



MOTOR TRADE INSURANCE POLICY
[IMPORTANT NOTE: PLEASE READ THIS POLICY CAREFULLY]

(1) INSURING CLAUSE

The Insured and the Company agree:

- (a) the Proposal and Declaration is incorporated in and is the basis of this insurance contract;
- (b) the Insured will pay the Premium specified in the Schedule;
- (c) the Company will provide the insurance subject to the terms and conditions of this Policy in respect of any Event occurring during the Period of Insurance;
- (d) the following shall be conditions precedent to any liability of the Company :
 - i) observance of the terms and conditions of this Policy relating to anything to be done or not to be done or to be complied with by the Insured or by any other person claiming to be indemnified; and
 - ii) the truth of the contents and statements in the Proposal and Declaration.

This Policy will not be in force unless it has been signed in the Schedule by a person authorised by the Company.

(2) GENERAL DEFINITIONS

For the purpose of this Policy :

- (a) "The Company" means AIG Insurance Hong Kong Limited.
- (b) "Event" means any one event or series of events arising out of one common cause or source in connection with the Insured Motor Vehicle.
- (c) "Geographical Area" means the territories of Hong Kong and includes its territorial waters for the purpose of the transit of the Insured Motor Vehicle by sea (including incidental loading or unloading) by a craft designed for the carriage of motor vehicles.
- (d) "The Insured" means the person specified as such in the Schedule.
- (e) "The Insured Driver" means the person as defined in paragraph 3(a)(ii), 3(b)(ii) or 3(c) of this Policy.
- (f) "The Insured Motor Vehicle" means the motor vehicle as defined in paragraph 3(a)(i) or 3(b)(i) of this Policy.
- (g) "The Policy" means this Motor Trade Insurance Policy the Schedule and any memoranda and endorsements contained herein or endorsed hereon which shall be read as one document and any word or expression to which a specific meaning has been assigned shall bear such meaning throughout.
- (h) "The Proposal and Declaration" means any signed proposal form and declaration and any information supplied by or on behalf of the Insured in addition thereto or in substitution therefor.
- (i) "The Schedule" means the pages attached to this Policy specifying the terms and details of this insurance contract.
- (j) In this Policy, unless the context otherwise requires, the singular includes the plural and vice versa, and a reference to one gender includes a reference to the other genders.

(3) POLICY OPERATIVE TIME

- (a) Where the "Policy Operative Time" is stated in the Schedule to be "Trade Plate Cover" :
 - (i) the "Insured Motor Vehicle" means any motor vehicle (the property of the Insured or which is in the Insured's custody or control and for which the Insured is responsible) which at the time bears the Insured Trade Plate specified in the Schedule;
 - (ii) the "Insured Driver" means the Insured or an employee of the Insured driving the Insured Motor Vehicle on the Insured's order or with his permission;
 - (iii) where the Schedule additionally specifies that insurance is extended to include "Demonstration Risks", the definition of "Insured Driver" also extends to include any other person driving the Insured Motor Vehicle (as defined in paragraph 3(a)(i) hereof) on the Insured's order or with his permission and in the immediate company of the Insured or an employee of the Insured.
- (b) Where the "Policy Operative Time" is stated in the Schedule to be "Named Insured Cover" :
 - (i) the "Insured Motor Vehicle" means any motor vehicle which at the time is being driven by the Insured or is in his immediate custody or control;
 - (ii) the "Insured Driver" means the Insured;
 - (iii) where the Schedule additionally specifies that insurance is extended to include "Demonstration Risks", the "Insured Driver" means the Insured or any other person driving the Insured Motor Vehicle (as defined in paragraph 3(b)(i)

hereof) with the Insured's permission and in the immediate company of the Insured.

- (c) The provisions of paragraphs 3(a) and 3(b) hereof are subject to :
 - (i) insurance cover is operative only when the Insured Motor Vehicle is used for Motor Trade purposes in connection with the Insured's business and is on the road or is temporarily garaged during the course of a journey elsewhere than in any premises owned by or in the usual occupation of the Insured; and
 - (ii) the Insured Driver in all cases must hold a valid licence to drive the Insured Motor Vehicle or has held and is not disqualified from holding or obtaining such a licence, the term "licence" being taken to mean a licence or other permit required under the laws or regulations or by the licensing authority of the Geographical Area.

(4) OPERATIVE INSURANCE COVER

Subject always to the provisions of paragraph (3) :

- (a) where the "Operative Insurance Cover" in the Schedule is stated to be "Comprehensive Insurance", Sections (I) and (II) of this Policy are operative;
- (b) where the "Operative Insurance Cover" in the Schedule is stated to be "Third Party Legal Liabilities Insurance", only Section (II) of this Policy is operative.

