

# INTERIOR DECORATION PACKAGE INSURANCE POLICY

WHEREAS THE INSURED named in the Schedule, by a Proposal and Declaration which shall be the basis of this contract and is deemed to be incorporated herein, has applied to **CHINA MERCHANTS INSURANCE COMPANY LIMITED** (hereinafter called the "Company") for the insurance hereinafter contained.

NOW THIS POLICY WITNESSETH that in consideration of the Insured having paid or agreed to pay to the Company the premium stated in the said Schedule

THE COMPANY HEREBY AGREES subject to the terms, exceptions and conditions contained herein or attached hereto or endorsed hereon that if during the Period of Insurance stated in the said Schedule or during any further period in respect of which the Insured shall have paid and the Company shall have accepted premium the Insured shall sustain loss or damage or shall incur liability in the circumstances provided for by this Policy and defined herein the Company shall indemnify the Insured in the manner hereinafter described.

## PERIOD OF INSURANCE

The liability of the Company shall commence and expire on the dates shown in the Schedule subject to the following definitions:

- (a) The Construction Period shall commence immediately after unloading of property to be insured on the site or with the onset of the insured contract work, whichever is earlier. It shall end for any part of the contract works which has been taken into use or occupation by the Principal from the time of such taking into use or from the expiry of twenty-eight (28) days from the date of completion certified in a Certificate of Completion or on the date specified in the Schedule, whichever is earlier.
- (b) The Maintenance Period shall commence for the entire works upon completion of commissioning and testing or whenever the works are taken into use, whichever is earlier. It shall end on the date specified in the Schedule.

The Maintenance Period shall cover:

- (i) the loss occurring during the Maintenance Period and was caused by an occurrence during the Construction Period stated in the Schedule; or
- (ii) the loss was caused by the insured contractor in the course of complying with his obligations under the maintenance and defect liability clauses of the Contract.

## 1. SECTIONS I & II – MATERIAL DAMAGE & LIABILITY TO THIRD PARTIES

(Operative only if it is stated in the Schedule)

### 1.1. DEFINITIONS TO SECTION I

For the purpose of this insurance the term Insured Property stated in the Schedule shall mean:

#### Section I (a)

Item 1. The permanent and temporary Works constructed erected or in the course of construction or erection in performance of the Contract and all other property for which the Insured Contractor is responsible under the Contract whilst on the Site and subject to its value being included in the Sum Insured however excluding Constructional Plant and temporary buildings.

Item 2. Professional fees: costs and expenses in respect of architects', surveyors' and consulting engineers' fees necessarily incurred in the reinstatement of the Insured Property consequent upon its loss or damage but not for preparing any claim it being understood that the amount payable hereunder shall not exceed the scale charges of the appropriate professional body.

Item 3. Removal of debris: costs and expenses necessarily incurred by the Insured with the consent of the Company in dismantling and removing debris of the portion or portions of the property insured under Item 1 destroyed or damaged by any peril hereby insured against.

#### Section I (b)

Item 4. Constructional Plant and temporary buildings described in the list attached to this Section.

## 2. GENERAL EXCEPTIONS TO SECTIONS I & II

2.1. The Company shall not indemnify the Insured in respect of loss, damage or liability directly or indirectly caused by or arising out of:

2.1.1. war, invasion, act of foreign enemy, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, mutiny, military or usurped power or persons acting on behalf of or in connection with any political organisation with activities directed towards the overthrow or influencing of a government, de jure or de facto, by force, confiscation,



nationalisation, commandeering, requisition or destruction or damage by order of any government, de jure or de facto, or by any public authority;

2.1.2. strike, riot, lock out, civil commotion or persons taking part in labour disturbances;

2.1.3. 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;

2.1.4. nuclear weapons, material, ionising radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste, from the combustion of nuclear fuel and for the purposes of this exception combustion shall include any self-sustaining process of nuclear fission.

2.2. In any action, suit or other proceeding where the Company alleges that by reason of the provisions of exceptions 2.1.1, 2.1.2 or 2.1.3 above any loss damage or liability is not covered by this insurance the burden of proving that such loss damage or liability is covered shall be upon the Insured.

### 2.3. I.T. Clarification Clause

It is hereby noted and agreed that property damage covered under this insurance shall mean physical damage to the substance of property.

