

MATERIAL DAMAGE AND BUSINESS INTERRUPTION INSURANCE SUGGESTED WORDINGS

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.

Note: References in this Section to earlier versions of policy forms relate to those current prior to the 1989 revision of this Section.

Policy Wordings

Non-Collective Policy Forms

Material Damage

Appendix 1	Standard Fire Policy
Appendix 2	Standard Fire and Special Perils Policy
Appendix 3	Standard "All Risks" Policy

Business Interruption

Appendix 4	Standard Fire Policy
Appendix 5	Standard Fire and Special Perils
Appendix 6	Standard "All Risks" Policy

Combined Material Damage and Business Interruption

Appendix 7	Standard Fire and Special Perils Policy
Appendix 8	Standard "All Risks" Policy

Collective Policy Forms

Appendix 9

N.B. 1 If variations are made in expression and/or format, the principles embodied within all the terms and conditions should be maintained, except that the prescribed wordings relating to the exclusion of War and kindred risks, Radioactive Contamination and Explosive Nuclear Assemblies, Terrorism in Northern Ireland and Sonic Bangs should be used in all cases.

N.B.2 For co-insured or reinsured cases, any material variations in the suggested wordings should be disclosed at the time cover is placed.

Other Provisions

Material Damage

- Appendix 10 Special Perils – Wordings for use when the Standard Fire Policy is extended to include Explosion, Aircraft, Riot, Malicious Damage, Earthquake, Subterranean Fire, Spontaneous Fermentation, Storm, Flood, Escape of Water, Impact or Sprinkler Leakage.
- Appendix 11 Condition of Average, Special Condition of Average. Two Conditions of Average
- Appendix 12 Basic Specification Wording. Architects' and Surveyors' Fees Clause, Architects', Surveyors', and Consultants' Fees Clause
- Appendix 13 Debris Removal etc. Clauses
- Appendix 14 Miscellaneous Clauses – Contract Price, Mortgages etc. Clauses, Subrogation Waiver Clause, Temporary Removal Clauses and Non-Invalidation Clause
- Appendix 15 Warranties relating to:-
 - Automatic Fire Alarms Installations
 - Fire Break Doors and Shutters
 - Automatic Sprinklers
 - Storage in Sprinklered Premises
 - Other Fire Extinguishing Appliances
- Appendix 16 Insurances on a Floating Basis
- Appendix 17 Stock Insurances on a Declaration Basis
- Appendix 18 Reinstatement Basis of Insurance, Inflation Provision Schemes, and European Community and Public Authorities' Requirements

Business Interruption

- Appendix 19 Special Perils – Wordings for use when the Standard Business Interruption Fire Policy is extended to include Explosion. Aircraft, Riot, Malicious Damage, Earthquake, Spontaneous Fermentation, Storm, Flood, Escape of Water, Impact, Sprinkler Leakage, Engineering Perils (limited) or Subterranean Fire:
 - Notifiable Disease, Vermin, Defective Sanitary Arrangements, Murder or Suicide.
- Appendix 20 Specification Wordings
- Appendix 21 Extension Wordings

Material Damage and Business Interruption

- Appendix 22 Long Term Undertakings
- Appendix 23 Deductibles

STANDARD FIRE POLICY
(MATERIAL DAMAGE)

The Insurer agrees (subject to the terms, definition, exclusions, provisions and conditions of this policy) that if after payment of the first premium any of the Property Insured described in the Schedule be lost destroyed or damaged by

- 1 Fire but excluding loss destruction or damage caused by
 - (a) explosion resulting from fire
 - (b) earthquake or subterranean fire
 - (c) (i) its own spontaneous fermentation or heating, or
(ii) its undergoing any heating process or any process involving the application of heat
- 2 LIGHTING
- 3 EXPLOSION
 - (a) of boilers
 - (b) of gas

used for domestic purposes only but excluding loss destruction or damage caused by earthquake or subterranean fire

during the period of insurance (or any subsequent period of which the Insurer accepts a renewal premium) the Insurer will pay to the Insured the value of the property at the time of its loss or destruction or the amount of the damage or at the Insurer's option reinstate or replace such property or any part of it.

