of each period of insurance, the Insured shall notify the Insurer of the declared value of the property by each of the said items. In the absence of such declaration, the last amount declared by the Insured shall be taken as the declared value for the ensuing period of insurance.

- 3.3** Notwithstanding any general condition or endorsement to the contrary, the following wording applies to proviso 3 of the Reinstatement Value Conditions.

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

If, at the time of damage, the declared value of the property covered by such item be less than the cost of reinstatement (as defined in paragraph 1 above) at the inception of the period of insurance, then the Insurer's liability for any loss hereby insured shall



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be limited to that proportion thereof which the declared value bears to such cost of reinstatement.

The following special Memorandum is added to the Reinstatement Value Conditions.

### Special Memorandum

Where, by reason of any of these conditions, no payment is to be made beyond the amount which would have been payable under the Policy if this extension had not been incorporated therein, the rights and liabilities of the Insurer and the Insured in respect of the destruction or damage shall be subject to the terms and conditions of the Policy including any condition of average therein, as if this extension had not been incorporated therein, except that the total amount payable shall be limited to a maximum of the percentage of the declared value shown in the specification.

- 3.4** In the event of loss, the liability of the Insurer in respect of property to which this extension applies shall not exceed the sums insured stated in the specification.
- 3.5** If this section of the Policy is subject to a capital additions clause, then such clause is deleted and replaced by the following:

The insurance hereby extends to cover alterations, additions and improvements (but not appreciation in value in excess of the sums insured) to property specified herein (other than stocks) for an amount not exceeding ten percent of such sums insured, it being understood that the Insured undertakes to advise the Insurer each quarter of such alterations, additions and improvements and to pay the appropriate additional premium thereon.

**4. Basis of Application of Average and Loss Settlement - applicable to insured event 1 only (if stated in the specification to apply)**

If a loss shall occur during the period of insurance the amount to be utilised as the sum insured for the purpose of settling the loss and the application of average shall be the amount declared at the beginning of the insurance period plus an allowance for trend, additions, extensions, acquisitions and new locations which have occurred between the beginning of the insurance period and the date of loss. New locations/acquisitions must be advised to the Insurer as soon as reasonably possible after the date of acquisition.

The amount to be used for new locations/acquisitions will be the figure which would have been declared at the inception of the period of insurance.

**5. Inflation Costs (if stated in the specification to apply)**

The Insurer will pay to the Insured in accordance with the provisions set out herein those increased costs which occur during the maximum period of cover of reinstating or replacing property, as insured which is the subject of a claim for which liability has been admitted in terms of Insured Event 1 only.

The additional amount payable under this endorsement shall be limited to the sum produced by applying the percentage stated in the specification to the amount paid or payable in terms of Insured Event 1 only provided that:



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- 5.1 subject to the maximum period of cover shown herein the annual percentage may be compounded for each 12 month period of cover but not beyond the 12 month period during which the reinstatement or replacement of the property is completed;
- 5.2 the Insurers' liability shall not exceed the difference between the actual costs of reinstatement or replacement of the property and the amounts paid or payable in terms of Insured Event 1 of this Policy;
- 5.3 no liability shall be admitted under this Section after the expiry of the period necessary for the reinstatement or replacement of the property damaged or destroyed.

### 5.4 Maximum Annual Percentage

5.4.1 A period of 12 months from the date of loss - the percentage stated in the specification

5.4.2 A further period of 12 months thereafter - the percentage stated in the specification

### 5.5 Maximum Period of Cover

5.5.1 Buildings - the number of months stated in the specification from the date of the loss

5.5.2 Plant and Machinery - the number of months stated in the specification from the date of the loss

### 5.6 Special Condition

This cover shall not be called into contribution with any other insurance whatsoever.

## 6. Clearance Costs - No Damage to Property Insured (if stated in the specification to apply)

This insurance extends to include costs and expenses necessarily and reasonably incurred in removing debris (including stock debris) from or within the vicinity of any premises in order to regain access to or to restore original working conditions to such premises or site provided that

- 6.1 such costs and expenses result from Insured Event 1
- 6.2 the maximum liability of the Insurer is limited to the amount stated in the specification for any one event or series of events arising from one original occurrence
- 6.3 such costs and expenses are not insured under Section 2 - Business Interruption.

## 7. Sprinkler Systems Upgrading (if stated in the specification to apply)

Where following the happening of an Insured Event under Insured Event 1 of Section 1 of the Policy it is necessary for the Insured to update or replace their automatic sprinkler system by the necessity to comply with building or other regulations under or framed in pursuance of any act of parliament or ordinance of any provincial, municipal or local authority the insurance by this Section indemnifies the Insured in respect of the additional costs and expenses incurred.

Provided that the liability of the Insurer shall not exceed the amount stated in the specification in respect of any one claim, such amount being in addition to the sums insured.



### **8. Alternative replacement (design capacity) clause (if stated in the specification to apply)**

**8.1** In the event of property insured which has a measurable function, capacity or output being damaged by a defined event and it not being possible to replace or reinstate such property in terms of the reinstatement value conditions, then the Insurer will pay the cost of replacing such property with property the quality, capacity, function or output of which is as near as possible but not inferior to that of the original property

provided that

**8.1.1** proviso 1, 2, 3 and 4 of the reinstatement value conditions apply equally to this clause

**8.1.2** in applying the provisions of proviso 3 of the reinstatement value conditions, the cost (as provided for in proviso 3) "which would have been incurred in replacement or reinstatement if the whole of the insured property had been damaged" will be increased by such amount payable under the alternative replacement clause which is in excess of that which would have been payable under the reinstatement value conditions clause, had it been possible to reinstate or replace the property in terms thereof.