(5) SECTION (I) INSURANCE - AGAINST LOSS OF OR DAMAGE TO THE INSURED MOTOR VEHICLE

- (a) The Company will indemnify the Insured against loss of or damage to the Insured Motor Vehicle and/or its accessories and/or its spare parts whilst thereon. The Company may, at its option, repair reinstate or replace the Insured Motor Vehicle and/or its accessories and/or its spare parts or pay in cash the amount of such loss or damage. The Company's indemnity pursuant to this paragraph 5(a) is limited to :
 - (i) the reasonable market value of the Insured Motor Vehicle at the time of its loss or damage; or
 - (ii) the amount specified in the Schedule as "Section (I) Policy Indemnity Limit";whichever is the lesser amount.
- (b) If the Insured Motor Vehicle is disabled by reason of loss or damage insured by this Policy, the Company will additionally pay the reasonable cost of protection and removal of the Insured Motor Vehicle to the nearest repairer and redelivery after repair to the Insured's address within the Geographical Area where the loss or damage was sustained provided that the amount recoverable hereunder shall not exceed 20% of the agreed cost of repairs to the Insured Motor Vehicle.
- (c) In the event of loss of or damage to the Insured Motor Vehicle and/or its accessories and/or its spare parts necessitating the supply of a part not obtainable from Stock held in the Geographical Area in which the Insured Motor Vehicle is held for repair or in the event of the Company exercising the option to pay in cash the amount of the loss or damage the liability of the Company in respect of any such part will be limited to the price quoted in the latest catalogue or price-list issued by the manufacturer or his agents for the Geographical Area in which the Insured Motor Vehicle is held for repair or, if no such catalogue or price list exists, the price last obtaining at the manufacturer's works plus the reasonable cost of transport otherwise than by air to the Geographical Area in which the Insured Motor Vehicle is held for repair and the amount of the relative import duty and the reasonable cost of fitting such part.
- (d) Where repair cost to the Insured Motor Vehicle is the subject of a claim under Section (I), the Company shall have a right of veto concerning a proposed place of repair or repair firm.

(6) SPECIAL EXCEPTIONS TO SECTION (I) INSURANCE

The Company will not be liable in respect of :

- (a) consequential loss;
- (b) depreciation wear and tear mechanical or electrical breakdown failure or breakage;
- (c) damage to tyres unless damage is caused to other parts of the Insured Motor Vehicle at the same time;
- (d) damage caused by overloading or strain;
- (e) loss of or damage to accessories or spare parts by theft or attempted theft unless the Insured Motor Vehicle is stolen at the same time; and
- (f) any claims excess applicable to Section (I).



(7) CLAIMS EXCESS APPLICABLE TO SECTION (I) INSURANCE

- (a) In respect of any Event giving rise to a claim under the Policy for loss of or damage to the Insured Motor Vehicle, the Company will not be liable for the first amount of such claim specified in the Schedule as "Section (I) Claims Excess".
- (b) If the expenditure incurred by the Company shall include any amount for which the Company is not liable pursuant to paragraph 7(a), the Insured shall forthwith repay such amount to the Company.
- (c) The provisions of paragraph 7(a) shall not apply to loss of or damage to the Insured Motor Vehicle caused by fire self-ignition lightning or explosion which arises independently and not out of any preceding accident involving the Insured Motor Vehicle.

(8) SECTION (II) INSURANCE – AGAINST THIRD PARTY LEGAL LIABILITIES

Subject to Policy Limits of Liability Conditions and Exceptions, the Company will indemnify the Insured and/or any Insured Driver against all sums including claimant's costs and expenses which the Insured and/or such Insured Driver shall become legally liable to pay and other costs and expenses incurred by or on behalf of the Insured and/or such Insured Driver with the Company's written consent in respect of :

- (a) death of or bodily injury to any person; and/or
- (b) damage to property;

Where such death or bodily injury or property damage arises out of an accident caused by or in connection with the Insured Motor Vehicle including the loading or unloading of goods onto or from the Insured Motor Vehicle and within the limits of any carriageway or thoroughfare the bringing of goods to the Insured Motor Vehicle for loading thereon or the taking away of goods from the Insured Motor Vehicle after unloading therefrom.