Provided that the liability of the Insurer under this policy shall not exceed

- (i) in the whole the total sum insured or in respect of any item its sum insured at the time of the loss destruction or damage
- (ii) the sum insured remaining after deduction for any other loss destruction or damage occurring during the same period of insurance, unless the Insurer shall have agreed to reinstate any such sum insured.

This policy incorporates the Schedule, Specification and Endorsements which shall be read together as one contract. Words and expressions to which specific meaning is given in any part of this policy shall have the same meaning wherever they appear.

Signed on behalf of the Insurer

DEFINITION

The word "DAMAGE", in capital letters, shall mean loss or destruction of or damage to the Property Insured.

GENERAL EXCLUSIONS

This policy does not cover

- 1 **DAMAGE** occasioned by riot civil commotion war invasion act of foreign enemy hostilities (whether war be declared or not) civil war rebellion revolution insurrection or military or usurped power.
- 2 loss or destruction of or damage to any property whatsoever or any loss or expense whatsoever resulting or arising therefrom or any consequential loss directly or indirectly caused by or contributed to by or arising from
 - (a) ionising radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel
 - (b) the radioactive toxic explosive or other hazardous properties of any explosive nuclear assembly or nuclear component thereof
- 3 **DAMAGE** in Northern Ireland occasioned by or happening through or in consequence of
 - (a) civil commotion
 - (b) any unlawful wanton or malicious act committed maliciously by a person or persons acting on behalf of or in connection with any unlawful association

For the purpose of this exclusion

“unlawful association” means any organisation which is engaged in terrorism and includes an organisation which at any relevant time is a proscribed organisation within the meaning of the Northern Ireland (Emergency Provisions) Act 1973

“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

In any action suit or other proceedings where the Insurer alleges that by reason of the provisions of this exclusion any **DAMAGE** is not covered by this policy the burden of proving that such **DAMAGE** is covered shall be upon the Insured

- 4 loss or destruction or damage caused by pollution or contamination but this shall not exclude destruction of or damage to the Property Insured, not otherwise excluded, caused by
 - (a) pollution or contamination which itself results from a peril hereby insured against
 - (b) any peril hereby insured against which itself results from pollution or contamination
- 5 property which at the time of the happening of **DAMAGE** is insured by or would but for the existence of this policy be insured by any marine policy or policies in respect of any excess beyond the amount which would have

been payable under the marine policy or policies had this insurance not been effected

- 6 any property more specifically insured by or on behalf of the Insured
- 7 consequential loss or damage of any kind or description except loss of rent when such loss is included in the cover under this policy.

GENERAL PROVISIONS

Condition of Average (Underinsurance)

The sum insured by each item (under each column) of this policy (other than those applying solely to fees, rent, removal of debris or private dwelling houses) is declared to be separately subject to Average.

Whenever a sum insured is declared to be subject to Average, if such sum shall at the commencement of any DAMAGE be less than the value of the property covered within such sum insured, the amount payable by the Insurer in respect of such DAMAGE shall be proportionately reduced.

Contracting Purchaser's Interest

If at the time of DAMAGE the Insured shall have contracted to sell his interest in any building hereby insured and the purchase shall not have been but shall be thereafter completed, the purchaser on completion of the purchase (if and so far as the property is not otherwise insured against such DAMAGE by him or on his behalf) shall be entitled to benefit under this policy without prejudice to the rights and liabilities of the Insured or the Insurer until completion.

GENERAL CONDITIONS

1 Policy Voidable

This policy shall be voidable in the event of misrepresentation or non-disclosure in any material particular.

2 Alteration

This policy shall be avoided with respect to any of the Property Insured in regard to which there be any alteration after the commencement of this insurance

(a) by removal or

(b) whereby the risk of DAMAGE is increased or

(c) whereby the interest of the Insured ceases except by will or operation of law unless admitted by the Insurer in writing.

3 Warranties

Every warranty to which this policy 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. Non-compliance with any such warranty in so far as it increases the risk of DAMAGE shall be a bar to any claim in respect of such DAMAGE 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 the commencement of such period.

4 **Reasonable Precautions**

The Insured shall take all reasonable precautions to prevent DAMAGE.