### **CLAUSES AND MEMORANDA APPLICABLE TO SECTION 1**

#### **1 Reinstatement Value Conditions** (Not applicable to stock and materials in trade or patterns, models, moulds and documents)

The basis upon which the amount payable 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 such Property Insured when new provided that:

**1.1** the work of replacement or reinstatement (which may be carried out on another site and in any manner suitable to the requirements of the Insured subject to the liability of the Insurers not being thereby increased) must be commenced and carried out with reasonable despatch otherwise no payment beyond the amount that would have been payable if this memorandum had not been incorporated in the policy shall be made;

**1.2** the Insurers shall not be liable for any payment beyond the amount that would have been payable if this memorandum had not been incorporated in the Policy until expenditure has been incurred by the Insured in replacing or reinstating the lost or damaged Property Insured;

**1.3** 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 Insured had been lost or damaged exceeds the sum insured thereon at the time of the Insured Event then the Insured shall be considered their own insurer for the difference and shall bear a rateable proportion of the loss. Each item of Property Insured to which this memorandum applies shall be separately subject to this provision;

**1.4** this memorandum shall not apply if:

**1.4.1** the Insured fails to intimate to the Insurers within six months of the Insured Event (or such further time as the Insurers may allow in writing) their intention to replace or reinstate the lost or damaged property;



- 1.4.2** the Insured is unable or unwilling to replace or reinstate the lost or damaged Property Insured on the same or another site.

### **2 Replacement of Patterns, Moulds and Documents.**

In respect of patterns, models and moulds or documents the liability of the Insurers shall be limited to the cost of materials and the cost of labour for recreating but excluding costs incurred in the re-shooting of films or re-recording of audio tapes.

Documents shall mean films, tapes, books, records, maps, plans, drawings, abstracts, deeds, wills, mortgages, agreements, manuscripts, letters and similar written or printed or otherwise inscribed papers and computer systems records.

### **3 Public Authorities Requirements**

Sums insured include such additional cost of repairing or rebuilding the damaged property incurred solely by reason of the necessity to comply with building or other regulations under or framed in pursuance of any act of parliament or ordinance of any provincial, municipal or local authority provided that:

- 3.1** the amount recoverable under this clause shall not include:

- 3.1.1** the cost incurred in complying with any of the aforesaid regulations:

**3.1.1.1** in respect of damage occurring prior to the granting of this clause;

**3.1.1.2** in respect of damage not insured by this section;

**3.1.1.3** under which notice has been served on the Insured prior to the happening of the damage;

**3.1.1.4** in respect of undamaged property or undamaged portions of property other than foundations of that portion damaged.

- 3.1.2** the additional cost that would have been required to make good the property damaged to a condition equal to its condition when new had the necessity to comply with any of the aforesaid regulations not arisen;

- 3.1.3** the amount of any rate, tax, duty, development or other charge or assessment arising from 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.

- 3.2** the work of repairing or rebuilding must be commenced and carried out with reasonable despatch and may be carried out wholly or partially upon another site (if the aforesaid regulations so necessitate) subject to the liability of the Insurers under this clause not being thereby increased;





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**3.3** if the liability of the Insurers under this section, apart from this clause, shall be reduced by the application of any of the terms, exceptions and conditions of this section, then the liability of the Insurers under this clause shall be reduced in like proportion;

**3.4** the total amount recoverable shall not exceed the sum insured.

### **4 Municipal Plans Scrutiny Fee**

Sums insured include fees for the examination of municipal or other plans incurred by the Insured as a result of damage to the Property Insured caused by an Insured Event.

### **5 Costs of Demolition and Erection of Hoardings**

Sums insured include costs necessarily incurred by the Insured in respect of the demolition of buildings and machinery and in providing, erecting and maintaining hoardings required during such demolition and/or building operations following damage to Property Insured by an Insured Event.

### **6 Debris Removal and Site Clearance**

Sums insured include costs and expenses necessarily incurred by the Insured for the removal of debris (including stock debris and undamaged contents) and silt and water from the Premises or any site in the immediate vicinity of the Premises in order to restore original working conditions and access to the Premises following the occurrence of an Insured Event provided that Insurers will not pay for costs and expenses:

**6.1** incurred in removing debris except from the site of such property destroyed or damaged and the area immediately adjacent to such site;

**6.2** arising from pollution or contamination of property not insured by this section unless caused by an insured event.

### **7 Loss Minimisation and Safeguard Costs**

Sums insured include costs and expenses necessarily incurred by the Insured to protect the Property Insured against possible damage by an Insured Event following damage to Property Insured.

### **8 Architects and Other Professional Fees**

Sums insured include professional fees (for estimates, plans, specifications, quantities, tenders and supervision) necessarily incurred in the reinstatement or replacement of Property Insured following damage by an Insured Event but in no case exceeding 15 percent of the amount payable in respect of such damage provided that the amount payable shall not include expenses incurred in connection with the preparation of the Insured's claim.

### **9 Fire Brigade Charges**

**9.1** If any public authority empowered to do so shall charge the Insured with any costs relating to the extinguishing or fighting of a fire such costs shall be deemed to be damage to the Property Insured and shall be payable in addition to any other payment for which Insurers may be liable in terms of this section.