Physical damage to the substance of property shall not include damage to data or software, in particular any detrimental change in data, software or computer programs that is caused by a deletion, a corruption or a deformation of the original structure.

Consequently the following are excluded from this Insurance:

(a) Loss of or damage to data or software, in particular any detrimental change in data, software or computer programs that is caused by a deletion, a corruption or a deformation of the original structure, and any business interruption losses resulting from such loss or damage. Notwithstanding this exclusion, loss of or damage to data or software which is the direct consequence of insured physical damage to the substance of property shall be covered.

(b) Loss or damage resulting from an impairment in the function, availability, range of use or accessibility of data, software or computer programs, and any business interruption losses resulting from such loss or damage.

### 2.4. Terrorism Exclusion Clause for Contamination and Explosives Endorsement

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

(a) biological or chemical contamination; or

(b) missiles, bombs, grenades, explosives

due to any act of terrorism.

For the purpose of this endorsement an act of terrorism means an act, including but not limited to the use of force or violence and/or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organisation(s) or

government(s), committed for political, religious, ideological or ethnic purposes or reasons including the intention to influence any government and/or to put the public, or any section of the public, in fear.

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

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

### 2.5. Terrorism Exclusion Endorsement

Notwithstanding any provision to the contrary within this insurance or any endorsement thereto it is agreed that this insurance excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any act of terrorism regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

For the purpose of this endorsement an act of terrorism means an act, including but not limited to the use of force or violence and/or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organisation(s) or government(s), committed for political, religious, ideological or similar purposes including the intention to influence any government and/or to put the public, or any section of the public, in fear.

This endorsement also excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to any act of terrorism.

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

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

### 2.6. Date Related Performance and Functionality Clause

This Policy does not cover DAMAGE and/or CONSEQUENTIAL LOSS directly or indirectly caused by or consisting of arising from the failure or inability of any computer, data processing equipment or media, microchip, embedded chip, integrated circuit or similar device or any computer software, whether the property of the insured or not, and whether occurring before, during or after the year 2000:

(a) correctly to recognise any date as its true calendar date;

(b) to capture save or retain, and/or correctly to manipulate, interpret or process any data or information or command or instruction as a result of treating any date;

(c) to capture save retain or correctly to process any data as a result of the operation of any command which has been programmed into any computer software, being a command which causes the loss of data or the inability to capture save retain or correctly to process such data on or after any date.

2.7. This insurance does not indemnify the Insured in respect of any claim arising in connection with work on construction site for the purpose of these Sections I & II. The construction site is deemed to mean any site in the course of construction and/or prior to the issue of the necessary occupation permit from the local authorities concerned for the building thereon.

2.8. This insurance excludes any liability directly or indirectly caused by or arising from scaffolding work. This exclusion, however, shall not apply to liability arising from the use of scaffolding for the performance of the job, other than scaffolding work, of the Contract described in the Schedule. Notwithstanding anything to the contrary in the foregoing, the liability arising from the use of scaffolding erected by the Insured or any insured party is nevertheless excluded.

For the purpose of this exclusion, scaffolding work means the erection, dismantling, maintenance or alteration of scaffolding.

### 3. SECTION I – MATERIAL DAMAGE

3.1. The Company shall indemnify the Insured in respect of loss of or damage to the Insured Property described in the Schedule whilst at the Site during the Period of Insurance arising from any cause whatsoever not hereinafter excluded.

3.2. The Company shall not indemnify the Insured in respect of that part of the Works:

3.2.1. which has been taken into use or occupation by the Principal from the time of such taking into use; or

3.2.2. for which a Certificate of Completion has been issued from the expiry of twenty-eight (28) days from the date of completion certified therein;

3.2.3. whichever of 3.2.1 or 3.2.2 is the earlier unless

3.2.4. such loss or damage be occasioned during the Maintenance Period stated in the Schedule; and

3.2.5. was caused by an occurrence during the Construction Period stated in the Schedule; or

3.2.6. was caused by an insured contractor in the course of complying with his obligations under the maintenance and defects liability clauses of the Contract.

3.3. Provided that the total liability of the Company under this Section shall not exceed the Sum Insured shown in the Schedule for each item of the Insured Property.

