Existing structures section

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Your schedule will show if this section is covered.

Meanings of defined terms

These meanings apply within **your** Existing structures section. If a word or phrase has a defined meaning it will be highlighted in bold blue print and will have the same meaning wherever it is used in this section. The meaning of defined terms that apply throughout **your policy**, and not just this section, can be found in the **General introduction section** of **your policy**.

Building(s)

The buildings, outbuildings, extensions, and garages together with landlords fixtures and fittings in or on them, foundations or footings, canopies, annexes, gangways, conveniences, chimneys, fire escapes, walls, gates and fences, yards, car parks, roads and pavements, piping, ducting, cables, wires and associated control gear, CCTV systems, entry and exit systems signage, accessories and electric vehicle chargepoints fixed to **your** building(s), their tethered cables and connectors on the **premises** and extending to the public mains, but only to the extent of **your** responsibility.

Business interruption

Loss, cost or expense resulting from interruption of or interference with the **business** carried on by **you** at the **premises** as a result of any loss, destruction or damage to property used by **you** at the **premises** for the purposes of the **business**.

Communicable disease

Any disease which can be transmitted by means of any substance or agent from any organism to another organism where

1 the substance or agent includes, but is not limited to, a virus, bacterium, parasite or other organism or any variation thereof, whether deemed living or not, and

2 the method of transmission, whether direct or indirect, includes but is not limited to, airborne transmission, bodily fluid transmission, transmission from or to any surface or object, solid, liquid or gas or between organisms, and

3 the disease, substance or agent can cause or threaten damage to human health or human welfare or can cause or threaten damage to, deterioration of, loss of value of, marketability of or loss of use of property.

Computer systems

Computer or other equipment or component or system or item which processes stores transmits or receives **data**.

Cyber act

An unauthorised, malicious or criminal act or series of related unauthorised, malicious or criminal acts, regardless of time and place, or the threat or hoax thereof involving access to, processing of, use of or operation of any **computer systems**.

Cyber incident

1 any error or omission or series of related errors or omissions involving access to, processing of, use of or operation of any **computer systems**

2 any partial or total unavailability or failure or series of related partial or total unavailability or failures to access, process, use or operate any **computer systems**.

Damage

Physical loss or destruction or damage.

Data

Any data of any sort whatever, including without limitation tangible or intangible data, and any programs or software, bandwidth, cryptographic keys, databases, documents, domain names or network addresses or anything similar, files, interfaces, metadata, platforms, processing capability, storage media, transaction gateways, user credentials, websites, or any information whatever.

Declared value

Your assessment in accordance with the **Basis of claims settlement** under **What is covered** of this section, for the cost of reinstatement of the **building(s)** applying at the start of the **period of insurance**. Ignoring any increase in cost which may apply during the **period of insurance** but including an allowance for any additional costs to comply with public authority requirements, professional fees and debris removal.

Defined peril

Fire, lightning, explosion, aircraft or other aerial devices or articles dropped from them, riot, civil commotion, strikers, locked-out workers, persons taking part in labour disturbances, malicious persons other than thieves, earthquake, **storm**, **flood**, escape of water from any tank, apparatus or pipe or impact by any road vehicle or animal.

Denial of service attack

Any actions or instructions constructed or generated with the ability to damage, interfere with or otherwise affect the availability or performance of networks, network services, network connectivity or **computer systems**. Denial of service attacks include, but are not limited to, the generation of excess traffic into network addresses, the exploitation of system or network weaknesses, the generation of excess or non-genuine traffic between and amongst networks and the procurement of such actions or instructions by other **computer systems**.

Flood

Damage caused by

1. the escape of water from the normal confines of any natural or artificial water course, lake, reservoir, canal, drain or dam
2. inundation from the sea
3. inundation by rainwater or rainwater-induced run off other than where the inundation is solely caused by or solely results from ingress of rainwater through or via the roof of the building

whether resulting from storm or not.

Hacking

Unauthorised access to any **computer systems**, whether **your** property or not.

Phishing

Any access or attempted access to **data** made by means of misrepresentation or deception.

Premises

The premises shown in **your** schedule.

Standard construction

Brick, stone or concrete built and roofed with slates, tiles, metal, concrete, asphalt or sheets or slabs composed entirely of non-combustible mineral ingredients and plastic roof lights.

Buildings constructed of metal or composite panels insulated with materials other than polystyrene will be regarded as standard construction.

