

Competition Law Compliance:

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The following Guidance was introduced by the ABI and has not been updated to reflect the Competition Law Compliance statement above. It is entirely voluntary in nature and should be construed as such.

MEMORANDUM A

REINSTATEMENT MEMORANDUM

Subject to the following special conditions the basis upon which the amount payable in respect of property insured by is to be calculated shall be the reinstatement of the property lost destroyed or damaged.

For this purpose "reinstatement" means

- (a) the rebuilding or replacement of property lost or destroyed which, provided the liability of the Insurer is not increased, may be carried out
 - (i) in any manner suitable to the requirements of the Insured
 - (ii) upon another site
- (b) the repair or restoration of property damaged

in either case to a condition equivalent to or substantially the same as but not better or more extensive than its condition when new.

SPECIAL CONDITIONS

- 1 The liability of the Insurer for the repair or restoration of property damaged in part only shall not exceed the amount which would have been payable had such property been wholly destroyed.
- 2 If at the time of reinstatement the sum representing 85% of the cost which would have been incurred in reinstating the whole of the property covered by any item subject to this memorandum exceeds its sum insured at the commencement of any DAMAGE, the liability of the Insurer shall not exceed that proportion of the amount of the DAMAGE which the said sum insured shall bear to the sum representing the total cost of reinstating the whole of such property at that time.
- 3 No payment beyond the amount which would have been payable in the absence of this memorandum shall be made
 - (a) unless reinstatement commences and proceeds without unreasonable delay
 - (b) until the cost of reinstatement shall have been actually incurred

(c) if the property insured at the time of its loss destruction or damage shall be insured by any other insurance effected by or on behalf of the Insured which is not upon the same basis of reinstatement

- 4 All the terms and conditions of the policy shall apply
- (a) in respect of any claim payable under the provision of this memorandum except in so far as they are varied hereby
 - (b) where claims are payable as if this memorandum had not been incorporated.

Note: If used with earlier policy forms substitute “destruction or damage” or “loss destruction or damage” for “DAMAGE” as appropriate.

MEMORANDUM B

REINSTATEMENT MEMORANDUM (DAY ONE BASIS)

A Subject to the following special conditions the basis upon which the amount payable in respect of property insured by..... is to be calculated shall be the reinstatement of the property lost destroyed or damage.

For this purpose “reinstatement” means

- (a) the rebuilding or replacement of property lost or destroyed which, provided the liability of the Insurer is not increased, may be carried out
 - (i) in any manner suitable to the requirements of the Insured
 - (ii) upon another site
- (b) the repair or restoration of property damaged

In either case to a condition equivalent to or substantially the same as but not better or more extensive than its condition when new.

B The Insured having stated in writing the Declared Value (shown in brackets below the sum insured) for each of the said items, the premium has been calculated accordingly

“Declared Value” means that Insured’s assessment of the cost of reinstatement of the property insured arrived at in accordance with paragraph A(a) at the level of costs applying at the inception of the period of insurance (ignoring inflationary factors which may operate subsequently) together with in so far as the insurance by the item provides, due allowance for:-

- (a) the additional cost of reinstatement to comply with Public Authority requirements
- (b) professional fees
- (c) debris removal costs

SPECIAL CONDITIONS

- 1 At the inception of each period of insurance the Insured shall notify the Insurer of the Declared Value of the Property insured by each of the said item(s). In the absence of such declaration the last amount declared by the Insured shall be taken as the Declared Value for the ensuing period of insurance.
- 2 If at the time of DAMAGE the Declared Value of the property covered by such item be less than the cost of reinstatement (as defined in paragraph B above) at the inception of the period of insurance then the Insurer's liability for the DAMAGE shall not exceed that proportion thereof which the Declared Value bears to such cost of reinstatement.
- 3 The liability of the Insurer for the repair or restoration of property damaged in part only shall not exceed the amount which would have been payable had such property been wholly destroyed.
- 4 No payment beyond the amount which would have been payable in the absence of this memorandum shall be made
 - (a) unless reinstatement commences and proceeds without unreasonable delay
 - (b) until the cost of reinstatement shall have been actually incurred
 - (c) if the property insured at the time of its loss destruction or damage shall be insured by any other insurance effected by or on behalf of the Insured which is not upon the same basis of reinstatement.
- 5 All the terms and conditions of the policy shall apply
 - (a) in respect of any claim payable under the provisions of this memorandum except in so far as they are varied hereby
 - (b) where claims are payable as if this memorandum had not been incorporated except that the sum(s) insured shall be limited to % of the Declared Value(s).
- 6 The premium on each of the said items is provisional. On expiry of each period of insurance the premium shall be adjusted by 50% of the difference between -
 - (a) the provisional premium at the commencement of the period and
 - (b) the premium calculated at the terms which have applied during the period under adjustment based on the Declared Value for the subsequent period of insurance.
- 7 For the purpose of paragraph 6 of this Memorandum only -
 - (a) if the policy (or any item thereof) is cancelled or not renewed the Insured shall provide the Declared
 - (b) where property has not been reinstated following DAMAGE the Insured shall provide the Declared Value and through the property had not been lost destroyed or damaged

