



MIDLAND - FREE RESIDENTIAL FIRE INSURANCE
[IMPORTANT NOTE: PLEASE READ THIS POLICY CAREFULLY]

THE COMPANY AGREES (subject to the terms exceptions and conditions contained herein or endorsed or otherwise expressed hereon which shall so far as the nature of them respectively will permit be deemed to be conditions precedent to the rights of the Insured to recover hereunder) that if the Property Insured at the Situation described in the Schedule or any part thereof shall suffer any loss destruction or damage (hereinafter referred to as 'Damage') caused by fire, or by lightning, or by explosion of boilers or gas used for domestic purposes only, or by any Extra Peril specified in the Schedule, at any time during the Period of Insurance or of any subsequent period in respect of which the Insured shall have paid and the Company shall have accepted the premium required for the renewal of this Policy, the Company will pay to the Insured the value of the Property Insured at the time of the happening of its loss or destruction or the amount of such damage or at the Company's option reinstate or replace such Property or any part thereof.

PROVIDED THAT the liability of the Company shall in no case exceed :

- (a) in the whole the Total Sum Insured or in respect of any item its Sum Insured at the time of the Damage, or
- (b) if any other Damage shall have occurred during the same period of insurance, the Sum Insured remaining after payment for such Damage unless the Company shall have agreed to reinstate any such Sum Insured.

Unless otherwise expressly stated in the Policy, this insurance does not cover :

1. Damage occasioned by or through or in consequence of, directly or indirectly, and of the following :
 - (a) fire or explosion resulting from earthquake, volcanic eruption or other convulsion of nature;
 - (b) the Property Insured's own spontaneous fermentation or heating;
 - (c) the Property Insured undergoing any process involving the application of heat;
 - (d) burning whether accidental or otherwise of forests, bush, prairie, pampas or jungle, and the clearing of lands by fire;
 - (e) the burning of property by order of any public authority;
 - (f) riot, civil commotion, strikers or locked-out workers;
 - (g) war, invasion, act of foreign enemy, hostilities or warlike operations (whether war be declared or not), civil war;
 - (h) mutiny, military or popular uprising, insurrection, rebellion, revolution, military or usurped power, martial law or state of siege or any of the events or causes which determine the proclamation or maintenance of martial law or state of siege;
 - (i) any nuclear weapons material;
 - (j) ionising radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel, solely for the purpose of this exception combustion shall include any self-sustaining process of nuclear fission;
 - (k) pollution or contamination not resulting from an insured peril;
 - (l) theft during or after the occurrence of a fire;
 - (m) explosion other than of boilers or gas used for domestic purposes only.
2. Damage to any electrical machine, apparatus, or any portion of the electrical installation arising from or occasioned by its own over-running, excessive pressure, short-circuiting, self-heating, arcing or leakage of electricity arising from whatever cause (lightning included).
3. Damage to property which at the time of the happening of such Damage is insured by, or would but for the existence of this Policy, be insured by any marine policy or policies, except in respect of any excess beyond the amount which would have been payable under such marine policy or policies had this Policy not been effected;
4. Goods held in trust or on commission, bullion, unset precious stones, works of art manuscripts, plans, drawings or designs, patterns, models, moulds, securities, obligations, documents, stamps, coined or paper money, cheques, books of accounts, business books, computer systems records, explosives;
5. Consequential loss or damage of any kind or description.

DEFINITIONS

Building means only the structural building itself which includes all fixtures and fittings attached to it but excluding all personal contents in the building, the building foundation and its underground drainage system.

Unless specifically mentioned the structural building is deemed declared by the Insured to be constructed of brick, stone, concrete and roofed with concrete, slate, tile, metal and other incombustible mineral ingredient.

CONDITIONS

1. Identification

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

2. Misrepresentation

If there be any material misdescription of any of the Property Insured, or of any building or place in which such property is contained, or any misrepresentation as to any material fact to be known for estimating the risk, or any omission to state such fact, the Company shall not be liable under this Policy so far as it relates to property affected by any such misdescription, misrepresentation or omission.