Storm

Storm excluding damage by **flood**.

Terrorism

For England, Scotland and Wales: Acts of persons acting on behalf of, or in connection with, any organisation which carries out activities directed towards the overthrowing or influencing, by force or violence, of His Majesty's Government in the United Kingdom or any other government de jure or de facto.

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

For the Channel Islands and the Isle of Man and any territory outside the **policy territories**: An act of any person(s) acting on behalf of or in connection with any organisation which carries out activities directed towards the overthrowing or influencing by force or violence of any government de jure or de facto.

Virus or similar mechanism

Program code, programming instruction or any set of instructions constructed with the purpose and ability, or purposely used, to damage, interfere with, adversely affect, infiltrate or monitor computer programs, **computer systems**, **data** or operations, whether involving self-replication or not. The meaning of virus or similar mechanism includes, but is not limited to, trojan horses, worms and logic bombs and the exploitation of bugs or vulnerabilities in a computer program to damage, interfere with, adversely affect, infiltrate or monitor as above.

✓ What is covered

Property damage cover

We will cover **you** for **damage** occurring during the **period of insurance** to any of the property insured detailed in **your** schedule. **We** will pay **you** for the value of the property at the time of its **damage** or for the amount of the **damage** or at **our** option reinstate or replace the property or any part of it in accordance with the following Basis of claims settlement.

Basis of claims settlement

Claims for **damage** to the **building(s)** will be settled on the basis of rebuilding or replacement of the destroyed property or the repair or restoration of the damaged portion of the property in each case to a condition equal to but no better or more extensive than its condition when new.

For all claims for the **building(s)** no payment will be made beyond the amount which would have been payable under this section if this provision had not been incorporated, until the cost of reinstatement has actually been incurred.

All claims for the **building(s)** will be settled without deduction for any increases in the **declared value** between the start date of the **period of insurance** and the date of the **damage**.

Provided that the **declared value** at the start of the **period of insurance** is not less than the cost of reinstatement at the start of the **period of insurance** otherwise **our** liability for any claim is limited to the proportion of the claim that the **declared value** at the start of the **period of insurance** has to the cost of reinstatement at the start of the **period of insurance**.

The maximum **we** will pay under this section will not exceed

1. the total sum insured or for any one item its sum insured or any other limit of liability shown in **your** schedule at the date of **damage**
2. the sum insured or limit remaining after deduction for any other **damage** occurring during the same **period of insurance** unless **we** have agreed to reinstate any of the sums insured or limits.

Architects, surveyors, legal and consulting engineers fees cover

The cover provided for the **building(s)** includes an amount for architects, surveyors, legal and consulting engineers fees necessarily incurred, with **our** written consent, in the reinstatement or repair of the property insured, as a result of its **damage**, but **we** will not cover any costs or expenses for preparing any claim.

We will not pay for any item more than the item sum insured shown in **your** schedule.

Debris removal cover

We will cover **you** for the costs and expenses necessarily incurred by **you** with **our** consent in

1. removing debris from
2. dismantling and/or demolishing
3. shoring up or propping

the portion or portions of the property insured as a result of **damage** covered by this section.

We will not cover any costs or expenses

1. incurred in removing debris except from the site of the property destroyed or damaged and the area immediately adjacent to the site
2. arising from pollution or contamination of property not covered by this section.

The most **we** will pay for any item under this cover is the sum insured for the item shown in **your** schedule.

General interest cover

We will automatically note the interest of other parties that may become interested in this insurance throughout the duration of this section. **You** must declare these interests to **us** in writing in the event of any **damage**.

Joint named insureds cover

This cover only applies if it is shown as being insured in **your** schedule.

The cover provided for **building(s)** is extended to include other parties but only to the extent that is required by the terms of the **contract**.

1 Where there is more than one insured party shown in **your** schedule or by the terms of the **contract** and each insured party operates as a separate and distinct entity then the cover for **building(s)** will apply to each insured party as if a separate **policy** had been issued to each.

Provided that **our** total liability to all insured parties together does not exceed the **building(s)** sum insured shown in **your** schedule.

2 Any payment or payments that **we** make to any or all insured parties will reduce **our** liability by the amount of the payment to all insured parties for any loss covered by the **policy** and (if applicable) in the **period of insurance**.

3 Each of the insured parties will comply with the contractual rights and agreements entered into by each insured party and the contractual remedies following loss or **damage**.