(c) where the Declared Value is not submitted to the Insurer an additional premium of % of the provisional premium shall become payable.

8 The insurance under (each of) the said item(s) includes in so far as the same are not otherwise insured

(a) any newly acquired or newly erected buildings, machinery and plant and

(b) alterations, additions and improvements to buildings, machinery and plant

anywhere in Great Britain and Northern Ireland for an amount not exceeding £ at any one situation

Any other extension to the said item(s) of this policy relating to capital additions as defined in (a) and (b) above is hereby cancelled.

Notes: 1 If used with earlier forms substitute "destruction or damage" or "loss destruction or damage" for "DAMAGE" as appropriate

2 The percentage to be inserted in Special Condition 5(b) should relate to the premium charged (including the inflation provision)

3 The percentage to be inserted in Special Condition 7(c) should be the same as the additional percentage charged in the provisional premium

4 Special Condition 8 should be omitted if cover for Capital Additions is not required

5 Special Conditions 6, 7 and 8 should be omitted if cover is not on the adjustable (Day One) basis

6 Where the insurance is on a floating basis reference should be made to appendix 16.

MEMORANDUM D

1 EUROPEAN COMMUNITY AND PUBLIC AUTHORITIES' CLAUSE

Subject to the following special conditions the insurance by (Item Nos.....of) this policy extends to include such additional cost of reinstatement as may be incurred solely by reason of the necessity to comply with the Stipulations of

(1) European Community Legislation, or

(2) Building or other Regulations under or framed in pursuance of any Act of Parliament or Bye-Laws of any Public Authority

(hereinafter referred to as "the Stipulations") in respect of the lost destroyed or damaged property thereby insured:-

excluding

- (a) the cost incurred in complying with the Stipulations:-
 - (i) in respect of DAMAGE occurring prior to the granting of this extension
 - (ii) in respect of DAMAGE not insured by the policy
 - (iii) under which notice has been served upon the Insured prior to the happening of the DAMAGE
 - (iv) for which there is an existing requirement which has to be implemented within a given period
 - (v) in respect of undamaged property or undamaged portions of property other than foundations (unless specifically excluded) of that portion of the property lost, destroyed or damaged
- (b) the additional cost that would have been required to make good the property lost destroyed or damaged to a condition equal to its condition when new had the necessity to comply with the Stipulations not arisen
- (c) the amount of any charge or assessment arising out of capital appreciation which may be payable in respect of the property or by the owner thereof by reason of compliance with the Stipulations.

SPECIAL CONDITIONS

- 1 The work of reinstatement must be commenced and carried out without unreasonable delay and in any case must be completed within twelve months after the DAMAGE or within such further time as the Insurer may allow (during the said twelve months) and may be carried out upon another site (if the Stipulations so necessitate) subject to the liability of the Insurer under this extension not being thereby increased.
- 2 If the liability of the Insurer under (any item of) the policy apart from this extension shall be reduced by the application of any of the terms and conditions of the policy then the liability of the Insurer under this extension (in respect of any such item) shall be reduced in like proportion
- 3 The total amount recoverable under any item of the policy under this extension shall not exceed
 - (a) 15% of its sums insured
 - (b) where the Sum Insured by the item applies to property at more than one premises 15% of the total amount for which the Insurer would have been liable had the property insured by the item at the premises where DAMAGE has occurred been wholly destroyed.
- 4 The total amount recoverable under any item of the policy shall not exceed its sum insured

5 All the terms and conditions of the policy except in so far as they are varied hereby shall apply as if they had been incorporated herein.