3. Reasonable Precautions

The Insured shall maintain the Property Insured in a proper state of repair and take all reasonable precautions to prevent Damage thereto.

4. Alterations and Removals

Unless the Insured has obtained the consent of the Company in writing before the occurrence of any Damage, the insurance ceases to attach regarding the Property affected under any of the following circumstances:

- (a) if the trade or manufacture carried on by the Insured be altered, or if any circumstances affecting the Situation insured be changed in such a way as to increase the risk of Damage by any of the Insured Perils;
- (b) if the Situation insured becomes unoccupied and so remains for a period of more than 30 days;
- (c) if the Property Insured is removed from the Situation insured;
- (d) if the interest in the Property Insured passes from the Insured otherwise than by will or operation of law.

5. Cancellation

This Policy may be cancelled at any time:

- (a) by the Insured on notice to that effect being given in writing to the Company, in which case the Company will retain the customary short period rate for the time the Policy has been in force;
- (b) by the Company on 7 days' advance notice to that effect being given in writing to the Insured's last known address, in which case the Company shall be liable to repay on demand a rateable proportion of the premium for the unexpired term from the date of the cancellation.

6. Warranties

Every warranty to which the Property Insured or any item thereof is or may be made subject shall from the time the warranty attaches apply and continue to be in force during the whole currency of this Policy, and non-compliance with any such warranty shall be a bar to any claim in respect of such Property or item, provided that whenever this Policy is renewed a claim in respect of Damage occurring during the renewal period shall not be barred by reason of a warranty not having been complied with at any time before commencement of such period.

7. Claims (Action by the Insured)

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

- (a) immediately
 - (i) take steps to minimise the Damage and recover any missing property
 - (ii) give notice in writing to the Company
 - (iii) give notice to the Police in the event of deliberate or malicious damage;
- (b) within 30 days or such further time as the Company may in



writing allow deliver to the Company

- (i) a claim in writing for the Damage containing as particular an account as may be reasonably practical of all the several articles or items of property Damage and the amount of Damage thereto respectively, having regard to their value at the time of the Damage
- (ii) particulars of all other insurance if any;
- (c) at all times at his own expense provide to the Company all such information and available documents or proofs regarding
 - (i) the origin and cause of the Damage and the circumstances under which the Damage occurred
 - (ii) any matter touching the liability or the amount of liability of the Company

as may be reasonably required by the Company together with a declaration on oath or in other legal form of the truth of the claim and any matters connected therewith.

8. Forfeiture of Benefits

All benefits under this Policy shall be forfeited:

- (a) if any claim made be in any respect fraudulent;
- (b) if any fraudulent means or devices are used by the Insured or any one acting on his behalf to obtain benefit under this Policy;
- (c) if any Damage is caused by the wilful act or with the connivance of the Insured;
- (d) if the Insured or any person acting on his behalf shall hinder or obstruct the Company in the exercise of its right;
- (e) in respect of any claim made and rejected if an action or suit be not commenced within twelve months after such rejection;
- (f) in respect of any claim where arbitration takes place pursuant to Condition 14 of this Policy and an action or suit be not commenced within twelve months after the making of an arbitration award;
- (g) in respect of any claim after the expiration of twelve months from the happening of the Damage, unless such claim is the subject of pending legal action or arbitration.

9. Possession Rights

On the happening of Damage in respect of which a claim is made:

- (a) the Company and any person authorised by the Company may without hereby incurring any liability or diminishing any of the Company's rights under this Policy :
 - (i) enter take or keep possession of the premises where such Damage has occurred;
 - (ii) take possession of or require to be delivered to the Company any Property Insured and deal with such Property for all reasonable purposes and in any reasonable manner;
- (b) no Property may be abandoned to the Company whether taken possession of the Company or not.