#### EXCEPTIONS TO SECTION I

3.4. The Company shall not indemnify the Insured in respect of:

3.4.1. loss or damage due to any fault, defect, error or omission in or failure of any design plan or Specification;

3.4.2. loss or damage due to defect in material or workmanship but this exception shall be limited to that part of the Insured Property directly affected and shall not exclude loss or damage to other parts of the Insured Property resulting from an accident due to such defect;

3.4.3. loss of or damage to any item of machinery forming part of the Works or Constructional Plant due to its own explosion, mechanical or electrical breakdown or derangement but this exclusion shall not be deemed to exclude damage to other parts of the Works or Constructional Plant arising as a consequence of such explosion, breakdown or derangement;

3.4.4. loss of Insured Property due to it being stolen or otherwise missing from the Site unless such loss is identifiable by the Insured with a specific occurrence;

3.4.5. loss of or damage to cash, bank notes, treasury notes, cheques, postal orders, money orders, stamps, deeds, bonds, bills of exchange, promissory notes and securities;

3.4.6. loss of use, liquidated damages, fines, penalties, performance guarantees or other consequential losses;

3.4.7. loss or damage due to wear and tear, rust, mildew or other deterioration due to gradually operating causes;

3.4.8. the cost of maintenance;

3.4.9. loss of or damage to any locomotive, waterborne vessel, aircraft or vehicle other than any land vehicle which is used solely on the Site and which is not used on any public road or public highway to which any road traffic legislation applies;

3.4.10. damage to tyres whilst attached to a vehicle or plant unless the vehicle or plant is damaged at the same time;

3.4.11. loss or damage due to cessation of work whether total or partial;

3.4.12. loss or damage which is foreseeable or non-accidental or non-physical in nature.

#### CONDITIONS TO SECTION I

3.5. The Sum Insured shall in respect of Item 4 in the Schedule represent the new replacement value inclusive of erection, freight and customs.

3.6. If in the event of loss or damage to the Insured Property under Item 4 it is found that the Sums Insured are less than the amounts required to be insured the amount recoverable under this Section shall be reduced in such proportion as the Sums Insured bear to the amounts required to be insured.

3.7. In the event of loss or damage to the Insured Property under Item 4 indemnifiable under this Section the basis of loss settlement shall be:

3.7.1. in the case of damage which can be repaired, the costs of necessary repairs without deduction for depreciation, however indemnification shall be limited to costs not exceeding the actual value of the damaged property;

3.7.2. in the case of a total loss, the actual value of the Insured Property immediately before the occurrence of the loss less salvage.

3.8. In the event of loss or damage to the Insured Property the insurance hereunder shall be maintained in force during the Period of Insurance for the Sum Insured the Insured undertaking to pay an additional premium at the agreed rate on the amount of any loss exceeding HKD100,000, pro rata from the date of such loss or damage to the expiry of the Period of Insurance but this additional premium shall be disregarded for the purpose of any adjustment of premium under General Condition 5.6 of this Policy.

3.9. Any loss of or damage to the Insured Property arising during any one period of seventy-two (72) consecutive hours caused by water storm tempest earthquake subsidence collapse vibration or the weakening of support shall be deemed to be one event and therefore to constitute one occurrence with regard to the excess provided under the Excess Clause. For the purposes of the foregoing the commencement of any such seventy-two (72) hour period shall be



decided at the discretion of the Insured it being understood and agreed however that there shall be no overlapping in any two or more such seventy-two (72) hour periods in the event of damage occurring over a more extended period of time.

#### **4. SECTION II – LIABILITY TO THIRD PARTIES**

**4.1.** The Company shall indemnify the Insured in respect of all sums which the Insured shall become legally liable to pay for:

4.1.1. accidental death, bodily injury, illness or disease suffered by any person arising out of the performance of the Contract described in the Schedule;

4.1.2. accidental loss or damage to physical property arising out of the performance of the Contract described in the Schedule.

**4.2.** The liability of the Company under this Section of the Policy for all compensation payable to any claimant or number of claimants in respect of or arising out of all occurrences of a series consequent on or attributable to one original cause shall not exceed the Limit of Indemnity specified in the Schedule.

**4.3.** In respect of any claim covered by this Section of the Policy the Company shall in addition be liable for:

4.3.1. all costs and expenses of litigation recovered by any claimant against the Insured;

4.3.2. all costs and expenses of litigation incurred by the Insured with the written consent of the Company in resisting any claim.

**4.4.** Where the Insured consists of more than one party the insurance by this Section shall apply to each party as if a separate policy had been issued to each party.

