



BUSINESS INSURANCE POLICY

Please read this policy carefully and if any error is found or if the cover is not in accordance with your needs, please return it to us immediately for correction.

PEOPLE'S INSURANCE PLC
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**PEOPLE'S
INSURANCE**
CARING WITH LOVE

BUSINESS INSURANCE POLICY

Your Business Insurance is a contract between Us the Company, and You, our Policy holder. The proposal form and declaration which you have signed is the basis of this contract.

As you have agreed to pay the premium as stipulated in the Premium Warranty clause, we agree to cover you as set out in the sections incorporated in this Policy, in respect of events occurring during the Period of Insurance in accordance with the terms set out in this Policy. We may, at our option, settle any claims by payment, replacement, restoration or repair.

General Definitions applying to all Sections

Wherever referred to in the policy –

- i. "We", "Us" or "Our" shall mean People's Insurance PLC.
- ii. "You", or "Your", shall mean the Insured named in the Schedule.
- iii. "Situation" shall mean the situation of risk specified in the Schedule.
- iv. "Schedule" shall mean the current Schedule duly signed for and on behalf of People's Insurance PLC.
- v. "Damage" shall mean the physical loss, destruction or damage.
- vi. "Employee" shall mean Any person under a contract of service or apprenticeship with You, Any person supplied to or hired by You, while engaged in the course of the Business.
- vii. "Period of Insurance" shall mean the period starting and ending on those dates shown in Your Schedule, and for any following period but only if We accepted Your renewal premium.
- viii. "Proposal Form" shall mean the Form signed by you which describes any details specific to You and all material information relevant to the covers which You have requested.
- ix. "Sum Insured /Limit of Liability" shall mean the amount for which each type of cover is insured as shown in Your Schedule or agreed by an Endorsement Unless specially mentioned, this amount always represents Our maximum liability under the respective section of this Policy.
- x. "Business" activities directly relating to the trade of the Insured.

SECTION 1 – LOSS OR DAMAGE TO PROPERTY

We will pay You up to the Sum Insured stated in Section 1 of the Schedule for damage to the property insured in the premises caused by insured events mentioned in section 1 below during the Period of Insurance.

Property Covered

- Buildings situated at the address or addresses shown in the Schedule and occupied by You for the purpose of the Business.
- Contents described in the Proposal Form including stocks belonging to You or for which You are legally responsible, whilst in the Premises.

Insured Events in respect of Section 1

1) Fire, Lightning, Explosion

2) Specified Natural Perils

2.1 Storm, (including Cyclone, Tempest, Hurricane, Typhoon, Tornado) but not loss or damage

- a) by erosion, subsidence, landslip or settling.
- b) to outdoor fixtures and fittings, gates, fences or retaining walls.
- c) by water unless it has entered through an opening in a wall or roof made by the storm.
- d) movable properties in the open.

2.2 Flood (escape of water from the normal confines of any natural or artificial water course or lake or reservoir or canal or dam) but not loss or damage

- a) by erosion, subsidence, landslip or settling.
- b) to movable property in the open.
- c) to outdoor fixtures & fittings, gates, fences or retaining walls.

2.3 Earthquake, volcanic eruption or overflow of the sea occasioned thereby

3) Impact by -

- a) Aircraft or other aerial devices or articles falling from them
- b) Road vehicle or animal not under the control of the insured
- c) Falling trees or branches, but not loss or damage caused by felling or looping of trees by or for You
- d) Television or radio aerials or masts due to their breakage or collapse, but not damage to them

4) Bursting and Overflowing of domestic water tanks, water apparatus or water pipes excluding

- a) damage caused to such water tanks apparatus or pipes
- b) loss or damage
 - i) occurring while the premises is left unoccupied
 - ii) caused by subsidence or landslide
- c) damage by water discharged or leaked from an installation of automatic sprinklers.