10. Option to Reinstate

The Company may at its option, repair or replace the Property Department, or any part thereof, instead of paying the amount of the Damage, or may join with any other persons companies or insurers in so doing, but the Company shall not be bound to repair exactly or completely, but only as circumstances permit and in reasonably sufficient manner, and in no case shall the Company be bound to expend more in repair than it would have cost to repair such Property as it was at the time of the occurrence of such Damage, nor more than the Sum Insured thereon.

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

If in any case the Company shall be unable to repair or replace the Property Insured because of any law or regulations in force affecting the alignment of streets, or the construction of buildings, or otherwise, the Company shall, in every such case, only be liable to pay such sums as would be required to repair or replace such Property if the same could lawfully be repaired to its former condition.

11. Average (Underinsurance)

If at the time of Damage, the Property Insured be collectively of greater value than the sum insured thereon, the Insured shall bear a share of the Damage corresponding directly to the proportion of underinsurance. Every item, if more than one, of the Property Insured shall be separately subject to this Condition.

12. Contribution

This insurance shall not apply to or be called upon to contribute loss or damage to property which, at the time of happening of such loss or damage, is insured by or would, but for the existence of this Policy, be insured by other valid and collective insurance policy or policies, except in respect of any excess beyond the amount which would have been payable under such policy or policies had this insurance not been effected.

13. Subrogation

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

14. Arbitration

If any difference shall arise as to the amount to be paid under this Policy such difference 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 hereby 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.

15. "Fungi", Wet Or Dry Rot, Mold Or Bacteria Exclusion

This policy shall not apply to losses, damage directly or indirectly caused by, wholly or partly contributed to by or arising from "Fungi", Wet or Dry Rot, Mold or Bacteria, meaning the presence, growth, proliferation, spread or any activity of "fungi", wet or dry rot, mold or bacteria. Whenever "Fungi", wet or dry rot, mold or bacteria occur, the "fungi", wet or dry rot, mold or bacteria and any resulting loss is always excluded under this policy, however caused. In addition, there is no coverage to test for, monitor, clean up, remove, remediate, contain, treat, detoxify, neutralize, or in any way respond to, or assess the effects of, "fungi", wet or dry rot, mold or bacteria. "Fungi" shall mean any type of form of fungus, including but not limited to, all forms of mold or mildew, and any mycotoxins, spores, scents, vapors, gas, or substance, including any byproducts or released by "fungi"

The Company shall not be liable in respect of any legal liability caused by, arising out of, aggravated by or resulting from "fungi", wet or dry rot, mold or bacteria against third party property damage and/or bodily injury including any liability imposed on the insured by any government authority.

16. Data Recognition Exclusion

(a) The Company will not pay for damage or consequential loss directly or indirectly caused by, consisting of, or arising from, the failure of any computer, data processing equipment or media microchip, operating systems, microprocessors (computer chip), integrated circuit or similar device, or any computer software, whether the property of the insured or not, and whether occurring before, during or after the year 2000 that results from the inability to :

- (i) correctly recognize any date as its true calendar date;
 - (ii) capture, save, or retain and/or correctly manipulate, interpret or process any data or information or command or instruction as a result of treating any data otherwise than as its true calendar date; and/or
 - (iii) capture, save, retain or correctly process any data as a result of the operation of any command which has been programmed into any computer software, being a command which causes the loss of data or the inability to capture, save, retain or correctly process such data on or after any date.
- (b) It is further understood that we will not pay for the repair or modification of any part of an electronic data processing system or its related equipment, to correct deficiencies or features of logic or operation.
 - (c) It is further understood that we will not pay for damage or consequential loss arising from the failure, inadequacy, or malfunction of any device, consultation, design evaluation, inspection installation, maintenance, repair or supervision



done by you or for you or by or for others to determine, rectify or test, any potential or actual failure, malfunction or inadequacy described in (a) above.

Such damage or consequential loss described in (a), (b) or (c) above, is excluded regardless of any other cause that contributed concurrently or in any other sequence.