4 **We** will not pay any claim to an insured party if **we** find that an insured party has not complied with **our Fair presentation of risk condition** or where the insured party has not complied with a **policy** condition (such non-compliance committed by one insured party will not affect the rights of the other insured parties who have not committed such non-compliance).

5 **We** will not pay for any claim to an insured party if **we** find that an insured party has committed an act of fraud or dishonesty (such fraud or dishonesty committed by one insured party will not affect the rights of the other insured parties who have not committed an act of fraud or dishonesty).

6 **We** agree to waive all rights of subrogation which **we** may have or acquire against any insured party except where the rights of subrogation arise from any insured party's non-compliance with **our Fair presentation of risk condition**, or any other **policy** condition or an act of fraud or dishonesty.

7 **We** will not cover any lenders to the project under **your policy** for loss or damage when **we** are not paying a claim to one or more other insured party due to non-compliance with **our Fair presentation of risk condition**, or any other **policy** condition, or an act of fraud or dishonesty.

Munitions of war cover

The **War risks exclusion** will not apply to **damage** to property insured under this section from or occasioned by the detonation of munitions of war or parts thereof in the **policy territories** in or within one mile of the property insured, provided that the presence of such munitions results from World War II and does not result from a state of war current at the time of **damage**.

Public authorities (including undamaged property) cover

The cover for the **building(s)** also includes the additional cost of reinstatement that may be incurred solely due to the necessity to comply with the stipulations of building or other regulations under or there to support any Act of Parliament or by-laws of any public authority

referred to as the stipulations for

1 the **damage** to the property insured

2 undamaged portions of the property insured

but excluding

1 the cost incurred in complying with the stipulations

- a for damage occurring before the start date of this cover
- b for damage not insured by this section
- c where notice has been served on **you** prior to the damage happening
- d where there is an existing requirement which has to be implemented within a given period
- e for property covered by this section entirely undamaged by any event covered by this section

2 the additional cost that would have been required to make good the property lost, destroyed or damaged to a condition the same as when new, had the need to comply with the stipulations not arisen

3 the amount of any charge or assessment arising out of capital appreciation which may be payable for the property or by the owner to comply with the stipulations.

Special conditions applicable to Public authorities cover

1 Reinstatement work must be started and carried out without unreasonable delay and must be completed within 12 months of the date of the **damage** or any further time that **we** agree (during those 12 months).

2 The reinstatement work may be carried out on another site (if the stipulations require) subject to **our** liability under this cover not being increased.

3 If **our** liability is reduced by the application of any of the terms or conditions of this **policy**, then **our** liability will be reduced proportionately.

4 The total amount recoverable under any item of this section, for this cover will not exceed

- a for 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 location, 15% of the total amount which **we** would have been liable for had the property insured by the item been totally destroyed
- b for undamaged portions of property (other than foundations), 15% of the total amount which **we** would have been liable for had the property insured by the item at the **premises** suffered **damage**.

The most **we** will pay for **building(s)** is the sum insured shown in **your** schedule.

Seventy two hour cover

We will cover **you** for **damage** occurring within 72 consecutive hours caused by the **defined perils** of **storm** or **flood** as one claim, provided the perils are covered by this section.

You can decide when the 72-hour period starts as covered by this section, provided that **damage** occurred before the end of the **period of insurance**.

Value Added Tax cover

We will cover **you** for Value Added Tax (VAT) paid by **you** which is not subsequently recoverable.

Provided that

1 a **your** responsibility for such VAT arises solely as a result of the reinstatement or repair of the property covered following **damage**

- b **we** have paid or have agreed to pay for the **damage**
- c if any payment made by **us** in respect of the reinstatement or repair of the **damage** is less than the actual cost of the reinstatement or repair of the **damage**, any payment under this cover resulting from that **damage** will be proportionally reduced

2 **your** responsibility for VAT does not arise from the replacement property covered being better or more extensive than the property which has been destroyed

3 where an option to reinstate the **building(s)** on another site is exercised, **our** responsibility under this cover will not exceed the amount of VAT that would have been payable had the **building(s)** been rebuilt on its original site

4 **our** responsibility under this cover will not include amounts payable by **you** as penalties or interest for non-payment or late payment of VAT

5 **you** have taken all reasonable precautions to insure adequately for **your** VAT responsibility at the start date of the **policy**.