5) Burglary or any attempted theft, involving

- a) entry to or exit from the premises by forcible or violent means
- b) actual or threatened assault or violence to the Insured or employee of the Insured

6) Riot & Strike – (as per the Riot & Strike endorsement)

7) Malicious act of a person

8) Terrorism

(if specified in the schedule as per the Terrorism endorsement)

Additional Benefits

The insurance provided by this Section includes -

1) Architects', Surveyors', Consultant Engineers' Fees

We will pay up to 5% of the sum insured on building for Architects', Surveyors', Consultant Engineers' Fees, all necessarily incurred in the repair or reinstatement of damage to the property arising from Insured events

2) Removal of Debris

The costs of removing and disposing the portion or portions of the insured property damaged by an insured event

- a) not recoverable from any other policy of insurance
- b) not include any costs of removing or cleaning up seeping, polluting or contaminating substances
- c) up to an amount not exceeding 5% of the Total Sum Insured under this Section.

3) Fire Extinguishing Costs

The cost of replenishment of fire fighting appliances provided always that the liability of the Company in respect of such costs shall be limited to those necessarily and reasonably incurred in extinguishing fires at or adjoining the situation of the property insured by this policy or immediately threatening to involve such property and shall in no case exceed the sum of Rs.25,000.

4) Alternative Accommodation and / or Loss of Rent

We will pay up to 10% of the Sum Insured on Buildings for -

- a) the necessary cost of reasonable alternative accommodation, and / or
- b) rent which would otherwise have been payable to You as a result of the buildings being uninhabitable from any cause covered by this Section of your Policy.

5) Cover During Alterations and Repairs

We continue to insure You whilst any workman is at the buildings during any minor extension, repair and / or renovations works.

6) Director's Employee's Personal Property

Loss or damage caused by an insured event to personal property (other than cash, currency notes, bank notes and stamps) at the risk address belonging to the Insured or Directors or Employees of the insured, if not otherwise insured up to an amount not exceeding Rs. 2,500.

7) Temporary Removal

Subject to the following provisions, any contents insured by this Schedule (other than stock in trade or merchandise if insured hereby) are covered whilst temporarily removed for cleaning, renovation, repair or other similar purpose, elsewhere on the same or to any other premises and in transit thereto and there from by road, rail or inland waterway in Sri Lanka.

The amount recoverable under this extension shall not exceed the amount which would have been recoverable had the loss occurred in that part of the premises from which the property is temporarily removed, nor, in respect of any loss occurring elsewhere than at the said premises, 10% of the Sum Insured by the item after deducting there from the value of any building (exclusive of fixtures and fittings) stock in trade or merchandise insured thereby.

This extension does not apply to property if and so far as it is otherwise insured, nor, as regards losses occurring elsewhere than at the premises from which the property is temporarily removed to

- (a) Motor vehicles and motor chassis licensed for normal road use
- (b) Property held by the insured in trust other than machinery and plant.

Basis of Settlement of Claims

Claims for Insured loss or damage under this Section will be settled on the basis of the cost to repair or replace, at our option, the damaged or lost Insured Property with similar property having similar function, or output without any deduction for wear, tear or depreciation.

Any repair or replacement must be reinstated within six (6) months after the loss or damage of the insured property or within such further time as the Company may in writing allow.

In the event that the lost or damaged property is not repaired, replaced or reproduced, the claim for the insured loss or damage will be settled at its indemnity value prior to the loss or damage, or the amount necessarily incurred to repair or replace or reproduce the insured property whichever is the lower.

Condition of Average

If the property hereby insured shall at the time of any happening giving rise to a claim under this policy be collectively of greater value than the Sum Insured thereon then the Insured shall be considered as being his/her own insurer for the difference, and shall bear a ratable proportion of the loss accordingly. Every item of the property insured shall be separately subject to the condition.