This endorsement shall not exclude subsequent damage or consequential loss, not otherwise excluded, which itself results from a Defined Peril. Defined Peril shall mean : fire, lightning, explosion aircraft or impact, falling objects, windstorm, hail, tornado, hurricane, cyclone, riot, strike, civil commotion, vandalism, malicious mischief, earthquake, volcano, tsunami, freeze or weight of snow.

17. 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.

18. 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.

19. 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. Further, it is hereby noted and agreed 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.

20. Governing Law

The Insurance contract of which this Policy forms part is subject to the laws of Hong Kong Special Administrative Region of the People's Republic of China.

EXTRA PERILS ENDORSEMENT

This Policy is extended, but only as specified in the Policy Schedule, to cover Damage caused by the Extra Perils described hereunder provided always that all the Conditions of this Policy (except insofar as they may be hereby expressly varied) shall apply as if they had been incorporated herein and for this purpose any Damage by the specified Extra Perils shall be deemed to be Damage by fire within the meaning of this Policy.

E1 – Aircraft

Damage directly caused by aircraft and other aerial devices or articles dropped therefrom excluding Damage caused by any aircraft for which permission to land has been extended by the Insured.

E2 – Earthquake (Fire, Shock & Flood)

Damage by fire or otherwise, directly caused by earthquake or volcanic eruption including flood or overflow of the sea occasioned thereby, but excluding in respect of damage caused other than by fire:

- (a) the first HK\$3,000 of each and every loss as ascertained after the application of any condition of average and occurring within each and every separate period of 72 consecutive hours during the currency of this Policy.
- (b) metal smoke stacks, awnings, blinds, signs or other outdoor fixtures and fittings unless specifically insured.

E3 – Explosion

Damage by fire or otherwise, directly caused by explosion, but excluding

- (i) Damage to boilers, economisers, or other vessels, machinery or apparatus in which pressure is used, or Damage to their contents resulting from their explosion.
- (ii) Damage occasioned by or through or in consequence, directly or indirectly, of any act of terrorism committed by any person acting on behalf of, or in connection with, any organization (for the purposes of this exclusion "terrorism" means the use of violence for political ends and includes any use of violence for the purpose of putting the public or any section of the public in fear).

E4 – Vehicle Impact (by Any Vehicle)

Damage by fire or otherwise, caused by impact by any road vehicle, horses or cattle, but excluding the first HK\$3,000 of each and every loss as ascertained after the application of any condition of average.

E5 – Sprinkler Leakage

Damage directly caused by water discharged or leaking from the Automatic Sprinkler Installation installed in that part of the Risk Location which is occupied by the Insured but excluding Damage to the said Installation, provided that

- (i) such discharge or leakage of water shall be accidental and shall not be occasioned by or happen through
 - (a) heat caused by fire
 - (b) repairs or alteration to the buildings or premises
 - (c) repair, removal or extension of the said Installation
 - (d) the order of the Government or of any Authority
 - (e) explosion, the blowing-up of buildings or blasting
- (ii) the Insured shall at all times take all reasonable steps to prevent damage to the said Installation and, so far as his responsibility extends, to maintain the said installation, including the automatic external alarm signal, in efficient condition, in the event of any discharge or leakage from the said Installation the Insured shall do and permit to be done all things practicable, whether by removal or otherwise, to save and protect the Property Insured.
- (iii) whenever it is intended to make any changes, repairs or alterations to the said Installation, the Insured shall give written notice thereof to the Company.
- (iv) the Company shall have access to the Risk Location at all reasonable times for purpose of inspection and if the Company shall notify the Insured of defects in the construction or condition of the said Installation requiring alteration or repairs the Company may also at their option by notice in writing suspend the insurance by this extension until such alteration or repairs shall be duly completed.