✘ What is not covered

Aircraft or aerial devices exclusion

We will not cover **you** for any loss, damage, cost or expense caused by or occasioned by pressure waves caused by aircraft or other aerial devices travelling at sonic or supersonic speeds. **We** will cover subsequent **damage** which itself results from a cause covered by this section.

Brittle articles exclusion

We will not cover **you** for any loss, damage, cost or expense to glass (other than fixed glass), china, earthenware, marble or other fragile or brittle objects other than **damage** caused by a **defined peril** which is covered by this section.

Business interruption exclusion

We will not cover **you** for any loss, damage, cost or expense of any kind which occurs as a result of **business interruption** under this section.

Collusion theft exclusion

We will not cover **you** for any loss, damage, cost or expense resulting from theft or attempted theft caused by or in conjunction with **you** or any of **your** partners, directors or employees or any member of **your** family or any other person lawfully at the **premises**.

Cyber exclusion

We will not cover **you** for any loss, damage, cost or expense directly or indirectly caused by, contributed to by, arising from, occasioned by or resulting from

1. any **cyber act** including but not limited to **hacking**, **phishing**, **denial of service attack** or the transmission of any **virus or similar mechanism**
2. any **cyber incident**.

This exclusion shall not apply to claims for **damage** resulting from fire, lightning, explosion, aircraft or other aerial devices or articles dropped from them covered by this section.

Date recognition exclusion

We will not cover **you** for any loss, damage, cost or expense directly or indirectly caused by, contributed to or arising from the failure of equipment (including any **computer systems**) to correctly recognise any given date or to process data or to operate properly due to failure to recognise any given date.

This exclusion shall not apply to claims for **damage** resulting from a **defined peril** covered by this section.

Deliberate loss or damage exclusion

We will not cover **you** for any loss, damage, cost or expense caused, or allowed to be caused, deliberately, wilfully, maliciously, illegally or unlawfully by **you**.

Disease exclusion

1. Notwithstanding any provision to the contrary within this section, this section excludes any loss, damage, liability, claim, cost or expense of whatsoever nature, directly or indirectly caused by, contributed to by, resulting from, arising out of, or in connection with a **communicable disease** or the fear or threat (whether actual or perceived) of a **communicable disease** regardless of any other cause or event contributing concurrently or in any other sequence thereto
2. This exclusion does not apply to **damage** to property insured under this section, where such **damage** arises from a **defined peril** covered by this section.

Electrical plant or apparatus exclusion

We will not cover **you** for any loss, destruction or damage to any electrical plant or apparatus caused by its own overrunning, short-circuiting, excessive pressure or self-heating.

If the **damage** extends to other property insured, that **damage** is covered by this section.

Excess exclusion

We will not cover **you** for the **excess** shown in **your** schedule for each and every loss in respect of each separate **premises** shown in **your** schedule, in respect of

1. **damage** by fire, lightning, explosion, aircraft, riot, civil commotion, strikers, locked-out workers, persons taking part in labour disturbances or earthquake
2. **flood**
3. theft or attempted theft
4. **damage** by escape of water from any tank apparatus or pipe
5. all other **damage**.

Where there is a claim following the same incident under both this section and the **Contractors all risks – single contract section**, **we** will only apply one **excess** which will be the highest relevant **excess** under these sections.

Faulty or defective workmanship exclusion

We will not cover **you** for any loss, damage, cost or expense caused by or consisting of faulty or defective workmanship, operational error, operator error, or omission by **you**, any of **your** employees or anyone on **your** behalf, other than for **damage** caused by a **defined peril** which is covered by this section.

Fraud and dishonesty exclusion

We will not cover **you** for any loss, damage, cost or expense resulting from acts of fraud or dishonesty by **you**, **your** employees or any partner, director or member of **your** family, but **we** will cover subsequent **damage** which results from a **defined peril** covered by this section.

Inherent defects exclusion

We will not cover **you** for any loss, destruction or damage to the **building(s)** or structure caused by inherent defects in the design plan specification materials or workmanship in the **building(s)**.

Miscellaneous damage exclusion

We will not cover **you** for any loss, damage, cost or expense caused by or consisting of

1. corrosion, rust, wet or dry rot, shrinkage, evaporation, loss of weight, dampness, dryness, marring, scratching, vermin or insects
2. change in temperature, colour, flavour, texture or finish
3. joint leakage, failure of welds, cracking, fracturing, collapse or overheating of boilers, economisers, superheaters, pressure vessels or any range of steam and feed piping connected to them
4. mechanical or electrical breakdown or malfunction for the particular machine, apparatus or equipment where the breakdown or derangement originates
5. a collapse or cracking
   b subsidence
   c heave
   d vibration
   e weakening or removal of support
   f lowering of ground water

other than for **damage** caused by a **defined peril** which is covered by this section.