Special Exclusions

This Section does not cover

- 1) Loss or damage to contents during any period in excess of 30 consecutive days during which the premises are left unoccupied unless with our written agreement.
- 2) Loss or damage by explosion of any steam pressure plant for which the Insured is responsible, although it does cover fire resulting from such explosion.
- 3) Loss or damage
 - by its own fermentation natural heating or spontaneous combustion
 - subterranean fire
 - occasioned by or in consequence of forest, bush or jungle fire and the clearing of lands by fire.
- 4) Loss of or damage to any electrical equipment, apparatus or fitting directly caused by over-running, excessive pressure, short circuiting, arcing, self heating or leakage of electricity from whatsoever cause (lightning included) but should fire extend to and damage or destroy any other property insured hereby such damage or destruction is not excluded by the Policy.
- 5) To motor vehicles or their accessories and livestock.
- 6) Money, securities, stamps, documents, manuscripts, business books, computer system records, records, patterns, moulds, plans, designs, works of art, explosives, bullion unless specifically mentioned, antiques, mobile phones, rechargeable cards
- 7) theft or attempted theft during or in the cause of fire
- 8) The destruction of property by order of any Public Authority.

SECTION 2 – OPTIONAL COVERS

THE FOLLOWING SECTIONS ARE ONLY APPLICABLE WHEN SPECIFIED IN THE SCHEDULE.

(A) ELECTRICAL FIRE AND LIGHTNING DAMAGE TO ELECTRICAL APPLIANCES & INSTALLATION

Loss or damage by fire to the electrical appliances and installation arising from or occasioned by over running, excessive pressure, short circuiting, arcing, self heating or leakage of electricity from whatever cause (lightning included), but excluding loss or damage to any electrical machine, apparatus, fixture or fitting or to any portion of the electrical installation, unless caused by fire or lightning

(B) BUSINESS INTERRUPTION

We will upon the happening of any event giving rise to a claim under Section 1, indemnify You up to the Sum Insured Stated in section 2 of the Schedule provided the happening of such an event causes interruption to Your business during the period of insurance to the extent of preventing You from conducting Your normal business operations on the premises

The amount of compensation shall be calculated at the stated amount per day for a maximum period of 90 days or for such shorter period estimated to restore Your Business to the operational level, whichever is less.

(C) MONEY

We will indemnify You up to the Sum Insured stated in the Schedule, in respect of

- i. Money that is in Your custody or in the custody of Your authorized employees, lost whilst in transit (except in the course of post) anywhere specified in the schedule.
- ii. Money stolen during Business hours from the Premises directly as a result of assault, violence, or threats of assault or violence, upon You or any member of Your staff
- iii. Money lost whilst contained in a locked safe, locked strong room in the premises and locked drawer and / or locked cash register, in the Premises during the business hours

Warranties

- i. It is a condition of this Section that You must maintain and produce in the event of a claim a complete record of the amount of Money in transit, in the Premises, or in locked safe strong room drawer and / or cash register

Our liability shall be limited to the amount of Money shown in the records to be in the locked safe, strong room, drawer and or cash register at the time of the loss, but not exceeding the Limit of Liability shown in the Schedule

- ii. It is further warranted that the keys and codes for combination locks to the safe, strong room, drawer and / or cash register must be removed from the Premises whenever the Premises are closed except whilst You or Your Employee (responsible for holding the keys and codes for the combination locks) are / is actually on the Premises

Note:

In addition, if You or Your Employee holding the keys and codes for the combination locks stay/s in any premises communicating with the insured Premises, the keys and codes for the combination locks must be removed from the Premises when the Premises is left unattended.

The above Warranty requirement pertaining to combination lock applies only where the safe, strong room, drawer or cash register is provided with such type of lock.

This section does not cover

- a) loss due to the fraud or dishonesty of any of Your Employees
- b) loss of Money from any safe, drawer, cash register or strong room , following the use of the keys and codes for the combination locks to the said safe, strong room , drawer, or cash register, unless the keys and lock codes were obtained by violence or threats of violence
- c) loss due to error or omission in receipts, payments or accounting
- d) Theft from an unattended vehicle
- e) Mysterious disappearance

(D) PUBLIC LIABILITY

We will indemnify you against legal liability for damage in respect of,

- i. Bodily injury to any person not being a member of the Insured's family, household or in his service
- ii. Loss or damage to material property not belonging to or in the custody or control of the Insured or a member of his family happening in or about the Risk Address, in connection with the business, provided that any action for damage is brought in a court of law in Sri Lanka.