**4.5.** Provided always that the aggregate liability of the Company shall not be increased beyond the Limit of Indemnity specified in the Schedule.

#### **EXCEPTIONS TO SECTION II**

**4.6.** The Company shall not indemnify the Insured in respect of:

4.6.1. liability in respect of death, bodily injury, illness or disease suffered by:

(i) any person employed directly or independently by the Principal or any contractor and/or sub-contractor of any tier for the purpose of execution of insured Contract or any parts thereof; and

(ii) any person to whom part or parts of the insured Contract have been sub-contracted including but not limited to self-employed sub-contractors.

4.6.2. liability in respect of compensation claimed from the Insured by an injured person or dependent under any Employees Compensation Legislation;

4.6.3. liability resulting from or attributable to or caused by the ownership or possession or use by or on behalf of the Insured of any locomotive, waterborne vessel, aircraft or vehicle other than any land vehicle which is used solely on the Site and which is not used on any public road or public highway to which any road traffic legislation applies;

4.6.4. liability compulsorily insurable under any legislation governing the use of motor vehicles;

4.6.5. liability in respect of loss or damage to any building, property or structure caused by or resulting from vibration or by the removal or weakening of support;

4.6.6. liability in respect of loss or damage to property belonging to or in the care, custody or control of the Insured;

4.6.7. liability in respect of loss or damage to permanent or temporary works or materials forming part of the Contract or contracts insured under Section I;

4.6.8. liability consequent upon any agreement by the Insured to pay any sum by way of indemnity or otherwise or predetermined penalties or liquidated damages imposed under any contract entered into by the Insured unless such liability would have attached also in the absence of such agreement, contractual penalty or liquidated damages;

4.6.9. any actual or alleged liability whatsoever for any claim or claims in respect of losses directly or indirectly arising out of, resulting from, in consequence of contributed to or aggravated by asbestos in whatever form or quantity;

4.6.10. liability in respect of claims arising out of:

(i) the rendering of or failure to render professional advice or service or any error or omission connected therewith; or

(ii) any error in advice design formula or specification; or

(iii) a breach of the duty owed in a professional capacity by the Insured.

4.6.11. liability in respect of claims for bodily injury, disease, loss or damage caused by or through or in connection with any commodity which the Insured or his employees or his agents working on his behalf have manufactured, sold, supplied, repaired, serviced, tested or processed after such commodity has been handed over to the customers, clients or service users and has left the care, custody and control of the Insured or his employees or his agents working on his behalf.

4.6.12. liability in respect of:

(i) bodily injury or property damage caused by or arising out of the discharge, dispersal, release or escape of pollutants into or upon land, the atmosphere or any water course or body of water. Provided that this exclusion does not apply where such discharge, dispersal, release or escape is sudden, identifiable, unexpected and unintended and takes place in its entirety at a specific time and place;

(ii) any costs and expenses incurred in the prevention, removing, nullifying or cleanup of such contamination or pollution. Provided that this exclusion does not apply to clean-up, removal or nullifying expenses, which are consequent upon sudden, identifiable, unexpected, unintended happening taking place in its entirety at a specific time and place which results in bodily injury or property damage.

The term "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant including but not limited to smoke, vapour, soot, fumes, acids, alkalis, chemicals and waste. Waste includes material to be recycled, reconditioned or reclaimed.

4.6.13. liability arising from fine, penalties or liquidated damages, punitive damage and/or exemplary damages and/or aggravated damages and/or any additional damages resulting from the multiplication of compensatory damages.

4.7. This Section does not cover liability in respect of:

4.7.1. personal injury or property damage arising, directly or indirectly, out of, or in any way involving the insured's "internet operation".

This exclusion does not apply to personal injury or property damage arising out of any material which is already in print by the manufacturer in support of its product, including but not limited to product use and safety instruction or warnings, and which is also reproduced on its site.

"Internet Operations" means the following:

(i) use of electronic mail systems by the Insured or the Insured's employees including part-time and temporary staff, contractors and others within the Insured's organisation;

(ii) access through the Insured's network to the world wide web or a public internet site by the Insured's employees, including part-time and temporary staff, contractors and other within the Insured's organisation;

(iii) access to the Insured's intranet (meaning internal company information and computing resources) which is made available through the world wide web for customers of the Insured or others outside the Insured's organisation; and

(iv) the operation and maintenance of the Insured's web site.