(9) POLICY LIMITS OF LIABILITY APPLICABLE TO SECTION (II) INSURANCE

- (a) The Company's indemnity to the Insured and/or any other person claiming to be indemnified under Section (II) including claimant's costs and expenses and other costs and expenses incurred by or on behalf of the Insured and/or such other person with the Company's written consent arising out of any Event is limited to :
 - (i) in respect of death of or bodily injury to any person pursuant to sub-paragraph 8(a), the amount specified in the Schedule as Policy Liability Limit "Third Party Death Or Bodily Injury"; and
 - (ii) in respect of damage to property pursuant to paragraph 8(b), the amount specified in the Schedule as Policy Liability Limit "Third Party Property Damage".

Where this Policy insures more than one Insured Motor Vehicle, the limitations of the Company's indemnity will nevertheless apply irrespective of the number of insured Motor Vehicles that may be involved in the same Event.

- (b) If the occurrence of any Event results in indemnity to more than one person, the limitations of the Company's indemnity specified in paragraph 9(a) shall apply to the aggregate of indemnity to all persons claiming to be indemnified and shall apply in priority to the Insured.
- (c) At any time after the happening of any Event giving rise to a claim or a series of claims under Section (II) the Company may pay to the Insured and/or any other person claiming to be indemnified the respective full amount of the Company's liability specified in paragraph 9(a) (after the deduction of any sums already paid) or any lesser amount for which such claim or claims can be settled and the Company shall relinquish the conduct of any defence settlement or proceedings and shall not then be responsible for damages payable to the claimant and claimant's costs or for any damages alleged to have been caused to the Insured or such person in consequence of any alleged action or omission of the Company in connection with such defence settlement or proceedings or of the Company relinquishing such conduct nor shall the Company be liable for any costs or expenses whatsoever incurred by the Insured or by such person or by any claimant or other person after the Company shall have relinquished such conduct.

(10) SPECIAL CONDITIONS APPLICABLE TO SECTION (II) INSURANCE

- (a) In the event of the death of any person entitled to indemnity under Section (II), the Company will in respect of the liability incurred by such person indemnify his legal personal

representative in terms of and subject to the limitations of this insurance which apply to such person.

- (b) The Company may at its own option and expense :
 - (i) arrange for representation at any inquest or fatal inquiry in respect of any death which may be the subject of indemnity under Section (II); and/or
 - (ii) undertake the defence of proceedings in any court of law in respect of any act or alleged offence causing or relating to any Event which may be the subject of indemnity under Section (II).

(11) SPECIAL EXCEPTIONS TO SECTION (II) INSURANCE

The Company will not be liable:

- (a) to indemnify any person claiming to be indemnified :
 - i) unless such person shall observe fulfil and be subject to the terms and conditions of this Policy in so far as they can apply; or
 - ii) if such person is entitled to indemnity under any other insurance policy;
- (b) in respect of death of or bodily injury to any person arising out of and in the course of such person's employment by :
 - i) any person (including the Insured) claiming to be indemnified under Section (II); or
 - ii) the employer of any person (including the Insured's) claiming to be indemnified under Section (II);
- (c) in respect of damage to the Insured Motor Vehicle as defined in paragraph 3(a)(i) or paragraph 3(b)(i);
- (d) in respect of damage to property being conveyed by the Insured Motor Vehicle or to property belonging to or held in trust by or in the custody or control of :
 - i) any person (including the Insured) claiming to be indemnified under Section (II); or
 - ii) a member of the same household of any person (including the Insured's) claiming to be indemnified under Section (II);
- (e) in respect of loss of or damage by vibration or by the weight of the Insured Motor Vehicle and/or of the load carried by the Insured Motor Vehicle to any bridge weighbridge viaduct road or anything beneath;
- (f) in respect of judgments which are not in the first instance delivered by or obtained from a Court of competent jurisdiction of Hong Kong;
- (g) any claims excess applicable to Section (II).

(12) CLAIMS EXCESSES APPLICABLE TO SECTION (II) INSURANCE

- (a) In respect of any Event giving rise to a claim for indemnity against liabilities for third party property damage, the Company will not be liable for the first amount of such claim specified in the Schedule as "Third Party Property Damage Excess".
- (b) If the expenditure incurred by the Company resulting from a claim includes the amount for which the Company is not liable pursuant to paragraph 12(a), the Insured shall forthwith repay such amount to the Company.

(13) AVOIDANCE OF CERTAIN TERMS AND RIGHT OF RECOVERY

If the Company is obliged by the laws of any country within the Geographical Area or by virtue of any agreement between the Company and The Motor Insurers' Bureau of Hong Kong to pay an amount for which the Company would not otherwise be liable under this Policy the Insured and any other person on whose account the payment is made shall forthwith repay such amount to the Company.