Limit of Indemnity

The amount payable in respect of any one accident or series of accidents shall not in any case exceed the amount specified in the schedule

Exceptions

This section does not cover any liability,

- i. Arising out of any agreement or contract unless liability would otherwise have applied.
- ii. Resulting from the explosion of any steam pressure plant.
- iii. Arising due to injury or damage caused by goods manufactured, sold, supplied, repaired, altered or prepared by the Insured, except while remaining in the custody or control of the Insured.
- iv. For cost of repair or replacement of goods (including containers) sold or supplied.

(E) FIXED GLASS AND SIGN BOARDS/ NAME BOARDS

We will indemnify you against accidental breakage or loss of fixed glass and / or sign boards, described in the Schedule, situated in your premises happening during the Period of Insurance.

Extensions

The cost of making good damage to window frames, frame work, displays and fittings up to an amount not exceeding Rs. 2,500/- resulting from damage to fixed glass resulting from an Insured Event.

This section does not cover

- i. breakage or damage resulting from work being undertaken on the property insured.
- ii. in respect of sign boards, breakage or damage from any process of cleaning or restoring and mechanical breakage or caused by the application of electrical energy.
- iii. damage due to dilapidation of frame or framework.
- iv. damage due to vibration.

(F) PERSONAL ACCIDENT TO SPECIFIED PERSONS

In this Section :

- i. the "Insured Persons" are those persons identified in the Schedule
- ii. "Bodily Injury" means personal injury due solely and directly by accidental, violent, external and visible means
- iii. "Total and Permanent Disablement" means disability caused by bodily injury, which wholly prevents the insured persons from engaging in any business or occupation or performing any work for compensation or profit within six months of the happening of the injury and which does not entitle to benefits 1, 2 or 3 described below.

The Company will pay the Insured Person or to his legal representatives, the compensation stated below, if bodily injury is sustained by any person named in the Schedule

Event

1. Death	}	Occurring within six months of the injury	}	Compensation (for each insured person) = 100% of the Sum Insured		
2. Dismemberment of one or more limbs						
3. Permanent total loss of sight of one or both eyes	}	Payable after the expiration of six months of uninterrupted disablement				
4. Total and Permanent Disablement						

Additional Benefit

Funeral Expenses: We will indemnify your legal representative in respect of the funeral expenses incurred due to the death of the policyholder up to a maximum amount specified in the schedule subject documentary proof.

Exceptions

We will not pay for –

- a) Death or Disablement,
 - i) caused by a pre-existing condition or complications related to such condition or from pregnancy.
 - ii) as a result of intentional self-injury, suicide, insanity, the influence of alcohol or drugs.
 - iii) as a result of mountaineering necessitating the use of ropes or guides, any sport for which payment is received, any activity using under water breathing apparatus, racing other than by foot, flying or any aerial activity except as a passenger in a fully licensed passenger carrying aircraft, willful exposure to danger.
- b) more than one of the benefits in respect of the same injury.
- c) injury to any person who is over 65 years of age.

(G) WORKMEN'S COMPENSATION

We will indemnify You with regard to all amounts You are legally liable as an employer to pay as compensation to Your Employees insured in Section 2 of the Schedule if, during the Period of Insurance, any of the insured employees shall sustain personal injury as a result of their employment with You and Your liability arises under the Workmen's Compensation Ordinance of 1934 and any subsequent amendments prior to the date of issuance of the policy. We require all Your Employees (including immediate family members who are in full time employment in Your Business) to be insured whether they qualify as workman or not within the meaning of the Legislation.

We do not cover under this extension,

1. Your liability to employees of Your contractors
2. any liability of You which attaches by virtue of an agreement but which would not have attached in the absence of such agreement
3. Any sum which You would have been entitled to recover from any party but for an agreement between You and such party.
4. Any incapacity or death resulting from a deliberate self injury or the deliberate aggravation of an accidental injury.