E6 – Typhoon, Windstorm & Flood

Damage by fire or otherwise, directly caused by typhoon, windstorm or flood but excluding

- (i) in respect of Damage caused other than by fire
 - (a) the first HK\$3,000 of each and every loss as ascertained after the application of any condition of average and occurring within each and every separate period of 72 consecutive hours during the currency of this Policy



- (b) metal smoke stacks, awnings, blinds, signs or other outdoor fixtures and fittings unless specifically insured
- (c) premises in course of construction, alteration repair except when all outside doors, windows and other openings are complete and protected against typhoon or windstorm unless specifically insured
- (ii) Damage caused by
 - (a) subsidence of landslip
 - (b) hail, whether wind driven or not
 - (c) rain entering the building other than through openings made in its fabric by the direct force of the typhoon or windstorm
- (iii) Damage caused by accumulation of water resulting from circumstances where the Insured could, but has failed to, take reasonable steps to prevent such accumulation.

E7 – Water Tanks, Apparatus & Pipes

Damage directly caused by bursting or overflowing of water tanks, apparatus or pipes but excluding

- (i) the first HK\$3,000 of each and every loss as ascertained after the application of any condition of average
- (ii) damage to water tanks apparatus or pipes
- (iii) damage caused by water discharged or leaking from any installation of automatic sprinklers

E8 – Riot & Strike

Damage directly caused by

- (a) 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)
- (b) the wilful act of any striker or locked-out worker done in furtherance of a strike or in resistance to a lock-out
- (c) the action of any lawfully constituted authority in suppressing or attempting to suppress or in minimising the consequences of any act mentioned in (a) and (b) above

but excluding

- (i) Damage occasioned through or in consequence, directly or indirectly, of
 - (a) any act of terrorism committed by any person acting on behalf of, or in connection with, any organization (for the purposes of this exclusion ‘terrorism’ means the use of violence for political ends and includes any use of violence for the purpose of putting the public or any section of the public in fear)
 - (b) civil commotion assuming the proportions of or amounting to a popular rising
 - (c) the malicious act of any person (whether or not such act is committed in the course of disturbance of 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
- (ii) Damage resulting from total or partial cessation of work or the retarding or interruption or cessation of any process or operation.
- (iii) Damage occasioned by
 - (a) permanent or temporary dispossession resulting from confiscation, commandeering or requisition by any lawfully constituted authority
 - (b) permanent or temporary dispossession of any building resulting from the unlawful occupation by any person of such building provided nevertheless that the Company is not relieved of any liability to the Insured in respect of physical damage to the Property Insured occurring before dispossession or during temporary dispossession

E9 – Malicious Damage

Damage directly caused by the malicious act of any person (whether or not such act is committed in the course of a disturbance of the public peace), but excluding

- (i) Damage by explosion
- (ii) Damage arising out of or in the course of theft or any attempt thereat

provided that cover under Extra Peril E8 (Riot & Strike) is in force and subject to the application of the exclusion under that Extra Peril extension wording other than (i) (c).

E10 – Landslip and Subsidence

In consideration of the payment of the after-mentioned premium, it is hereby agreed and declared that notwithstanding anything in the within written Policy contained to the contrary the insurance under this Policy shall extend to cover :

Loss of or damage to the property insured caused by subsidence of the site of landslip, occurring within the period stated in the schedule but

excluding:

- (i) loss or damage occasioned by or through or in consequence directly or indirectly of any of the following occurrences :
 - (A) Coastal erosion
 - (B) Heave
 - (C) Bedding down of structures or the settlement of made up ground within five (5) years of the completion of such works
- (ii) loss of or damage to paths drives fences gates boundary and retaining walls caused by subsidence &/or landslip
- (iii) unless otherwise specifically insured, the cost of removal of subsidence and/or landslip debris or the making good of the site following subsidence and/or landslip except in so far as is necessary to repair the property insured
- (iv) loss or damage directly occasioned by or through defective design or workmanship or the use of defective materials
- (v) consequential loss or damage of any kind or description
- (vi) the first HK\$10,000 or 10% (ten percent) of each and every loss, whichever is the greater, as ascertained after the application of any condition of average and occurring within each and every separate period 72 consecutive hours during the currency of this Policy.