Nothing in this exclusion shall be construed to extend coverage under this Policy to any liability which would not have been covered in the absence of this exclusion.

4.7.2. property damage to computer data or programs and their storage media arising directly or indirectly out of or caused by, through or in connection with:

(i) the use of any computer hardware or software;

(ii) the provision of computer or telecommunication services by the Insured or on the Insured's behalf;

(iii) the use of computer hardware or software belonging to any third party, whether authorised or unauthorised including damage caused by any computer virus.

5.3. All the terms, exceptions and conditions contained herein or endorsed hereon are incorporated in and form part of this contract of insurance and are deemed to be conditions precedent to any liability on the part of the Company so far as they relate to anything to be done by the Insured.

5.4. The expressions "Constructional Plant", "Certificate of Completion", "Contract", "Contractor", "Contract Sum", "Final Contract Sum", "Maintenance Period", "Site", "Specification" and "Works" shall bear the meaning ascribed to them in the Government of Hong Kong Special Administrative Region General Conditions of Contract for Terms Contracts for Civil Engineering Works (2002 Edition), as amended by any special conditions of Contract.

5.5. If any change shall occur materially varying any of the facts upon which these Sections are based the Insured shall immediately give notice in writing to the Company and the premium shall be adjusted in accordance with any agreed rate.

5.6. The Insured shall within three (3) months of the expiration of the Period of Insurance furnish to the Company a declaration of the Final Contract Sum and if such sum shall differ from the Contract Sum the premium shall be adjusted accordingly subject to any minimum retained premium previously agreed.

5.7. The Insured shall also take and cause to be taken all reasonable precautions to prevent loss damage or accident and shall comply with the "Construction Sites (Safety) Regulations" and any ordinance or regulation which might apply in respect of the insured contract.

5.8. In the event of any occurrence which might give rise to a claim under these Sections I & II the Insured shall:

5.8.1. notify the Company as soon as possible and in writing give an indication as to the nature and extent of the damage;

5.8.2. at the expense of the Company take such immediate action as is necessary to minimise the loss provided that such expense shall not increase the Company ultimate loss;

5.8.3. keep parts affected and make them available for inspection by a representative or surveyor of the Company for a reasonable period of time but the Insured shall not in any case be entitled to abandon any property to the Company whether taken possession of by the Company or not;

5.8.4. submit a formal claim and furnish all such information and documentary evidence as the Company may require within six (6) months of the occurrence or such further time as the Company may in writing agree, such agreement not to be unreasonably withheld;

5.8.5. inform and assist the police authorities in case of loss or damage due to theft or burglary or malicious action;

5.8.6. immediately send to the Company upon receipt any writ summons or other proceedings which may be commenced against the Insured;

5.8.7. give to the Company all information and assistance to enable the Company to settle or resist any claim or institute proceedings.

5.9. In the event of a claim or claims arising for which the Company could be liable under these Sections I & II the Company shall be entitled:

## 5. GENERAL CONDITIONS TO SECTIONS I & II

5.1. These Sections I & II shall be construed according to the laws of the Hong Kong Special Administrative Region.

5.2. The Sections I & II and the Schedule shall be read together as one contract and any word or expression to which a specific meaning has been attached in any part of these Sections I & II or of the Schedule shall bear such meaning wherever it may appear.

- 5.9.1. to undertake in the name and on behalf of the Insured the absolute conduct and control of any proceedings and the settlement of the same;
- 5.9.2. to take proceedings at their own expense and for their own benefit but in the name of the Insured to recover compensation or secure an indemnity from any third party in respect of anything covered by this Section;
- 5.9.3. to pay to the Insured in respect of any claim or claims the maximum liability of the Company under Section II of this Policy as stated in the Schedule or such lesser sum for which the said claim or claims can be settled (subject to deduction in either case of any sum or sums already paid on account for such claim or claims) and thereafter the Company shall be under no further liability in respect of said claim or claims except for payment of costs and expenses incurred prior to the date of such payment and for which the Company may be liable hereunder.
- 5.10. The Insured shall not negotiate, pay, settle, admit or repudiate any claim under these Sections I & II without the written consent of the Company.
- 5.11. This insurance is not to be called upon in contribution and is only to pay any loss hereon if and so far as not recoverable under any other insurance.
- 5.12. All differences arising out of these Sections I & II shall be referred to the decision of an Arbitrator to be appointed in writing by the parties in difference or if they cannot agree upon a single Arbitrator to the decision of two Arbitrators one to be appointed in writing by each of the parties within one calendar month after having been required in writing so to do by either of the parties or in case the Arbitrators do not agree of an Umpire appointed in writing by the Arbitrators before entering upon the reference. The Umpire shall sit with the Arbitrators and preside at their meetings and the making of an award shall be a condition precedent to any right of action against the Company. If the Company shall disclaim liability to the Insured for any claim hereunder and such claim shall not within twelve (12) months from the date of such disclaimer have been referred to arbitration under the provisions herein contained then the claim shall for all purposes be deemed to have been abandoned and shall not thereafter be recoverable hereunder.