(H) FREEZER CONTENTS

We will indemnify you against loss of or damage to stock in the Freezer(s) insured under the Section 1, due to rise or fall in temperature resulting from accidental breakdown of the Freezer unit or accidental failure of the electricity supply provided that failure is not caused by a deliberate act of the supply authority.

The freezer content should be included in the stock insured under the section 1 of the policy.

(I) GOODS IN TRANSIT

We will indemnify You against loss or damage to goods described in the Schedule (contents insured) resulting from fire, explosion or overturning of the means of conveyance described in the proposal whilst in transit within Sri Lanka excluding transit by air, sea, river, canal and the like

(J) HOSPITALIZATION BENEFIT

In the event of Insured Person stated in the Schedule being warded and confined in any hospital as hereinafter defined, on the recommendation of a registered Medical Practitioner, the Company will, upon receipt and approval of proofs, pay the Hospitalization Benefit shown in the Schedule of the Policy in respect of:-

- (i) illness occurring after thirty (30) days from the inception of the Policy , for the period during which the Person Covered shall be an in-patient of the hospital subject to a minimum of twenty four (24) consecutive hours of confinement; or
- (ii) injury occurring after the date of inception of the policy , for the period during which the Person Covered shall be an in-patient of the hospital subject to a minimum of twenty four (24) consecutive hours of confinement.

Where the Person Covered is suffering from different illnesses, under no circumstances will the Company pay for more than one Hospitalization Benefit for each day of confinement.

Definitions

The following definitions shall apply to this sections:-

- (a) 'Injury' means bodily injury effected directly and independently of all other causes by accident of which, except in the case of drowning or of internal injury revealed by autopsy, there is evidence of a visible contusion or wound on the exterior of the body (hereinafter referred to as 'injury').
- (b) 'Registered Medical Practitioner' shall mean a physician who is legally licensed, authorized and duly qualified to practice medicine and surgery.
- (c) Hospital - means any medical institution in Sri Lanka, established for in-patient care and day care treatment of illness and /or injury, owned by the Government or a provincial council or registered under the Private Medical Institutions (Registration) Act 21 of 2006

Proof of Claim

Affirmative proof of hospitalization in such forms as the Company may prescribe must be furnished to the Company at your expense within thirty (30) days after the date of leaving the hospital.

Medical Examination

The Company shall have the right to examine the Person Covered whenever it may reasonably require.

Exclusions

We will not pay for hospitalization due to:-

- (a) Pregnancy, miscarriage or child birth
- (b) Mental or nervous disorder, alcoholism, drug abuse
- (c) Cosmetic or plastic surgery or any elective surgery
- (d) Dental care or surgery unless necessitated by accident
- (e) General check-up, convalescence, custodial or rest care
- (f) Attempted suicide or self-inflicted injury whilst sane or insane
- (g) Ayurvedic hospitals or any institution maintained solely for the purpose of providing indigenous, homeopathic or acupuncture
- (h) Congenital ailments
- (i) Pre-existing ailments