WARRANTED :

- (1) The Insured shall maintain the insured property in sound repair and shall take all responsible steps to prevent damage from the perils covered hereby.
- (2) The Insured shall maintain any man-made slope and retaining wall for which they are responsible in accordance with laws regulations codes and guides issued by the Hong Kong Government including the guideline stipulated in the GEOGUIDE 5 – GUIDE TO SLOPE MAINTENANCE published by the Geotechnical Engineering Office, Civil Engineering Department, Hong Kong.
- (3) The Insured shall notify the company immediately
 - (i) any excavations are commenced beneath, around or in the vicinity of the insured property. In such event the Company shall have the right to vary or cancel the cover period under this Policy.
 - (ii) if the operation of an insured peril affecting any part of the site (whether or not the insured property is involved) or its nearby surroundings.

CLAUSES AND WARRANTIES

Of the following clauses and warranties only those apply which are so indicated in the appropriate place in the Schedule and are each subject to the conditions of the Policy:

A.7 Foundation Exclusion

The insurance on Building excludes that part of any building below the level of the under surface of its lowest floor.

A.8 Electrical Installation

The Company will not be liable for loss of or damage to any Electrical Plant, Apparatus or Installation caused by its own over-running, excessive pressure, short circuiting or self heating.

A.12 Mortgagee / Non-Occupying Landlord Clause

It is hereby declared and agreed that this insurance shall not be invalidated by any change of occupancy or increase of risk taking place in the property without the knowledge of the Insured, provided that he shall immediately, on the same coming to his knowledge, give notice thereof to the Company and pay any additional premium which may be required from the date of such increase of risk.

A.13 Mortgagee Clause

Loss, if any, under this policy shall be payable to the Mortgagees or Assignees as named in the Schedule to the extent of their interest. It is hereby agreed that in the event of loss or damage, the Company will pay the Mortgagees or said Assignees to the extent of their interest but not exceeding the sum insured or the reinstatement value (less depreciation if any) of the property insured whichever is lower and that this insurance in so far as concerns the interest therein of the Mortgagees or said Assignees only shall not be invalidated by any act or neglect of the Mortgagor or Owner of the property insured nor by anything whereby the risk is increased being done to, upon or in any building hereby insured, without the knowledge of the Mortgagees or said Assignees provided always that the Mortgagees or said Assignees shall notify the



Company of any change of ownership or alteration or increase of hazard not permitted by this insurance so soon as any such change, alteration or increase shall come to their knowledge, and on demand shall pay to the Company the appropriate additional premium from the time when such increase of risk first took place.

And it is further agreed that whenever the Company shall pay the Mortgagees or said Assignees any sum for loss or damage under this policy, and shall claim that as to the Mortgagor or Owner no liability therefore existed the Company shall at once be legally subrogated to all rights of the Mortgagees or said Assignees to the extent of such payment and the Mortgagees or said Assignees shall do and execute all such further to other acts, deeds, transfers, assignments, instruments and things as may be necessary or be reasonably required by the Company for the purpose of better effecting such subrogation, but such subrogation shall not impair the right of the Mortgagees or said Assignees to recover the full amount of their claim.

Provided that as between the Company and the Mortgagor or Owner of the property insured nothing contained in this clause shall in any way constitute or be deemed to constitute any waiver of, or prejudice or affect any rights which the Company may have against the Mortgagor or Owner of the property insured, or lessen any obligations which may be imposed on the Mortgagor or Owner of the property insured either by or under this policy or by Law, and such rights and obligations, shall as between the Company and the Mortgagor or Owner of property insured remain in full force and effect.

The Company reserves the right to cancel this policy at any time as provided by the terms thereof, but in such case this policy shall continue in force for the benefit only of the Mortgagees or said Assignees for 10 days after notice to the Mortgagees or said Assignees of such cancellation, and shall then cease, and the Company shall have the right on like notice to cancel this agreement.