## MEMORANDUM TO SECTIONS I & II

### 6. These Sections I & II are subject to the following Clauses &/or Endorsements &/or Warranties:

#### 6.1. Removal of Debris (Applicable to Section I only)

Section I of this Policy is extended to include costs and expenses necessarily incurred by the Insured with the consent of the Company in:

- (a) removing debris,
- (b) dismantling and/or demolishing,
- (c) shoring up or propping,

of the portion or portions of the property insured of this Section destroyed or damaged by any perils hereby insured against, including the undamaged portion or portions of such destroyed or damaged property, if any, subject to a maximum limit of 5% of total contract value, which shall form part of but not in addition to the Total Sum Insured of Section I of this Policy.

### 6.2. Automatic Increase of Contract Value (Applicable to Section I only)

The Sum Insured of Item 1 in the Schedule will automatically be increased by a maximum of 10% of the Sum Insured of Item 1 in the event that the final contract value of the insured Contract is higher than the originally quoted contract value.

### 6.3. Cross Liability (Applicable to Section II only)

Where more than one party comprises "the Insured", each of the parties comprising the Insured shall for the purpose of Section II be considered as a separate and distinct party and the words "the Insured" shall be considered as applying to each party in the same manner as if a separate policy had been issued to each of the said parties and the Company hereby agree to waive all rights of subrogation or action which the Company may have or acquire against any of the aforesaid parties arising out of any occurrence in respect of which any claim is made hereunder provided nevertheless that:

- 6.3.1. notwithstanding the foregoing, this Section shall not respond in respect of claim arising out of death of or bodily injury (including illness) to any person who is, or could have been, insured under workmen's compensation insurance(s) and/or employer's liability insurance(s);
- 6.3.2. nothing in this extension shall be deemed to increase the Limit of Indemnity in respect of any one occurrence or series of occurrences as stated in the Schedule.

### 6.4. Damage to Principal's Property (Applicable to Section II only)

Notwithstanding Exception 4.6.6, and otherwise subject to the terms, exclusions, provisions and conditions contained in the Policy or endorsement thereon, Section II of this Policy is extended to indemnify the Insured against legal liability in respect of loss of or damage to any building, structure or property belonging to the Principal in the care, custody or control of the insured contractor in connection with the execution of the insured Contract.

In respect of each and every occurrence of loss or damage indemnifiable under this extension, the Company shall not be liable for the first HKD10,000 or 15% of each and every adjusted loss whichever is the greater.

The liability of the Company in respect of loss of or damage to the Principal's property held in care, custody or control shall not exceed HKD1,000,000 any one accident and in aggregate during any one period of insurance.

### 6.5. Vibration and Removal of Support (Applicable to Section II only)

Notwithstanding Exception 4.6.5, and otherwise subject to the terms, exclusions, provisions and conditions contained in the Policy or endorsement thereon, Section II of this Policy is extended to indemnify the Insured for:

- (a) liability in respect of the collapse of any building, property or structure or any part thereof or any damage which impairs the structural stability of any building, property or structure or which endangers its users caused by or resulting from vibration or removal or weakening of support;
- (b) provided that prior to the occurrence of such collapse or damage the condition of such building, property or structure was sound and all reasonable safety precautions had been taken;
- (c) provided that upon discovery of damage which does not immediately result in the collapse of any building, property or structure or any part thereof or any damage which impairs the



structural stability of any building, property or structure or which endangers its users which is caused by or alleged to be caused by or resulting from vibration or removal or weakening of support arising out of any operations in connection with the execution of the insured Contract the Insured shall immediately suspend such operations or shall at their own expense take all reasonable safety precautions;

(d) provided that the Company shall not indemnify the Insured in respect of damage caused by or resulting from vibration or removal or weakening of support to any building, property or structure under demolition or declared by the relevant public authority to be unsafe.