Exclusions **5b** and **5c** do not apply if subsidence cover is shown as being covered in **your** schedule.

More specific insurance exclusion

We will not cover **you** for any property more specifically insured by **you** or on **your** behalf.

Motor vehicle and other property exclusion

We will not cover **you** for any loss or damage to, cost or expense arising from

1. vehicles licensed for road use (including accessories on them), caravans, trailers, railway locomotives, rolling stock, watercraft or aircraft
2. materials or supplies in connection with property or structures in course of alteration or erection
3. land, piers, jetties, bridges, culverts or excavations

4 livestock, growing crops or trees
5 pitch fibre pipes
6 electronic cryptographic or virtual currency or currencies of any kind

unless specifically covered by this section.

Pollution or contamination exclusion

We will not cover **you** for any loss, damage, cost or expense caused by pollution or contamination unless the **damage** is caused by

1 pollution or contamination which itself results from a **defined peril** provided that peril is covered by this section
2 any **defined peril** provided that peril is covered by this section, which itself results from pollution or contamination.

Process exclusion

We will not cover **you** for any loss, damage, cost or expense

1 to the property insured shown in **your** schedule caused by fire resulting from its undergoing any heating process or any process involving the application of heat
2 (other than by fire or explosion) to the property insured shown in **your** schedule resulting from its undergoing any process of production, packing, treatment, testing, commissioning, servicing or repair.

Property in the open exclusion

We will not cover **you** for any loss, destruction or damage to fences, gates and moveable property in the open caused by wind, rain, hail, sleet, snow, **flood**, dust or theft.

Radioactive contamination exclusion

We will not cover damage, or any other loss or expense resulting or arising from damage to any property, or any consequential loss, directly or indirectly caused by or contributed to by or arising from

1 ionising radiations or contamination by radioactivity from any nuclear fuel, nuclear waste from the combustion of nuclear fuel, radioisotopes, or any other nuclear or radioactive material
2 buildings, plant or equipment for the generation of nuclear power, or production, use or storage of nuclear fuel, nuclear waste from the combustion of nuclear fuel, radioisotopes, or any other nuclear or radioactive material
3 transportation of nuclear fuel, nuclear waste from the combustion of nuclear fuel, radioisotopes, or any other nuclear or radioactive material
4 the radioactive, toxic, explosive or other hazardous properties of any explosive nuclear assembly or nuclear component of that assembly
5 any weapon or device employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter.

Steam pressure exclusion

We will not cover **you** for any loss, damage, cost or expense caused by or consisting of the bursting by steam pressure of a boiler (not being a boiler used for domestic purposes only) economiser or other vessel, machine or apparatus where internal pressure is due to steam only belonging to **you** or under **your** control.

But **we** will cover subsequent **damage** which results from a cause covered by this section.

Subsidence exclusion

We will not cover **you** for any loss, damage, cost or expense caused by or resulting from

1 subsidence, ground heave or landslip unless resulting from fire, explosion, earthquake or the escape of water from any tank, apparatus or pipe
2 coastal or river erosion
3 normal settlement or bedding down of new structures.

Exclusion **1** does not apply if subsidence cover is shown as being covered in **your** schedule.

Terrorism and Northern Ireland exclusion

We will not cover **you** for loss, damage, cost or expense of any nature directly or indirectly caused by, resulting from or in connection with

1 For England, Scotland, Wales, the Channel Islands, the Isle of Man and any territory outside the **policy territories**

  a any act of **terrorism**, regardless of any other cause or event contributing concurrently or in any other sequence to the loss

  b any action taken in controlling, preventing, suppressing or in any way relating to any act of **terrorism**.

2 For Northern Ireland

  a any act of **terrorism**, regardless of any other cause or event contributing concurrently or in any other sequence to the loss

  b any action taken in controlling, preventing, suppressing or in any way relating to any act of **terrorism**

  c riot, civil commotion and (except for damage or interruption to the **business** caused by fire or explosion) strikers, locked-out workers or persons taking part in labour disturbances or malicious persons.