A.19 Reinstatement Value Insurance (Not Applicable to Goods, Merchandise and Personal Effects)

It is hereby agreed that in the event of property insured under (item.....of) the within policy being destroyed or damaged the basis upon which the amount payable under (each of the said terms of) the policy is to be calculated shall be the reinstatement of the property destroyed or damaged, subject to the following special provisions and subject also to the terms and conditions of the policy except in so far as the same may be varied hereby.

For the purposes of the insurance under this memorandum 'reinstatement' shall mean:

The carrying out of the aftermentioned work, namely :

- (a) Where property is destroyed, the re-building of the property, if a building, or, in the case of other property, its replacement by similar property, in either case in a condition equal to but not better or more extensive than its condition when new.
- (b) Where property is damaged, the repair of the damage and the restoration of the damaged portion of the property to a condition substantially the same as but not better or more extensive than its condition when new.

SPECIAL PROVISIONS

1. The work of reinstatement (which may be carried out upon another site and in any manner suitable to the requirements of the Insured subject to the liability of the Company not being hereby increased) must be commenced and carried out with reasonable despatch; otherwise no payment beyond the amount which would have been payable under the policy if this memorandum had not been incorporated therein shall be made.
2. When any property insured under this memorandum is damaged or destroyed in part only the liability of the Company shall not exceed the sum representing the cost which the Company could have been called upon to pay for reinstatement if such property had been wholly destroyed.
3. No payment beyond the amount which would have been payable under the policy of this memorandum had not been incorporated therein shall be made until the cost of reinstatement shall have been actually incurred.
4. Each term insured under this memorandum is declared to be separately subject to the following Condition of Average, namely :

If at the time of reinstatement the sum representing the cost which would have been incurred in reinstatement if the whole of the property covered by such item had been destroyed exceeds the sum insured thereon at the breaking out of any fire or at the commencement of any destruction of or damage to such property by any other peril hereby insured against then the Insured shall be considered as being his own insurer for the excess and shall bear a ratable proportion of the loss accordingly.

5. No payment beyond the amount which would have been payable under the policy if this memorandum had not been incorporated therein shall be made if at the time of any destruction or damage to any property insured hereunder such property shall be covered by any other insurance effected by or on behalf of the Insured which is not upon the identical basis of reinstatement set forth herein.
6. Where by reason of any of the above special provisions no payment is to be made beyond the amount which would have been payable under the policy if this memorandum had not been incorporated therein the rights and liabilities of the Company 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 memorandum had not been incorporated therein.

A.33 Legal Requirements Warranty

Warranted that the Insured shall duly comply with and observe all provisions, requirements and regulations of

- (i) Fire Services Department
- and/or (ii) Labour Department
- and/or (iii) Dangerous Goods Ordinance
- and/or (iv) Factories and Industrial Undertakings Ordinance
- and/or (v) Any other Statutory Obligation

including any notice given and requirements made pursuant to same the breach and disregard of which may affect or increase the risk hereby insured except only that this Warranty shall not apply in respect of any Ordinance, Regulation Notice or Requirement expressly waived by Company by endorsement on this policy.

A.34 Storage Warranty

Warranted no waste materials or goods of any description whatsoever whether belonging to the Insured or not shall be stored temporarily or otherwise on any staircase or landing or in any passageway within or in common use with the premises described in the policy.

Warranted also that all waste materials will be kept in receptacles and removed from the building daily.

B.24 Occupancy Warranty A

Warranted no goods or merchandise, other than samples, stored in the within described premises.

B.25 Occupancy Warranty B

Warranted no trade processing or manufacturing carried on at the within described premises.

B.31 Petrol Warranty

Warranted no petrol or other liquid fuel, other than in the fuel tanks of vehicles and a quantity not exceeding 4 gallons in metal cans fitted with lids, kept in the within described premises.

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