(14) GENERAL EXCEPTIONS

The Company will not be liable under this Policy in respect of:

- (a) any accident loss damage or liability caused sustained or incurred outside the Geographical Area;
- (b) any accident loss damage or liability caused sustained or incurred whilst on the Insured's order or with his permission or to his knowledge :
 - (i) the Insured Motor Vehicle is used otherwise than in accordance with paragraphs 3(c)(i) and 3(c)(ii) or is used for racing pace-making reliability-trial or speed-testing or for hire or reward;
 - (ii) the Insured Motor Vehicle is being driven by any person other than an Insured Driver or is in the charge of such person for the purpose of being driven by him.
- (c) any accident loss damage or liability (except so far as is necessary to meet the requirements of the Motor Vehicles Insurance (Third



Party Risks Ordinance) directly or indirectly proximately or remotely occasioned by contributed to by or traceable to or arising out of or in connection with:

- (i) war invasion act of foreign enemy hostilities or warlike operations (whether war be declared or not) civil war mutiny rebellion revolution insurrection military or usurped power;
- (ii) strike riot civil commotion; or
- (iii) detention seizure confiscation or any attempt thereat; or by any direct or indirect consequences of any of the said occurrences;
- (d) any liability which attaches by virtue of an agreement but which would not have attached in the absence of such agreement;
- (e) any accident loss or damage to any property whatsoever or any loss or expense whatsoever resulting or arising therefrom or any consequential loss or any liability of whatsoever nature directly or indirectly caused by or contributed to by or arising from ionising radiation or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel and, for the purpose of this paragraph 14(e), combustion shall include any self-sustaining process of nuclear fission; and
- (f) any accident loss damage or liability directly or indirectly caused by or contributed to by or arising from nuclear weapon materials.
- (g) any accident, loss, damage or liability caused, sustained or incurred whilst the Insured Motor Vehicle is being driven by, in the charge of or under the control of the Insured or the Insured Driver:
 - (i) who is convicted of an offence for being under the influence of drink or drugs to such an extent as to be incapable of having proper control of the Insured Motor Vehicle; or
 - (ii) when the proportion of alcohol in his/her breath, blood or urine exceeds the prescribed limit as stipulated in Section 2 of the Road Traffic Ordinance (Cap. 374) as may be amended from time to time or any legislation which replaces the same; or
 - (iii) who is convicted of an offence for failing, without reasonable excuse, to provide a specimen of breath, blood, or urine for testing or analysis as required by law.

In any action suit or other proceedings where the Company alleges that by reason of paragraph 14(c) any accident loss damage or liability is not indemnifiable by this Policy, the burden of proving that such accident loss damage or liability is indemnifiable shall be upon the person claiming to be indemnified.

(15) WAR AND TERRORISM EXCLUSION

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

- (a) war, invasion, acts of foreign enemies, hostilities or warlike operations (whether war be declared or not), civil war, rebellion, revolution, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power; or
- (b) any act of terrorism.

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

This exclusion also excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to (a) and/or (b) above.

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

(16) GENERAL CONDITIONS

- (a) Every notice or communication to be given or made under this Policy shall be delivered in writing to the Company and in the case of notice or communication to the Insured to the Insured's address specified in the Schedule.

(b) In the event of any occurrence which may give rise to a claim under this Policy the Insured shall immediately give notice thereof to the Company with full particulars. Every letter claim writ summons and process shall be notified or forwarded to the Company immediately on receipt by the Insured. Notice shall also be given in writing to the Company immediately the Insured or any person claiming to be indemnified shall have knowledge of any impending prosecution inquest or fatal inquiry in respect of any occurrence which may give rise to a claim under this Policy. In case of theft or other criminal act which may be the subject of a claim under this Policy the Insured shall give immediate notice to the Police and shall cooperate with the Company in securing the conviction of the offender.

(c) No admission offer promise payment or indemnity shall be made or given by or on behalf of the Insured or any person claiming to be indemnified without the prior written consent of the Company which shall be entitled to take over and conduct in the name of the Insured or such person the defence or settlement of any claim or to prosecute in the name of the Insured or such person for the Company's own benefit any claim for indemnity or damages or otherwise and the Company shall have full discretion in the conduct of any proceedings and in the settlement of any claim and the Insured and such person shall give all such information and assistance as the Company may require.

(d) The Insured shall take all reasonable steps to safeguard the Insured Motor Vehicle from loss or damage and to maintain it in efficient condition and the Company shall have at all times free and full access to examine the Insured Motor Vehicle or any part thereof or any driver or employee of the Insured. In the event of any accident or breakdown the Insured Motor Vehicle shall not be left unattended without proper precautions being taken to prevent further damage or loss and if the Insured Motor Vehicle be driven before the necessary repairs are effected any extension of the damage or any further damage to the Insured Motor Vehicle shall be excluded from the scope of indemnity granted by this Policy.