GENERAL EXCLUSIONS APPLYING TO ALL SECTIONS

We will not pay for -

- 1) a) War, invasion, acts of foreign enemies, hostilities or warlike operations (whether war be declared or not), civil war.
b) mutiny, civil commotion, tribal rising, military rising, insurrection, strike, riot, 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; or
c) Permanent or temporary dispossession resulting from confiscation, commandeering or requisition by any lawfully constituted authority.
d) any act of terrorism
An act of terrorism means an act, including but not limited to the use of force or violence and / or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organization(s) or government(s), committed for political, religious, ideological, or ethnic purposes or reasons including the intention to influence any government and / or to put the public, or any section of the public, in fear
This insurance also excludes loss, damage, cost or expense of whatsoever nature, directly or indirectly caused by resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to (a) and / or (b) and / or (c)) and / or (d) above.
Any loss, damage or destruction happening during the existence of abnormal conditions (whether physical or otherwise) which are occasioned by or through or in consequence, directly or indirectly, of any of the said occurrences shall be deemed to be loss, damage or destruction which is not covered by this insurance, except to the extent that You shall prove that such loss, damage or destruction happened independently of the existence of such abnormal conditions.
If the Company alleges that by reason of this exclusion any loss, damage, cost or expense is not Covered by this Policy the burden of proving the contrary shall be upon You.
- 2) Loss or damage occasioned by pressure waves caused by aircraft and other aerial devices traveling at sonic or supersonic speed.
- 3) Loss, damage, cost or expense of whatsoever nature directly or indirectly caused by resulting from or in connection with any of the following regardless of any other cause or event contributing currently or in any other sequence to the loss:
 - i) Ionizing radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear installation, reactor or other nuclear assembly or nuclear fuel
 - ii) The radioactive, toxic explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof
 - iii) Any weapon of war employing atomic or nuclear fission and / or fusion or other like reaction or radioactive force or matter.
- 4) Consequential loss of any kind except for coverage provided under Section 2 B
 - i) total or partial destruction, distortion, erasure, corruption, alteration, misinterpretation, misappropriation of ELECTRONIC DATA.
 - ii) error in creating, amending, entering, deleting or using ELECTRONIC DATA, or
 - iii) total or partial inability or failure to receive, send access or use ELECTRONIC DATA for any time or at all from any cause whatsoever, regardless of any other contributing cause or event whenever it may occur ELECTRONIC DATA means facts, concepts and information converted to a form useable for communication, display, distribution, interpretation or processing by electronic and electromechanical data processing or electronically controlled equipment and includes programmes, software and other coded instructions for such equipment.

GENERAL CONDITIONS APPLYING TO ALL SECTIONS

1) Interpretation

The Policy and the Schedule shall be read together as one contract and any word or expression to which specific meaning has been attached in any part of the contract shall bear such specific meaning wherever it may appear.

2) Conditions Precedent to Our Liability

Your insurance cover is a legal contract between You and Us. It is subject to the conditions contained in this Policy, Schedule and,

- the completeness and accuracy of information in the Proposal Form, statements, claims or documents given by You to Us; and
- compliance with the conditions of the Policy

3) Reasonable Precautions

You are to take all reasonable precautions to avoid or minimize injury loss or damage and to comply with all the statutory obligations and by laws or regulations imposed by any public authority for the safety of persons or property.

4) Alteration of Risk

Cover under this policy will cease in the event of any alteration which increases the risk or in the case of property where your interest in the property insured passes otherwise than by will or by operation of law, unless such alteration has been agreed by us in writing.

Cover under the policy will also cease in the event the business is wound up, or carried on by a Liquidator or Receiver, or if it is permanently discontinued.

5) Claims Procedures and Requirements

In the event of any circumstances giving rise to or likely to give rise to a claim You must

- a) Report it to Us immediately and furnish in writing full details of the injury, illness, loss, destruction, damage, legal liability, or any expense as soon as possible but at the latest within 7 days if caused by riot, civil commotion, or malicious persons, and within 14 days in all other cases.
- b) Report it to the Police immediately in the event of Damage by malicious persons or theft.
- c) At Your own expense give all evidence, information and assistance as required.
- d) Send every writ or other document to Us immediately and not acknowledge it nor admit liability nor promise payment to other parties without our written consent.
- e) Permit Us at Our own discretion and expense, to take over and conduct the defense or settlement of any claim and to take all necessary steps for enforcing any rights against any other party in Your name, before or after meeting Your claim.

6) Fraud

If a claim is in any respect fraudulent or if any fraudulent means or devices are used by You or anyone acting on Your behalf to obtain any benefit under this Policy, or if any injury, illness, loss, destruction, damage, legal liability, or expense be occasioned by Your willful act or with Your connivance all benefits under this Policy shall be forfeited.

7) Company's Rights after a Claim

Company is entitled to -

- a) enter any building where loss, destruction or damage to property insured has happened, take possession of and deal with any salvage in a reasonable manner, but no property may be abandoned to the Company
- b) conduct in Your name the defense or settlement of any legal action and take proceedings at its expense and for its own benefit, but in Your name to recover any payment Company has made under the Policy to anyone else.