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**9.2** Sums insured include expenses necessarily and reasonably incurred by the Insured in extinguishing or containing any fire or incurred in preventing or attempting to prevent any existing fire from causing damage to other Property Insured provided that expenses incurred by proto teams shall be limited to damage resulting from Insured Event 1.

### **10 Alterations and Misdescription**

The Insured shall not be prejudiced by any alteration or misdescription of occupancy due to:

**10.1** the transfer of processes or machinery;

**10.2** the acquisition of additional premises;

**10.3** structural alterations or repairs to buildings, plant or machinery;

provided that notice is given to Insurers as soon as practicable and the Insured pays any additional premium that may be required.

### **11 Capital Additions**

Alterations, additions and improvements to buildings plant and machinery (but not appreciation in value in excess of the sum insured) are "held covered" up to twenty percent of the sum insured on the Property Insured concerned provided the Insured notifies the Insurers of such work at the end of each quarter and pays any additional premium that may be required.

### **12 Disposal of Salvage**

The Insurers agree not to sell or dispose of any property which is the subject of a claim without giving the Insured the option to repurchase it at the greater of its fair intrinsic or market value but this clause does not give the Insured licence to abandon property to the Insurers.

### **13 Mortgagees**

From the date of notification the Insurers accept the interest of a mortgagee or others with an insurable interest in the Property Insured and will not prejudice such interest due to the act or omission of the mortgagor without the mortgagee's knowledge provided that the mortgagee advises the Insurers as soon as such act or omission comes to their knowledge and agree to be responsible for any additional premium resulting from the Insurers assuming any increased hazard.

### **14 Tenants**

The Insured shall not be prejudiced by the act of any tenant in premises they own or in which they are co-tenants nor of the owner of any premises of which they are tenants provided that the

Insurers are notified as soon as the Insured becomes aware of such act and the Insured pays any additional premium resulting from the Insurers assuming any additional hazard.

### **15 Railway Subrogation**

The insured shall not be prejudiced by signing any contract with or by any indemnity given to Transnet, government or quasi-government departments provincial administrations municipalities and/or similar bodies covering the use of railway sidings or in respect of cartage (hazardous premises) agreements and/or agreements of a similar nature



### **16 Temporary Removals**

The Property Insured (other than stock) is covered while temporarily removed from or within the Premises to other premises within the Territorial Limits for alteration, cleaning, repair, renovation or similar process provided that the Insurers' liability:

**16.1** is limited to fifteen percent of the sum insured on the Property Insured concerned;

**16.2** does not cover property held in trust other than machinery and plant;

**16.3** for property in transit is restricted to transit by road, rail or inland waterway;

and that the property is not otherwise insured.



## **SECTION 2 - BUSINESS INTERRUPTION**

### **INSURED EVENT**

The Insurers will indemnify the Insured in accordance with the provisions hereinafter set out for loss following interruption of or interference with the Business in consequence of Damage occurring during the period of insurance at the Premises in respect of which payment has been made or liability admitted under Defined Event 1 or 2 of Section 1 of this Policy (hereinafter termed Damage) provided that liability shall be deemed to have been admitted if such payment is precluded solely because the Insured is required to bear the first portion of the loss.

### **BASIS OF INDEMNITY**

#### **1 Gross Profit**

The amount payable is limited to loss of Gross Profit due to:

**1.1** reduction in Turnover being 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

and

**1.2** increase in cost of working being the additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the reduction in Turnover which, but for that expenditure, would have taken place during the Indemnity Period in consequence of the Damage but not exceeding the sum produced by applying the Rate of Gross Profit to the amount of the reduction thereby avoided

less any sum saved during the Indemnity Period in respect of such of the:

(Difference Basis) charges and expenses of the business payable out of gross profit

(Additions Basis) 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 Indemnity Period exceeds 12 months) the amount payable shall be proportionately reduced.

#### **2 Gross Revenue**

The amount payable is limited to:

**2.1** loss of Gross Revenue being the amount by which the Gross Revenue during the Indemnity Period shall, in consequence of the Damage, fall short of the Standard Gross Revenue

and

**2.2** increase in cost of working being the additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the loss of Gross Revenue which,



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but for that expenditure, would have taken place during the Indemnity Period in consequence of the Damage but not exceeding the amount of the reduction in Gross Revenue thereby avoided

less any sum saved during the Indemnity Period in respect of such 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

Indemnity Period exceeds 12 months) the amount payable shall be proportionately reduced.

### **3 Rent Receivable**

The amount payable is limited to:

**3.1** loss of Rent Receivable being the amount by which the Rent Receivable during the Indemnity Period shall, in consequence of the Damage, fall short of the Standard Rent Receivable

and

**3.2** increase in cost of working being the additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the loss of Rent Receivable 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 Rent Receivable thereby avoided

less any sum saved during the Indemnity Period in respect of such of the charges or expenses 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 Rent Receivable (or to a proportionately increased multiple thereof where the Indemnity Period exceeds 12 months) the amount payable shall be proportionately reduced.

### **4 Additional Increase in Cost of Working**

The insurance under this item is limited to such further expenditure beyond that recoverable under item 1.2, 2.2 or 3.2 as the Insured shall necessarily and reasonably incur during the Indemnity Period in consequence of the Damage for the purpose of maintaining the normal operation of the Business.

### **5 Increased Cost of Working (applicable to all data carrying media)**

**5.1** The insurance under this item is limited to the additional expenditure necessarily and reasonably incurred by the Insured during the Indemnity Period in consequence of Insured Events 1 and 2 of Section 1 for the sole purpose of avoiding or diminishing the interruption of or interference with the normal business of the Insured

less any sum saved during the Indemnity Period in respect of such of the charges and expenses of the Business as may cease or be reduced in consequence of the said Insured Events.