In respect of each and every occurrence of damage indemnifiable under this extension, the Company shall not be liable for the first HKD20,000 or 20% of each and every adjusted loss whichever is the greater.

The liability of the Company in respect of damage caused by vibration or removal or weakening of support shall not exceed HKD1,000,000 any one accident and in aggregate during any one period of insurance.

#### 6.6. Safety Precautions (Applicable to Sections I & II)

Further to General Condition 5.7 the Insured shall:

- (a) take into account the prevailing weather conditions in the Hong Kong Special Administrative Region;
- (b) construct storage facilities for cement and other materials as water tight structures in areas not exposed to flooding and shall store cement at least 0.6 meters above ground level. The Company shall not indemnify the Insured in respect of loss or damage to cement due to rain, flood or other forms of ingress of water unless the cement storage structures also suffer damage by a cause indemnifiable under the Section;
- (c) take all reasonable measures to secure the Site against unauthorised entry;
- (d) take all reasonable precautions against fire hazards and provide and maintain fire fighting equipment.

#### 6.7. Burning and Welding Clause (Applicable to Sections I & II)

It is a condition precedent to liability under these Sections I & II that in respect of work involving the application of heat away from the insured's premises the following precautions are in operation.

##### 1. General

- (a) The area in which the operation is to be carried out must be clear and free from combustible materials before operations commence.
- (b) Before carrying out any work on one side of a wall or partition, an inspection must be made on the opposite side to the work to ensure that no combustible materials are in danger of ignition either directly or by condition of heat.
- (c) Except for plumbing or painting contracts involving one man only, at least one responsible official must be present at commencement of the operation and two or more employees must be present during the whole period of the operation.
- (d) A thorough examination must be made in the vicinity after termination of each period of work.

- (e) Portable fire extinguishing appliances must be kept available for immediate use.

##### 2. Oxy-Acetylene and Other Welding and Cutting Equipment

- (a) The area in which the work is to be carried out must be shielded adequately by the use of fire-resistant material.
- (b) Combustible floors in the area must be covered with sand or protected with overlapping sheets of non-combustible material.

##### 3. Blow Lamps and Blow Torches

- (a) Blow lamps must be filled only in the open.
- (b) Blow lamps must be lighted immediately before work commences and extinguished immediately after works ceases.
- (c) Lighted blow lamps must not be left unattended.

### 7. SECTION III - EMPLOYEES' COMPENSATION (Operative only if it is stated in the Schedule)

7.1. Now this Section witnesseth that if any Employee in the Insured's immediate employ shall sustain bodily injury or death by Accident occurring or Disease contracted during the Period of Insurance of this Section within the Geographical Area and arising out of and in the course of his employment by the Insured in the Business

The Company will subject to the Limit of Indemnity of this Section and to the terms exceptions and conditions contained in or endorsed on this Section (all of which are hereinafter collectively referred to as "the Terms of this Section") indemnify the Insured against his legal liability in respect of such bodily injury or death under the Ordinance and independently of the Ordinance to pay compensation and damages and claimant's costs and expenses and also indemnify the Insured against costs and expenses incurred by or on behalf of the Insured with the Company's written consent in connection therewith

Provided that in the event of any change to the Ordinance during or subsequent to the Period of Insurance altering the legal liability of the Insured under the Ordinance the liability of the Company under this Section shall be limited to such sums as the Company would have been liable to pay if the Ordinance had remained unaltered;

Further provided that:

- 1. the due observance and fulfilment of the Terms of this Section in so far as they relate to anything to be done or not to be done or to be complied with by the Insured; and
- 2. the truth of the statements and answers in the Proposal and Declaration and the Estimated Earnings Declaration and the Actual Earnings Declaration

shall be conditions precedent to any liability of the Company to make payment or to provide indemnity under this Section.

The Company will also in the event of the death of the Insured indemnify the Insured's legal personal representatives in the Terms of this Section in respect of liability incurred by the Insured provided that such legal personal representatives shall as though they were the Insured observe fulfill and be subject to the Terms of this Section in as far as they can apply.