If any of the points above are found to be invalid or unenforceable, the remainder of the points shall remain in full force and effect.

In any action, lawsuit or other proceedings or where **we** state that any loss, damage, cost or expense is not covered by this section it will be **your** responsibility to prove that they are covered.

Theft or any attempted theft exclusion

We will not cover **you** for any loss, destruction or damage caused by or consisting of theft or attempted theft

1 not involving entry to, or exit from the building(s) or any part of the building(s) used by **you** at the **premises** by forcible and violent means

2 unless as a result of assault or violence or threat of violence to **you** or any of **your** partners, directors or employees or any member of **your** family, or any other person lawfully at the **premises**

3 of property in the open or property not contained in a fully secured and locked building.

Unexplained loss exclusion

We will not cover **you** for any loss, damage, cost or expense caused by or consisting of

1 disappearance, unexplained or inventory shortage

2 misfiling or misplacing of information.

War risks exclusion

We will not cover any claims caused by or happening through war, invasion, acts of foreign enemies, hostilities (whether war is declared or not), civil war, civil rebellion, warlike operations, revolution, insurrection or military or usurped power, confiscation, nationalisation, requisition, seizure or destruction or damage to property by or under the order of any government or public or local authority.

Wear and tear, deterioration exclusion

We will not cover **you** for any loss, damage, cost or expense caused by or consisting of inherent vice, latent defect, gradual deterioration, wear and tear, frost, change in water table level or its own faulty or defective design or materials but **we** will cover subsequent **damage** which itself results from a **defined peril** covered by this section.

Section conditions

These conditions of cover apply only to this section. **You** must comply with the following conditions to have the full protection of **your policy**. Some conditions specify circumstances whereby non-compliance will mean that **you** will not receive payment for a claim. However, **you** will be covered and **we** will pay **your** claim if **you** are able to prove that the non-compliance with these conditions could not have increased the risk of the loss which actually occurred in the circumstances in which it occurred.

Arbitration condition

If **we** agree to pay **your** claim and **you** disagree with the amount to be paid, the amount of the difference will be referred to an arbitrator who is jointly appointed in accordance with the statutory requirements. **You** will not be able to take legal action against **us** over this disagreement until the arbitrators have made their award.

Average condition

If the sum insured of any item shown in **your** schedule at the time of any **damage** is less than 85% of the cost which would have been incurred in reinstating the whole of the property covered by any item at the time of rebuilding or replacement, the amount payable by **us** will be proportionately reduced.

This will not apply to any item subject to the **Reinstatement condition**.

Construction of buildings condition

Unless otherwise stated the **premises** described in **your** schedule must be of **standard construction**.

Contribution and average condition

If, at the time of the claim, there is any other insurance policy covering the same property covered by this section, **we** will only be responsible for **our** proportionate share.

If the other policy is subject to any average (under insurance) condition, this section, if not already subject to average, will be subject to average in the same way as the other insurance policy.

If the other policy has a condition that prevents it from paying its share, **our** share of the claim will be limited to the proportion of the sum insured compared to the value of the property insured.

Explosion condition

Any vessel, machinery or apparatus or its contents belonging to **you** or under **your** control, which needs examination to comply with any statutory regulations, are subject of a contract providing the required inspection.

If **you** do not comply with this condition **you** will not be covered and **we** will not make any payment in respect of a claim.

Indemnity condition

Where an item is marked 'I' in **your** schedule **your** cover is on an indemnity basis which means the cost of replacing the item less an adjustment for wear and tear.

You must declare to **us** at the start date of the **period of insurance** the sum insured for those items on this basis. Any claim for **damage** will be settled on this basis provided

1. the value for those items will be calculated on this basis for the purpose of the **Average condition**
2. the maximum amount payable for any one item shall not exceed the sum insured for that item shown in **your** schedule.

Non-invalidation condition

The cover provided by this section will not be invalidated by any act or omission or an alteration where the risk of **damage** is increased unknown to **you** and beyond **your** control, provided that when **you** become aware of it, **you** tell **us** immediately and pay any necessary additional premium and comply with any additional terms agreed with **us**.

Police notification condition

You must immediately notify the police of any loss or **damage** by theft or attempted theft of the property covered by this section. **You** must take all reasonable steps to assist with the discovery of the guilty person or persons and to trace and recover the property lost.

If **you** do not comply with this condition **you** will not be covered and **we** will not make any payment in respect of a claim for theft or attempted theft.