The indemnity by this item shall not apply directly or indirectly to

**5.1.1** the cover provided for in item 5.2 of this Section of the Policy

**5.1.2** the intrinsic value (including reinstatement value) of the property insured by Section A of the Policy.

### **5.2 Reinstatement of data/programs**

Costs and expenses necessarily and reasonably incurred by the Insured for the reconstitution or recompilation of data and/or programs recorded on or stored in data-carrying media which is lost as a result of accidental erasure (which shall include the Insured Events 1 and 2 in the indemnity clause to Section A of this Policy) or by theft or by the deliberate wilful or wanton intention of causing the cancellation or corruption of data or programs as provided for in Section A of this Policy

provided always that

- (a) the indemnity shall not extend to nor include such costs incurred due to program errors, incorrect entry or the inadvertent cancellation or corruption of data and/or programs
- (b) in respect of each and every occurrence or series of occurrences arising out of or in connection with any one event indemnifiable by this item, the Insured shall bear the amount stated in the Specification as the First Amount Payable
- (c) where the Insured elects to insure programs (software), a schedule of such programs shall be lodged with the Company at the commencement of each Period of Insurance.

### **Specific exception to Item 5 of Section B**

#### **Fines and damages**

Unless specifically provided for the Company shall not be liable to indemnify the Insured in respect of fines or damages for breach of contract for late or non-completion of orders or any penalties of whatsoever nature.

### **6. Research and Development Expenditure**

This insurance shall indemnify the Insured for

**6.1.1** research establishment and development expenditure lost in consequence of the damage;

**6.1.2** increase in cost of working incurred in consequence of the damage.



The amount payable as indemnity hereunder shall be limited to:

**6.2.1** the cost of redevelopment of any projects (commenced prior to the damage) up to the stage reached at the time of the damage

the increased costs incurred by the Insured to return the projects to the point in time which would have been reached had the damage not occurred. Payment under this item shall cease once the project is again on schedule

less any savings in expenditure not incurred in consequence of the damage.

### **DEFINITIONS APPLICABLE TO SECTION 2**

#### **Indemnity Period**

The period commencing with the occurrence of the Damage and ending not later than the number of months thereafter stated in the Specification during which the results of the Business shall be affected in consequence of the Damage.

#### **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.

#### **Gross Profit (Additions Basis)**

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.

#### **Gross Profit (Difference Basis)**

The amount by which the sum of Turnover, closing stock and work in progress exceeds the sum of opening stock and the Specified Working Expenses stated in the Specification. The amount of opening and closing stock and work in progress shall be arrived at in accordance with the Insured's normal accounting methods due provision being made for depreciation.

#### **Net Profit (Additions Basis)**

The net profit (exclusive of all capital receipts and all outlay properly chargeable to capital) resulting from the Business of the Insured at the Premises after due provision for all standing and other charges including depreciation but before deduction of any taxation chargeable on profits.

#### **Insured Standing Charges (Additions Basis)**

As stated in the Specification.

#### **Gross Revenue**

The money paid or payable to the Insured for goods sold and for services rendered in the course of the Business.



## Rent Receivable

The money paid or payable to the Insured by tenants in respect of rental at the Premises and for services rendered.

### Rate of Gross Profit

The rate of gross profit earned on the turnover during the financial year immediately before the date of the Damage.

If the Damage occurs before the completion of the first year's trading of the Business at the Premises the values of the bracketed terms shall be calculated by using values proportionate to the results obtained during the period between the commencement of the Business and the date of the Damage.

### Annual Turnover/Gross Revenue/Rent Receivable

The Turnover / Gross Revenue / Rent Receivable during the twelve months immediately before the date of the Damage.

### Standard Turnover/Gross Revenue/Rent Receivable

The Turnover / Gross Revenue / Rent Receivable during that period in the twelve months immediately before the date of the Damage which corresponds with the Indemnity Period.

If during the Indemnity Period goods shall be sold, services shall be rendered, work shall be done or the Business shall be conducted elsewhere than at the Premises the money paid or payable to the Insured in respect of such sales, services or work performed shall be brought into account in arriving at the Turnover, Revenue or Rent Receivable during the Indemnity Period.

## CLAUSES CONDITIONS AND EXTENSIONS APPLICABLE TO SECTION 2

### 1 Termination of Cover

The insurance under this section shall cease, unless the Insurers have given their written consent, if the Business is wound up or carried on by a liquidator or judicial manager or is permanently discontinued.

### 2 Due Diligence

2.1 On the happening of any Damage in consequence of which a claim is or may be made under this section, the Insured shall, in addition to complying with General Conditions 3 and 4, with due diligence do and concur in doing and permit to be done all things which may be reasonably practicable to minimise or check any interruption of or interference

with the Business or to avoid or diminish the loss and in the event of a claim being made under this section shall, not later than thirty days after expiry of the Indemnity Period or within such further time as the Leading Insurer, on behalf of the Insurers, may in writing





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allow, at their own expense deliver to the Insurers in writing a statement setting forth particulars of their claim together with details of all other insurances covering the Damage or any part of it or consequential loss of any kind resulting therefrom.

**2.2** The Insured shall, at their own expense, also produce and furnish to the Insurers such books of accounts and other business books, vouchers, invoices, balance sheets and other documents as may reasonably be required by the Insurers for the purpose of investigating or verifying the claim together with, if demanded, a statutory declaration of the truth of the claim and of any matters connected therewith.