8) Other Insurances

If the injury, loss, destruction, damage, legal liability, or expense which is the subject of a claim under this Policy is covered by any other insurance We will not pay more than our ratable proportion.

This condition does not apply to Sections 2 F – PERSONAL ACCIDENT and 2J - HOSPITALIZATION BENEFIT

9) Cancellation

This Policy may be cancelled,

- a) by Our sending 30 day's notice by registered post to You at Your last known address in which event You will be entitled to a pro-rata return of premium for the unexpired portion of the insurance.
- b) by Your sending us Your request in writing and provided no claim has arisen during the current Period of Insurance You will be entitled to a return of premium less Our short period rates for the period the Policy has been in force.

10) Arbitration

Any dispute or question between the Company and You as to the amount payable by the Company upon the happening of any event shall be referred for Arbitration to a sole Arbitrator by the concurrence of the Parties, and in the event of non-concurrence, each party shall respectively appoint an Arbitrator and the Arbitrators shall be at liberty to appoint an Umpire, provided always that the terms of reference shall be entered into in writing, and the making of an award pursuant to the Arbitration shall be precedent to any right of action against the Company under this Policy.

11) Contract Law

This Policy shall be construed according to and governed by the laws of Sri Lanka.

12) Company's Liability

In no case whatever shall the company be liable for any loss or damage after the expiration of twelve months from the happening of the loss or damage unless the claim is the subject of pending action or arbitration.

13) Premium Warranty

- 13.1 Notwithstanding anything herein contained but subject to clause 13.2 and 13.3 hereof, it is hereby agreed and declared that the full premium due and payable in respect of this insurance is required to be settled to the Company on or before the premium due date specified in the Schedule of this Policy, Renewal Certificate, Endorsement or Cover Note (which shall be a date not exceeding Sixty (60) days from the date of Inception of the Policy) and in the absence of any such premium due date, the full settlement of the premium is required to be made or effected on or before the expiry of the Sixtieth 60th day from the date of inception of this Policy, Renewal Certificate, Endorsement or Cover Note (here in after referred to as the "due date").

For the purpose of this warranty the "due date" shall be recognized from the date of inception or commencement of the coverage.

- 13.2 It is also declared and agreed that the settlement of the full premium on or before the due date shall operate as a condition precedent to the Company's liability or an obligation to settle a claim under this Policy, Renewal Certificate, Endorsement or Cover Note.

In the event of any claim arises between date of commencement of this insurance and the "due date" for the settlement of premium, the Company may defer any decision on liability or postpone the settlement of any such claim until full settlement of the premium is effected on before the "due date"

- 13.3 It is also declared and agreed that where the full premium payable hereunder remains outstanding as at the closure of business of the insurer on the "due date" then the cover under this insurance and any obligations assumed or imputed under this insurance shall stand to be cancelled, ceased and revoked immediately.

However, such cancellation will not prejudice the rights of the Company to invoke any legal defenses or to recover the full or any part of the defaulted premium attributable to the expired period of the insurance.

14) Notice

Every notice and other communication to the Company required by these conditions must be written or printed.

The following clauses and warranties are only applicable when specified in the schedule.

F 14. MORTGAGE CLAUSE

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 and that this insurance in so far as concerns the interest therein of the Mortgagees or said Assignees, only shall not be invalidated by act or negligence of the Mortgagees or Owner of the Property insured, nor by anything where by

the risk is increased being done to, upon or in any building hereby insured or containing the property 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 pennitted by this insurance as 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 the 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 or 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 obligation 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 the 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 here of, but in such case this Policy shall continue in force for the benefit only of the Mortgagees or said Assignees for ten 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.

Subject otherwise to the terms, conditions and provisions of this Policy.

F 15. BANK CLAUSE

It is hereby agreed and declared that.