Note: If used with earlier policy forms substitute "destroyed or damage" or "loss destruction or damage" for "DAMAGE" as appropriate

2 EUROPEAN COMMUNITY AND PUBLIC AUTHORITIES' CLAUSE (INCLUDING UNDAMAGED PROPERTY)

Subject to the following special conditions the insurance by (Item Nos... of) this policy extends to include such additional cost of reinstatement as may be incurred solely by reason of the necessity to comply with the Stipulations of

- (a) European Community Legislation, or
- (b) Building or other Regulations under or framed in pursuance of any Act of Parliament or Bye-Laws of any Public Authority

(hereafter referred to as "the Stipulations") in respect of

- the lost destroyed or damaged property thereby insured
- undamaged portions thereof

excluding

- (a) the cost incurred in complying with the Stipulations:-
 - (i) in respect of DAMAGE occurring prior to the granting of the extension
 - (ii) in respect of DAMAGE not insured by the policy
 - (iii) under which notice has been served upon the Insured prior to the happening of the DAMAGE
 - (iv) for which there is an existing requirement which as to be implemented within a given period
 - (v) in respect of property entirely undamaged by any peril hereby insured against
- (b) the additional cost that would have been required to make good the property lost destroyed or damaged to a condition equal to its condition when new had the necessity to comply with the Stipulations not arisen
- (c) the amount of any charge or assessment arising out of capital appreciation which may be payable in respect of the property or by the owner thereof by reason of compliance with the Stipulations

SPECIAL CONDITIONS

- 1 The work of reinstatement must be commenced and carried out without unreasonable delay and in any case must be completed within twelve months after the DAMAGE or within such further time as the Insurer may allow (during the said twelve months) and may be carried out

upon another site (if the Stipulations so necessitate) subject to the liability of the Insurer under this extension not being thereby increased.

- 2 If the liability of the Insurer under (any item of) the policy apart from this extension shall be reduced by the application of any of the terms and conditions of the policy then the liability of the Insurer under the extension (in respect of any such item) shall be reduced in like proportion.
- 3 The total amount recoverable under any item of the policy in respect of this extension shall not exceed
 - (a) in respect of the lost destroyed or damaged property
 - (i) 15% of its sum insured
 - (ii) where the sum insured by the item applies to property at more than one premises 15% of the total amount for which the Insurer would have been liable had the property insured by the item at the premises where the DAMAGE has occurred been wholly destroyed
 - (b) in respect of undamaged portions of property (other than foundations) 15% of the total amount for which the Insurer would have been liable had the property insured by the item at the premises where the DAMAGE has occurred been wholly destroyed
- 4 The total amount recoverable under any item of the policy shall not exceed its sum insured
- 5 All the terms and conditions of the policy except in so far as they are varied hereby shall apply as if they had been incorporated herein.

Note: If used with earlier policy forms substitute "destruction or damage" or "loss destruction or damage" for "DAMAGE" as appropriate

MEMORANDUM E

EUROPEAN COMMUNITY AND PUBLIC AUTHORITIES – EARLY FUNDING OF EXISTING REQUIREMENTS

Item The interest charges necessarily and reasonably incurred by the Insured following DAMAGE solely to provide the balance of any pre-existing funds set aside for the purpose of financing the full cost of compliance with any stipulations of EC Legislation or Building or other Regulation under or framed in pursuance of any Act of Parliament or with Bye-Laws of any Public Authority

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Provided that

- (a) as a result of the DAMAGE the Insured is prematurely required to implement the stipulations at the time of reinstatement

- (b) the liability of the Insurer shall exclude that proportion of interest charges incurred in the funding of any part of the additional cost which should have been provided for prior to the DAMAGE but for which no funds had been set aside.

Note: 1 "Average (Underinsurance)" Conditions will not apply to this first loss item.

Note: 2 If used with earlier policy form substitute "destruction or damage to the property insured", or "loss destruction or damage to the property insured" for "DAMAGE" as appropriate.