**2.3** No claim under this section shall be payable unless the terms of this condition have been complied with and, in the event of non-compliance therewith in any respect, any payment on account of the claim already made shall be repaid to the Insurers forthwith.

### **3 Accumulated Stocks (Applicable Gross Profit Basis of Indemnity)**

In adjusting a loss an equitable allowance shall be made if any shortage in turnover due to the Damage is postponed by reason of the Turnover being temporarily maintained from accumulated stocks.

### **4 Auditors**

The Insured's auditors or professional accountants may certify from the Insured's books of account or other business books any detail required by the Insurers and their certificate shall be prima facie evidence of such detail.

### **5 Departments/Branches**

If the Business is conducted in departments/branches, the independent trading results of which are ascertainable, the provisions of Gross Profit/Gross Revenue/Rent Receivable, relating to reduction in Turnover/Gross Revenue/Rent Receivable and increase in cost of working, shall apply separately to each department/branch affected by the Damage except that if the sum insured by the relative item be less than the aggregate of the Annual Gross Revenue/Annual Rent Receivable/sums produced by applying the Rate of Gross Profit for each department/branch of the Business (whether affected by the Damage or not) to the relative Annual Turnover (or to a proportionately increased multiple thereof where the Indemnity Period exceeds 12 months) the amount payable shall be proportionately reduced.

### **6 Time Excess**

Wherever a Time Excess is indicated in the Specification the definition of Indemnity Period is amended to read:

"The period commencing with the expiration of the Time Excess shown in the Specification following the occurrence of the Damage and ending not later than the number of months thereafter stated in the Specification during which the results of the Business shall be affected in consequence of the Damage."

### **7 Salvage Sale**

If the Insured shall hold a sale of salvage during the Indemnity Period the provisions of Gross Profit shall, for the purposes of such claim, read as follows:



"in respect of reduction of Turnover the sum produced by applying the Rate of Gross Profit to the amount by which the Turnover during the Indemnity Period (less the Turnover for the period of the salvage sale) shall, in consequence of the Damage, fall short of the Standard Turnover from which sum shall be deducted the Gross Profit actually earned during the period of the salvage sale."

### **8 Extensions to Other Premises**

**8.1** Loss, as insured by this section, resulting from interruption of or interference with the Business in consequence of Damage (as within defined) to property (of a type not excluded by Section 1 of this policy) at the undernoted situations within the Territorial Limits shall be deemed to be Damage to property used by the Insured at the Premises.

#### **8.1.1 Contract Sites**

The situation(s) listed in the Specification where the Insured is carrying out a contract for an amount not exceeding the percentage of the sum insured stated in the Specification provided that this extension shall not apply to any situation(s) occupied by the Insured.

#### **8.1.2 Customers**

The premises of the Insured's customers listed in the Specification for an amount not exceeding the percentage of the sum insured stated in the Specification. This policy covers first tier only and are subject to our territorial limits.

#### **8.1.3 Specified Suppliers**

The premises of the suppliers listed in the Specification for an amount not exceeding the percentage of the sum insured stated in the Specification. Subject to the Insurers' prior agreement the Territorial Limits of such suppliers is premises listed anywhere in the world. This policy covers first tier only and are subject to our territorial limits.

#### **8.1.4 Unspecified Suppliers**

The premises of any of the Insured's suppliers, manufacturers or processors of components, goods or materials but excluding the premises of any public supply undertaking from which the Insured obtains gas, electricity or water provided that:

**8.1.4.1** the Insurer's liability for any one occurrence of damage does not exceed the percentage of the sum insured stated in the Specification

**8.1.4.2** in respect of premises situate in Japan or North America loss or damage caused by earthquake is not insured by this extension.

**8.1.4.2** This policy covers first tier only and are subject to our territorial limits.



### 8.1.5 Storage Sites

The premises listed in the Specification where property of the Insured is stored for an amount not exceeding the percentage of the sum insured stated in the Specification provided that this extension shall not apply to any premises occupied by the Insured.

### 8.1.6 Transit and Vehicles

Property of the Insured while in transit by air, road, rail or inland waterway and, notwithstanding the exclusion to Property Insured, vehicles owned or operated by the Insured elsewhere than at premises occupied by the Insured for an amount not exceeding the percentage of the sum insured stated in the Specification.

**8.2** Loss, as insured by this section, resulting from interruption or interference with the Business in consequence of Damage (as within defined) at the undernoted situations within the territorial limits shall be deemed to be Damage to property used by the Insured at the Premises:

#### 8.2.1 Prevention of Access ( Extended Cover)

Property within a 50 km radius of the Insured's Premises destruction of or damage to which shall prevent or hinder the use of the Premises or access thereto whether the Premises or property of the Insured therein shall be damaged or not.

## 9 Public Utilities

Loss, as insured by this section, resulting from interruption of or interference with the Business in consequence of total or partial failure of the public supply of water, gas, electricity or telecommunications to the Premises of the Insured shall be deemed to have resulted from Damage (as within defined) provided that this insurance does not cover loss resulting from damage directly or indirectly caused by:

- 9.1 the deliberate act of the Insured or the exercise of an authority empowered by law to supply water, gas, electricity or telecommunications of its power to withhold or restrict supply unless such withholding or restriction is directly attributable to Damage (as within defined) to property of such authority;
- 9.2 drought;
- 9.3 pollution of water;
- 9.4 shortage of fuel or water;
- 9.5 any event described in General Exceptions 1, 2, 3, 4 and 7;
- 9.6 damage to property situated outside the Territorial Limits.