(e) The Company may cancel this Policy by giving seven days' notice by registered letter to the Insured and in such event will return to the Insured the premium paid less the pro rata portion thereof for the period the Policy has been in force or this Policy may be cancelled at any time by the Insured on seven days' notice and (provided no claim has arisen during the current Period of Insurance and the current Certificate of Insurance has been returned to the Company on or before the date of cancellation) the Insured shall be entitled to a return of premium less the premium calculated at the Company's short period rates for the period the Policy has been in force.

(f) If at the time any claim arises under this Policy there is any other insurance covering the same loss damage or liability the Company shall not be liable to pay or contribute more than its rateable proportion of any loss damage compensation costs or expenses provided always that nothing in this paragraph 16(f) shall impose on the Company any liability from which but for this paragraph 16(f) it would have been relieved pursuant to sub-paragraph 11(a)(ii).

(g) All differences arising out of this Policy shall be determined by arbitration in accordance with the prevailing Arbitration Ordinance. If the parties fail to agree upon the choice of arbitrators or umpires, then the choice shall be referred to the Chairman for the time being of the Hong Kong International Arbitration Centre. It is expressly stipulated that it shall be a condition precedent to any right of action or suit upon this Policy that an arbitration award shall be first obtained. If the Company shall disclaim liability to the Insured for any claim hereunder and such claim shall not within twelve calendar months from the date of such disclaimer have been referred to arbitration under the provisions herein contained then the claim shall for all purposes be deemed to have been abandoned and shall not thereafter be recoverable hereunder.

(h) This Policy is subject to the exclusive jurisdiction of Hong Kong and is to be construed according to the laws of Hong Kong.

(17) SANCTIONS EXCLUSION

The Company will not be liable to provide any coverage or make any payment hereunder if to do so would be in violation of any sanctions law or regulation which would expose the Company, its parent company or its ultimate controlling entity to any penalty under any sanctions law or regulation.



(18) **CONTRACTS (RIGHTS OF THIRD PARTIES) ORDINANCE**

Nothing in this Policy is intended to confer a direct enforceable benefit on any party other than the Insured and the Company, whether pursuant to the Contracts (Rights of Third Parties) Ordinance or otherwise. It is hereby noted and agreed, however, that the Company and the Insured named in the Schedule alone have the right to amend this Policy by agreement or (if any such rights exist in the Policy) to cancel or terminate the Policy, without giving notice, or requiring the consent of any other person.

Personal Data (Privacy) Ordinance

The Insured agrees that:

- (a) the personal data collected during the application process or administration of this policy may be used by AIG HK for the purposes stated in its Data Privacy Policy, which include underwriting and administering the insurance policy being applied for (including obtaining reinsurance, underwriting renewals, data matching, claim processing, investigation, payment and subrogation).
- (b) AIG HK may use the Insured's contact details (name, address, phone number and e-mail address) to contact him/her about other insurance products provided by the AIG group (assuming AIG HK has obtained the agreement of the Insured to use such contact details for this purpose).
- (c) AIG HK may transfer the personal data to the following classes of persons (whether based in Hong Kong or overseas) for the purpose identified:
 - i) third parties providing services related to the administration of this policy, including reinsurers (per (a) above);
 - ii) financial institutions for the purpose of processing this policy and obtaining policy payments (per (a) above);
 - iii) in the event of a claim, loss adjustors, assessors, third party administrators, emergency providers, legal services providers, retailers, medical providers and travel carriers (per (a) above);
 - iv) for the purpose of conducting direct marketing activities (per (b) above), marketing companies authorized by the AIG group;
 - v) another member of the AIG group (for all of the purposes stated in (a) and (b)) in any country; or
 - vi) other parties referred to in AIG HK's Data Privacy Policy for the purposes stated therein.
- (d) The Insured may gain access to, or request correction of his/her personal data (in both cases, subject to a reasonable fee), or change the option he/she previously elected in relation to the use of his/her contact details for direct marketing at any time, by writing to the Privacy Compliance Officer of AIG Insurance Hong Kong Limited at GPO Box 456 or cs.hk@aig.com. The same addresses may be used to contact AIG HK with any comments in relation to the services it provides. The full version of AIG HK's Data Privacy Policy can be found at www.aig.com.hk.

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AIG INSURANCE HONG KONG LIMITED
7/F, One Island East, 18 Westlands Road,
Island East, Hong Kong
Tel: 3666-7033 Fax: 2832-9514