Reinstatement condition

Where an item is marked 'R', in **your** schedule **your** cover is on a reinstatement basis which means the cost of reinstatement of the property lost, destroyed or damaged.

Provided that

1. **our** liability for the repair or restoration of property that has suffered **damage** in part only will not exceed the amount **we** would have been liable for had the property been completely destroyed
2. if the sum insured at the time of any **damage** is less than 85% of the cost which would have been incurred in reinstating the whole of the property covered by any item, at the time of rebuilding or replacement, the amount payable by **us** will be proportionately reduced
3. no payment will be made beyond the amount which would have been payable in the absence of this cover
   a. unless reinstatement commences and proceeds without unreasonable delay
   b. until reinstatement costs have been actually incurred
   c. if the property covered by this section at the time of its **damage** has any other insurance in force which is not on the same basis of reinstatement
4. all the terms and conditions of the **policy** will apply
   a. to any claim payable under this condition unless they have been amended by this condition
   b. if any claim is payable as if this condition had not been included.

Reinstatement of sum insured after loss condition

In the event of **damage** the sum insured by this section will be automatically reinstated from the date of the **damage** unless written notice is given to the contrary either by **us** or by **you**.

Provided that in the event of reinstatement **you** will

1. pay the necessary premiums that may be required for the reinstatement, from the date of reinstatement
2. complete any additional risk improvements which **we** may reasonably require.

Subrogation waiver condition

In the event of a claim under this section **we** agree to waive any rights, remedies or relief to which **we** might have become entitled by subrogation against

1. any company standing in relation of parent to subsidiary (or subsidiary to parent) to **you**
2. any company which is a subsidiary of a parent company of which **you** are a subsidiary in each case as defined by current law at the time of the **damage**.

Transfer of interest condition

If at the time of **damage you** have entered into a contract to sell **your** interest in any **building(s)** covered by this section and the sale has not completed but subsequently completes, the purchaser will have the full protection of this section on exchange of contracts, provided the **building(s)** are not covered by any other insurance arranged by the purchaser.

Specific section conditions and covers

The following conditions and covers only apply if shown in **your** schedule.

You must comply with the following conditions to have the full protection of **your policy**. Some conditions may specify circumstances whereby non-compliance will mean that **you** will not receive payment for a claim. However, **you** will be covered and **we** will pay **your** claim if **you** are able to prove that the non-compliance with these conditions could not have increased the risk of the loss which actually occurred in the circumstances in which it occurred.

1 Subsidence cover

If this cover is shown as covered in **your** schedule, the **Subsidence exclusion** and exclusions **5b** and **5c** of the **Miscellaneous damage exclusion** under the heading **What is not covered** do not apply.

We will cover **you** for **damage** to the property insured caused by subsidence, ground heave or landslip of any part of the site on which the **building(s)** stands,

but **we** will not cover

1. the **excess** shown in **your** schedule for each and every claim in respect of each separate **premises**
2. **damage** to yards, car parks, roads, pavements, walls, gates and fences unless also affecting a building covered under this section which is also damaged at the same time by the same cause
3. **damage** caused by or consisting of
   a. the normal settlement or bedding down of new structures
   b. the settlement or movement of made-up ground
   c. coastal or river erosion
   d. defective design or workmanship or the use of defective materials
   e. fire, subterranean fire, explosion, earthquake or the escape of water from any tank, apparatus or pipe
4. **damage** which originated before the start of this cover
5. **damage** resulting from
   a. demolition, construction, structural alteration or repair of any property

   or

   b. ground works or excavation at the **premises**.

Special conditions applicable to the Subsidence cover

1. **You** must notify **us** as soon as possible if **you** become aware of any demolition, ground works, excavation or construction being carried out on any adjoining site and **we** will then have the right to vary the terms or cancel the cover if **we** consider that the risk has changed.

If **you** do not comply with this condition **you** will not be covered and **we** will not make any payment in respect of a claim for subsidence, ground heave or landslip.

2 No smoking condition

You must ensure that

1. smoking is not permitted in enclosed or substantially enclosed buildings and standard no smoking notices must be displayed in prominent positions
2. any outside area designated for smoking must be kept clear of combustible materials and provisions must be made for the extinguishment of lighted materials.

If **you** do not comply with this condition **you** will not be covered and **we** will not make any payment in respect of a claim for fire and/or explosion.

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