In respect of interruption of or interference with the Business arising from mechanical or electrical breakdown there shall be no liability under this extension for interruption or interference with the Business unless such interruption or interference extends beyond 24 hours from commencement thereof.



### 10. Tax Allowances (if stated in the specification to apply)

10.1 The insurance under this item is limited to

#### 10.1.1 Increased Tax

The loss or reduction of adjusted tax allowance because of a reduction in Turnover during the Indemnity Period in consequence of the Damage occurring at the Premises of the Insured. The amount payable under this item will be amended if necessary so that the Insured is always placed in the same after tax position that would have pertained if the damage had not occurred and the Turnover had been maintained.

#### 10.1.2 Additional Expenditure

The additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding a reduction in the Turnover referred to in 10.1.1. The maximum amount payable under this item shall not exceed the amount of adjusted tax saved under 10.1.1.

10.2 If the sum insured by this item is less than the adjusted tax allowance due to the Insured at the time of the Damage (proportionately increased where the number of months in the Indemnity Period exceeds 12) the amount payable will be proportionately reduced.

### 10.3 Definitions

10.3.1 Tax allowance = the allowance granted to the Insured in terms of Section II Bis of the Income Tax Act.

10.3.2 Adjusted tax allowance =  $\frac{\text{tax allowance} \times 100}{100 \text{ minus current tax rate}}$

10.3.3 Turnover - the monetary value of goods and materials or other items upon which the tax allowance is based.

### 11. Telkom access lines (if stated in the schedule to apply)

Subject to the limits specified in the specification, consequential loss as provided for under Insured Events of Section B arising from accidental failure of the Telkom access lines is included, provided always that the insurance under this extension shall be subject to the special conditions below.

#### Special conditions applicable to Telkom access lines

11.1 The liability of the Company shall not exceed the sum insured by this Section.

11.2 The Indemnity Period shall commence 12 hours after the failure and end not later than 30 days after such failure.

11.3 The insurance provided does not cover loss occasioned by the deliberate act of any Telkom authority or by the exercise of such Telkom authority of its power to withhold or restrict access to its lines.



### 12. Output

At the option of the Insured, the term Output may be substituted for the term Turnover and, for the purposes of this Section, Output shall mean the sale or transfer value, as shown in the Insured's books, of goods manufactured or processed by the Insured at the Premises

provided that

- (a) only the meaning of Output or the meaning of Turnover shall be operative in connection with any one event resulting in interruption
- (b) if the meaning of Output be used
  - (i) the Accumulated Stocks' clause shall be inoperative
  - (ii) the Memo at the end of the definitions shall read

If, during the Indemnity Period, goods shall be manufactured or processed other than at the premises for the benefit of the Business either by the Insured or by others on behalf of the Insured, the sale or transfer of such goods shall be brought into account in arriving at the Output during the Indemnity Period.

### **ADDENDA**

(If stated in the specification to apply).

#### **1. ALTERNATIVE V.A.T. EXCLUSIVE WORDING :**

To the extent that the Insured is accountable to the tax authorities for Value Added Tax in respect of any payment in terms of this Policy the Insurers will include the amount of such tax in the final settlement of any claim under this Policy.

#### **2. ALTERNATIVE DEDUCTIBLE PROVISION :**

##### **1.1 Sectional per Event**

Any amount payable by Insurers in terms of this Policy shall be in excess of the amount of any Deductible applicable to an Insured Event.

##### **1.2 Combined per Occurrence**

The amount payable by Insurers in terms of Property Damage and Business Interruption related to the same occurrence shall be in excess of the amount of any Combined Deductible applicable to such occurrence.



### 3. **LONG-TERM AGREEMENT**

In consideration of the Insurers allowing a discount off the premium the Insured agrees to continue this Policy or any substituted policy for the unexpired portion of the period originally agreed it being understood that:

1 the sum insured may be reduced at any time to correspond with any reduction in value;

2 General Condition 6 is replaced by the following:

This Policy may be cancelled by the Insurers giving thirty days notice in writing to the Insured. Subject to General Condition 7 a pro rata return of premium from the expiry of the period of notice to expiry of the then current period of insurance will be allowed.

### 4. **Subsidence and landslip extension (if stated in the schedule to be included)**

Damage caused by sudden and unforeseen , subsidence or landslip , provided that the insured shall bear the first portion of each and every claim up to an amount calculated at 1 percent of the sum insured as stated in the schedule.

This extension does not cover

1.1 damage to drains, water courses, boundary walls, garden walls, retaining walls, gates, posts or fences .

1.2 damage caused by or attributable to

- (a) faulty design or construction of, or the removal or weakening of support to any building situated at the insured premises
- (b) workmen engaged in making any structural alterations, additions or repairs to any building situated at the insured premises
- (c) excavation on or under land other than excavations in the course of mining operations

1.3 consequential loss of any kind whatsoever except loss of rent.

1.4 normal settlement, shrinkage or expansion of the building,

1.5 active soils, except where professional engineering design precautions have been implemented during construction,

1.6 the densification of made up ground or infill or by inadequate compaction of filling,

1.7 damage from a cause which existed prior to the commencement of the policy,

1.8 solid floor slabs or any other part of the building resulting from the movement of such slabs, unless the foundations supporting the external walls of the building are damaged by the same cause at the same time,

1.9 work necessary to prevent further destruction or damage due to subsidence or landslip except where appropriate design precautions were implemented during the original construction of the building and any subsequent additions thereto.