1. Upon any monies becoming payable under this Policy the same shall be paid by the Company to the Bank and such part of any monies so paid as may relate to the interest of other parties insured hereunder shall be received by the Bank as Agents for such other parties.
2. The receipts of the Bank shall be a complete discharge of the Company therefore and shall be binding on all parties insured hereunder.
3. If and whenever any notice shall required to be given or other communication shall be required to be made by the Company to the insured or any of them in any matter arising under or in connection with this Policy, such notice or other communication shall be deemed to have been sufficiently given or made, if given or made to the Bank.
4. Any adjustment, settlement, compromise or reference to arbitration in connection with any dispute between the Company and Insured or any of them arising under or in connection with this Policy, if made by the Bank shall be valid and binding on all parties insured hereunder, but not so as to impair the right of the Bank to recover full amount of any claim it may have on other parties insured hereunder, and
5. This insurance so far only as it relates to the interest of the Bank therein shall not cease to attach to any of the insured property by reason of the operation of Clause 9 of the Conditions endorsed on the Policy except where a breach of such Clause has been committed by the Bank or its duly authorised agents or sen/ants and this insurance shall not be invalidated by any act or omission on the part of any other party insured hereunder where by the risk is increased or by anything being done to upon or in any building hereby insured or any building in which the property insured under the Policy are stored or kept, without the knowledge of the Bank, provided always that the Bank shall notify the Company of any change of ownership or alteration or increase of hazard not pennitted by this insurance as soon as the same shall come to its knowledge and shall on demand pay to the Company the necessary 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 Bank any sum in respect of loss or damage under this Policy and shall claim that as to the Mortgagor or Owner no liability therefore existed, the Company shall become legally subrogated to all the rights of the Bank to the extent of such payment but not so as to impair the right to of the Bank to recover the full amount of any claimit may have on such mortgagorl owner or any other party or parties insured hereunder or from any securities or funds available,

Subject otherwise to the terms, conditions and exceptions of this Policy.

F 25. NO SMOKING

Warranted no smoking be permitted in the building, and notices to this effect written in Sinhaia, Tamil and English in letters not less than 2 inches high, to be exhibited at all entrances to the building.

F 26. HAZARDOUS GOODS

It is hereby agreed that a small quantity of hazardous goods (Subject to such limitation or prohibition as may be imposed by Warranty or otherwise herein or by Official Regulations) may be stored in the building described, but it is nevertheless warranted by the insured that during the currency of this Policy the value of such permitted Hazardous Goods shall not exceed, 1% of the value of all goods stored therein.

F 28. STACKING

Goods should be stored in such a manner so as to permit easy access to fire fighters and that a space of one meter should be allowed between the top of the stacks and ceiling/roof and a clear space between the walls and the stacks.

F 30. MAINTENANCE OF STOCK RECORD WARRANTY

Warranted that during the currency of this Policy proper records of stock (all purchases and sales) is maintained at all times and a copy of which is kept in a secured place outside the business premises.

F 31. PALLET WARRANTY

Warranted that during the currency of this policy, the insured undertake to store the insured stock on wooden pallets that are at least 6 inches (or as stated in the policy schedule) above the ground level.

F 32. POWER SURGE PROTECTOR WARRANTY

It is warranted that, during the period of this policy that the insured should install a reliable power surge protector to the power supply of the insured machines.

F 35. HOT WORK

Warranted no processors involving welding, grinding, blow lamps or similar hot work shall be carried out within the premises. However, if it is necessary to carry out such work for construction, maintenance purpose prior written approval of Us should be taken.

In such event before granting permission, following precautions are to be taken.

- Hot work should only be authorized where a safer method of work is not available. For example pipe jointing may be possible without soldered fittings and hot work avoided when external surfaces are being prepared for painting.
- Hot work should only be carried out by trained personnel.
- Wherever possible items to be the subject of hot work should be removed to a safe area designated for that purpose.

A trained person, not directly involved with the work, should provide a continuous fire watch during and for at least 1 hour following each period of work, to detect and extinguish any incipient burning in the work area and in all adjoining areas to which sparks and heat may spread. These could include the floors below and above, and areas on sides of wall to where the work is being carried out.

B05. Watchmen / Security Warranty

It is warranted that the premises shall be guarded by watchmen and/ or security personnel outside the normal business hours.