CLAIMS CONDITIONS

1 Action by the Insured

(a) In the event of DAMAGE the Insured shall

- notify the Insurer immediately
- notify the Police Authority immediately it becomes evident that any DAMAGE has been caused by Malicious Persons
- carry out and permit to be taken any action which may be reasonably practicable to prevent further DAMAGE
- deliver to the Insurer at the Insured's expense
 - i. full information in writing of the property lost destroyed or damaged and of the amount of DAMAGE
 - ii. details of any other insurances on any property hereby insured within 30 days after such DAMAGE or such further time as the Insurer may allow
 - iii. all such proofs and information relating to the claim as may reasonably be required
 - iv. if demanded, a statutory declaration of the truth of the claim and of any matters connected with it.

(b) No claim under this policy shall be payable unless the terms of this condition have been complied with.

2 Fraud

If a claim is fraudulent in any respect or if fraudulent means are used by the Insured or by anyone acting on his behalf to obtain any benefit under this policy or if any DAMAGE is caused by the wilful act or with the connivance of the Insured all benefit under this policy shall be forfeited.

3 Reinstatement

If any property is to be reinstated or replaced by the Insurer the Insured shall at his own expense provide all such plans documents books and information as may reasonably be required. The Insurer shall not be bound to reinstate exactly but only as circumstances permit and in a reasonably sufficient manner and shall not in any case be bound to expend in respect of any one of the items insured more than its sum insured.

4 Insurer's Rights following a Claim

On the happening of DAMAGE in respect of which a claim is made the Insurer and any person authorised by the Insurer may without thereby incurring any liability or diminishing any of the Insurer's rights under this policy, enter take or keep possession of the premises where such DAMAGE has occurred and take possession of or require to be delivered to the Insurer any property insured and deal with such property for all reasonable purposes and in any reasonable manner. No claim under this policy shall be payable unless the terms of this condition have been complied with.

No property may be abandoned to the Insurer whether taken possession of by the Insurer or not.

5 Contribution and Average

If at the time of any DAMAGE there is any other insurance effected by or on behalf of the Insured covering any of the property lost destroyed or damaged the liability of the Insurer hereunder shall be limited to its rateable proportion of such DAMAGE.

If any such other insurance shall be subject to any average (underinsurance) condition this policy if not already subject to any such condition of average shall be subject to average in like manner.

If any such other insurance is subject to any provision whereby it is excluded from ranking concurrently with this policy either in whole or in part or from contributing rateably the liability of the Insurer under this policy shall be limited to that proportion of the DAMAGE which the sum insured under this policy bears to the value of the property.

6 Subrogation

Any claimant under this policy shall at the request and expense of the Insurer take and permit to be taken all necessary steps for enforcing rights against any other party in the name of the Insured before or after any payment is made by the Insurer.

7 Arbitration

If any difference arises as to the amount to be paid under this policy (liability being otherwise admitted) such difference shall be referred to an arbitrator to be appointed by the parties in accordance with statutory provisions. Where any difference is by this condition to be referred to arbitration the making of an award shall be condition precedent to any right of action against the Insurer.

Policy No.

THE SCHEDULE

THE INUSRER	
THE INSURED	
THE PROPERTY INSURED	As detailed in the attached Specification
TOTAL SPECIFICATION SUM INSURED	£
THE SUM INSURED BY THIS POLICY	£ Being % of the total Specification sum insured
INSURER'S LIABILITY	The Insurer's liability under this policy is limited to % of the amount otherwise payable under the provisions of the Specification
PERIOD OF INSURANCE	From
RENEWAL DATE	To
FIRST PREMIUM	£
INSURANCE PREMIUM TAX	£ _____
TOTAL	£ _____
ANNUAL PREMIUM	
INSURANCE PREMIUM TAX	
TOTAL	£ _____
	£ _____

AGENCY

Policy No

THE SCHEDULE

THE INSURER

THE INSURED

THE PROPERTY INSURED:	SUM INSURED
TOTAL SUM INSURED	

PERIOD OF INSURANCE

From

To

FIRST PREMIUM

£

INSURANCE PREMIUM TAX

£ _____

TOTAL

£ _____

ANNUAL PREMIUM

INSURANCE PREMIUM TAX

£ _____

TOTAL

£ _____

AGENCY