1.10 Sudden and Unforeseen damage caused as a result of the contraction and or expansion of soil as is experienced in clay and other similar types of soil

1.11 Sudden and Unforeseen Loss or damage occasioned by happening through, or in consequence of coastal, river , dam or watercourses erosion.



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In any action suit or other proceeding where the company alleges that, by reason of the provisions of this extension, any damage is not covered by this insurance, the burden of proving the contrary shall be upon the insured.

### Definitions

1. Subsidence: the downward movement of a site on which buildings may or may not stand, from causes unconnected with the building (if present).
2. Landslip: the downward and/or sideways movement of sloping ground resulting from the action of self weight stresses and imposed loadings exceeding the available strength of the ground.
3. Settlement: the downward movement of a site due to the application of superimposed loading which is the wholly natural effect of superimposing a load on a site and is unpredictable.
4. Active Soils: a soil that changes in volume to varying degrees in response to changes in moisture content, i.e. the soil may increase in volume (heave or swell) upon wetting and decrease in volume (shrink) upon drying out.

### **5. LEAKAGE EXTENSION TO INSURED EVENT 1**

Damage caused by discharge or leakage from fire extinguishing installations/appliances.

The liability of the Insurers shall not exceed the sum insured/limit of indemnity stated in the Specification. If the limit of indemnity is less than the total sum insured of all Property Insured the Average condition applicable to Section 1 is amended to read:

If the Property Insured is, at the commencement of any damage to such property by discharge or leakage, collectively of greater value than the sum insured thereon against fire damage, then the Insurers shall be liable under this extension only for that proportion of the limit of indemnity as the sum insured against fire bears to the total value of such property and the Insured shall be considered as being their own insurer for the difference and shall bear a rateable share of the loss accordingly. Every item if more than one shall be separately subject to this clause.

In respect of this extension General Exception 5.1 is deleted.

### **6. ALTERNATIVE TIME EXCESS WORDING APPLICABLE TO SECTION 2**

#### **Time Excess**

A monetary amount established by calculating the percentage that the number of days stated in the Specification bears to the Indemnity Period and applying that percentage to the total amount of the loss. In no event shall the Insurers be liable for a loss in terms of the Policy where the Indemnity Period does not exceed the number of days stated in the Specification.

### **7. EXTENSIONS TO OTHER PREMISES SECTION 2**

#### **1 Roads, Bridges and Railway Lines**

Roads, bridges and railway lines over which stocks are conveyed between suppliers' premises and the Insured's Premises and between the Insured's Premises and customers' premises for an amount not exceeding the percentage of the sum insured stated in the Specification.



### **8. ALTERNATIVE THEFT (FORCIBLE AND VIOLENT) WORDING**

Theft accompanied by forcible and violent entry into or exit from the Premises or any attempt thereat or resulting from theft or any attempt thereat following violence or threat of violence and including loss or damage to the Property Insured caused or accompanied by a thief or thieves being concealed on the Premises before close of business or entry to and/or exit from the

Premises being effected by use of a skeleton key provided that the Insured shall establish to the satisfaction of the Insurers that a skeleton key was used.

This insurance does not cover:

#### **3.1 loss or damage:**

- 3.1.1** which is insured or insurable under Insured Event 1 except in the case of explosion caused in an attempt to effect entry:
- 3.1.2** in which any principal, partner, member, director or employee of the Insured or any person having custody of the Property Insured is concerned as principal or accessory.





## **SECTION 3 - ACCOUNTS RECEIVABLE**

### **INSURED EVENTS**

- 1.1 Loss or damage as a result of accident or misfortune (hereinafter termed Damage) to the Insured's books of account or other business books or records at the premises or at the residence of any director, partner or employee or the premises of any accountant of the Insured, in consequence whereof the Insured are unable to trace or establish the outstanding debit balances in whole or part due to them.
- 1.2 Provided that the liability of the Insurer shall not exceed the sums insured stated in the specification and that the basis of indemnity will be as set out in the specification which forms part of this section.
- 1.3 If, because of imminent danger of their destruction, such books of account or other business books or records are removed to a place of safety, the insurance hereunder shall apply if such goods are destroyed, damaged or lost as aforesaid during such removal or while so located or being returned to the premises, provided the Insured shall notify the Insurer in writing of such removal within 30 days thereafter.
- 1.4 The Insurer will also pay all reasonable collection costs and expenses incurred by the Insured in excess of normal collection costs and expenses made necessary because of such Damage.

### **2. Specific Exceptions to Section 3**

- 2.1 The Insurer will not pay for
  - 2.1.1 loss resulting from loss or damage to the books of account or other business books or records caused by
    - 2.1.2.2 wear and tear or gradual deterioration or moths or vermin
  - 2.1.2 detention, seizure or confiscation by any lawfully constituted authority;
  - 2.1.3 electrical or electronic or magnetic injury, disturbances or erasure unless the Insured maintains the duplicate records referred to in the Duplicate records clause of this section, in which case the Insured will be responsible for the first R500 of each and every loss;
- 2.2 loss caused by fraud or dishonesty of any principal, director, partner or employee of the Insured.



### 3. Specification

**3.1** The insurance under this section is limited to the loss sustained by the Insured in respect of outstanding debit balances directly due to the Damage and the amount payable shall not exceed

**3.1.1** the difference between

**3.1.1.1** the outstanding debit balances

and

**3.1.1.2** the total of the amounts received or traced in respect thereof

plus

**3.1.2** the additional expenditure incurred in tracing and establishing customers' debit balances after the Damage

provided that, if the sum insured under this item is less than the outstanding debit balances, the amount payable shall be proportionately reduced.

### 4. Definitions

#### 4.1 Outstanding debit balances

The total declared in the statement last given under the provisions of the following memorandum adjusted for

**4.1.1** bad debts

**4.1.2** amounts debited (or invoiced but not debited) and credited (including credit notes and cash not passed through the books at the time of the damage) to customers' accounts in the period between the date to which said last statement relates and the date of the Damage

and

**4.1.3** any abnormal condition of trade which had or could have had a material effect of the business

so that the figures thus adjusted shall represent as nearly as reasonably practicable those which would have been obtained at the date of the Damage had the Damage not occurred.

### 5. Clauses and memoranda

#### 5.1 Declarations

The Insured shall, within 60 days of the end of each month or other agreed period, deposit with the Insurer a signed statement showing the total amount outstanding in customers' accounts as set out in the Insured's accounts as at the end of the said month.



## 5.2 Adjustment

- 5.2.1** In consideration of the premium under this section being provisional in that it is calculated on 75 percent of the sum insured, the premium will be adjusted as follows
- 5.2.2** On the expiry of each Period of Insurance, the actual premium shall be calculated at the rate percent per annum on the average amount insured, ie the total of the sums declared divided by the number of declarations. If the actual premium is greater than the provisional premium, the Insured shall pay the difference. If it is less, the difference shall be repaid to the Insured, but such repayment shall not exceed 33,3 percent of the provisional premium paid.
- 5.2.3** If the amount of a declaration exceeds the sum insured applicable at the date of such declaration, then for the purposes of this memorandum only, the Insured shall be deemed to have declared such sum insured.

## 5.3 Riot and strike extension (if stated in the specification to be included)

- 5.3.1** Subject otherwise to the terms, conditions, exclusions, exceptions and warranties contained therein, this section is extended to cover

loss or damage directly occasioned by or through or in consequence of:

- 5.3.1.1** the act of any person taking part together with others in any disturbance of the public peace (whether in connection with a strike or lock-out or not);
- 5.3.1.2** the wilful act of any striker or locked-out worker done in furtherance of a strike or in resistance to a lock-out;
- 5.3.1.3** the action of any lawfully established authority in controlling, preventing, suppressing or in any other way dealing with or attempting to deal with or in minimising the consequences of any occurrence referred to in 1.1 or 1.2 above

provided that this insurance does not cover:

- 5.3.1.4** loss of earnings, loss by delay, loss of market or other consequential or indirect loss or damage of any kind or description whatsoever;
- 5.3.1.5** acts of terrorism committed by a person or persons acting on behalf of or in connection with any organisation.

For the purpose of this exclusion "terrorism" means the use of violence for political ends and includes the use of violence for the purpose of putting the public or any section of the public in fear.

- 5.3.1.6** civil commotion assuming the proportions of or amounting to a popular rising;
- 5.3.1.7** the malicious act of any person (whether or not such act is committed in the course of a disturbance if the public peace) not being the wilful act of any rioter, striker or locked-out worker in furtherance of a riot or strike or in resistance to a lock-out;



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### 5.3.1.8 loss or damage:

5.3.1.9.1 occurring in the Republic of South Africa or Namibia;

5.3.1.9.2 resulting from total or partial cessation of work or the retarding or interruption or cessation of any process or operation;

5.3.1.9.3 occasioned by permanent or temporary dispossession resulting from confiscation, commandeering or requisition by any lawfully constituted authority;

5.3.1.9.4 occasioned by permanent or temporary dispossession of any building resulting from the unlawful occupation by any person of such building;

Provided nevertheless that the Insurers shall not be relieved under 1.9.3 or 1.9.4 of any liability to the Insured in respect of loss of or damage to the Property Insured occurring before dispossession or during temporary dispossession which is otherwise insured by this Policy.

5.3.1.9.5 related to or caused by any occurrence referred to in general exception 1.2, 1.3, 1.4, 1.5 or 1.6 or the act of any lawfully established authority in controlling, preventing, suppressing or in any other way dealing with any such occurrence.

If the Insurers allege that by reason of 1.5, 1.6, 1.7, 1.8 or 1.9 loss or damage is not covered by this Policy the burden of proving the contrary shall rest on the Insured.

## 6. Accountants' clause

6.1 Any particulars or details contained in the Insured's books of account or other business books or records which may be required by the Insurer under this section for the purpose of investigating or verifying any claim hereunder, may be produced and certified by the Insured's

auditors or professional accountants, and their certificate shall be prima facie evidence of the particulars and details to which it relates.

## 7. Duplicate records (if stated in the specification to be included)

7.1 The Insured shall maintain duplicates of their books of account or other business books or records containing details of outstanding balances and such duplicates shall be stored at different premises from the originals.

## 8. Protections (if stated in the specification to be included)

8.1 The Insured's books of account, or other business books or records containing details of outstanding balances, must be kept in a fire resistant safe, cabinet or strongroom outside business hours unless they are being worked on or are required for immediate reference.



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**9. Transit extension (if stated in the specification to be included)**

**9.1** The insurance under this section includes loss as defined to the Insured's books of account or other business books or records whilst in transit to or from the premises or residence of any director, partner, employee or accountant of the insured.