

PACKAGE INSURANCE POLICY

Comprises following sections :

SECTION I PROPERTY ALL RISKS

SECTION II MACHINERY BREAKDOWN

SECTION III BUSINESS INTERRUPTION

SECTION IV GENERAL LIABILITY

This policy consists of Korean Package Policy Form, Master schedule with its supplemented Memorandum, and Special Conditions.

All terms, conditions and coverages stipulated on Korean Package Form shall incorporate with, and be subject to terms, conditions, and coverages under Master schedule and Memorandum in consideration of payment of due premium.

본 증권은 총괄명세서와 부표 (Master schedule & Memorandum), 재산종합보험약관집, 그리고 특별약관으로 구성되어 있습니다.
본 증권에서 보상하는 손해는 보험계약자와 보험자가 합의한 조건 (Master schedule & Memorandum)에 의해서 약관에 따라 보상하여 드립니다.

※ 재산종합보험약관집에 포함된 보상하는 내용이라 할지라도
보험계약조건(Master schedule & Memorandum)에 명기되어 있지
않을 경우에는 보상이 되지 않습니다.

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PACKAGE INSURANCE POLICY

OPERATIVE CLAUSE

OPERATIVE CLAUSE

WHEREAS The Insured named in the Master Schedule has made to the SAMSUNG Fire & Marine Insurance Co.,Ltd.(hereinafter called "the Insurers") a proposal for the purpose of effecting this Policy.

In consideration of the payment by the Insured named in the Master Schedule hereto of the premium mentioned therein,

The Insurers Agree (subject to the conditions, Provisos and Exclusions contained herein or endorsed or otherwise expressed hereon which shall all be deemed to be conditions precedent to the right of the Insured to recover hereunder) to indemnify the Insured in respect of the liabilities, perils and risks hereinafter specified for such amounts up to the limit or limits stated in the Master Schedule or schedules contained herein.

IMPORTANT these General Exclusions shall apply to all sections of this package policy

GENERAL EXCLUSIONS

GENERAL EXCLUSIONS

UNLESS OTHERWISE EXPRESSLY AGREED this insurance does not cover any loss, destruction or damage occasioned by or through or in consequence of or contributed to, directly or indirectly, by:

1. (a) war, invasion, act of foreign enemy, hostilities or warlike operations whether war by declared or not), civil war

(b) mutiny, civil commotions assuming the proportions of or amounting to a popular rising, military rising, insurrection, rebellion, revolution, military or usurped power

(c) acts of terrorism committed by a person or persons acting on behalf of or in connection with any organization.

For the purpose of this Exclusion, 1(c) "terrorism" means the use of violence for political ends and includes the use of violence for the purpose of putting the public or any section of the public in fear.

In any action, suit or other proceeding where the insurer alleges that by reason of the provisions of Exclusion 1(a), (b) and (c) above, any loss, destruction or damage is not covered by this insurance, the burden of proving that such loss,

destruction or damage is covered shall be upon the insured.

(d) (i) permanent or temporary dispossessions resulting from confiscation, nationalization, commandeering or requisition by any lawfully constituted authority

(ii) permanent or temporary dispossession of any building resulting from the unlawful occupation of such building by any person provided that the insurers are not relieved of any liability to the Insured in respect of Damage occurring before dispossession.

(e) the destruction of property by order of any public authority

2. (a) nuclear weapons material

(b) ionizing radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from combustion of nuclear fuel.

Solely for the purpose of this Exclusions 2(b) combustion shall include any self sustaining process of nuclear fusion.

3. Willful act or negligence of the Insured or this representative.

IMPORTANT these General Conditions shall apply to all sections of this package policy

GENERAL CONDITIONS

GENERAL CONDITIONS

1. DUE OBSERVANCE

The due observance and fulfillment of the terms of this policy in so far as they relate to anything to be done or complied with by the Insured any the truth of the statements and answers in the Questionnaire and proposal made by the insured shall be a condition precedent to any liability of the Insurers.

2. INCORPORATION OF SCHEDULES

The Schedule(s) of the Section(s) shall be deemed to be incorporated in and form part of this Policy and the expression "this policy" wherever used in this contract shall be read as including the Schedule and the Section(s).

Any word or expression to which a specific meaning has been attached in any part of this Policy or of the Schedule or of the Section(s) shall bear such meaning wherever it may appear.

3. INSPECTION

Representatives of the Insurers shall at any reasonable time have the right to inspect and examine the risk and the Insured shall provide the representatives of the Insurers with all details and information necessary for the assessment of the risk.

4. CHANGE IN RISK

The insured shall immediately notify the Insurers by telegram and in writing of any material change in the risk and cause at his own expense such additional precautions to be taken as circumstances may require to ensure safe operation of the insured items and the scope of cover and/or premium shall, if necessary, be adjusted accordingly.

No material alteration shall be made or admitted by the insured whereby the risk is increased, unless the continuance of the insurance be confirmed in writing by the Insurers.

5. NOTICE OF ACCIDENTS

In the event of any occurrence which might give rise to a claim under this Policy, the Insured shall

(a) immediately notify the Insurers in writing, giving an indication as to the nature and extent of loss or damage. Failure to give notice within the time specified herein shall not invalidate any claim made by the Insured, if it shall be shown not to have been reasonably possible to give such notice within the prescribed time and that notice was given as soon as reasonably possible.

(b) take steps within his power to minimize the extent of the loss or damage.

(c) preserve the parts affected and make them available for inspection by representative or survey of the Insurers;

(d) furnish all such information and documentary evidence as the Insurers may require.

(e) inform the police authorities in case of loss or damage due to burglary.

Upon notification being given to the Insurers under this condition, the Insured may carry out the repairs or replacement of any minor damage with amounts not exceeding US\$250,000 ; in all other cases a representative of the insurers shall have the opportunity of inspecting the loss or damage before any repairs or alterations are effected.

If a representative of the insurers does not carry out the inspection within 45 days of receipt of notification(unless this is not reasonably possible), the Insured is entitled to proceed with the repairs or replacement.

6. SUBROGATION

The Insured shall at the expense of the Insurers do and concur in doing and permit to be done all such acts and things as may be necessary or reasonably required by the insurers for the purpose of enforcing any rights and remedies, or of obtaining relief or indemnity from parties (other than those insured under this Policy) to which the Insurers shall be or would become entitled or subrogated upon their paying for or making good any loss or damage under this policy whether such acts and things shall be or become necessary or required before or after the Insured's indemnification by the Insurers.

7. APPRAISAL

In case the Insured and the Insurer shall fail to agree as to the amount of loss, damage or expense, the same may be ascertained by two competent and disinterested appraisers, the Insured and the Insurer each selecting one, and the two so chosen shall first select a competent and disinterested umpire ; the appraisers together shall then estimate and appraise the loss, stating separately the cost to replace and/or replacement value, and, failing to agree, shall submit their differences to the umpire, and the award in writing of either two shall determine the amount of the loss; the parties thereto shall pay the appraisers respectively selected by them, and shall bear equally the expense of the appraisal and umpire.

8. FALSE DECLARATION

If the claim be in any respect fraudulent, or if any false declaration be made or used in support thereof, or if any fraudulent means or devices are used by the insured or any one acting on his behalf to obtain any benefit under this Policy : or, if the destruction or damage be occasioned by the willful act, or with the connivance of the Insured: all benefit under this policy shall be forfeited.

9. CONTRIBUTION

If at the time any claim arises under this Policy there be any other insurance covering the same loss, damage or liability, the Insurers shall not be liable to pay or contribute more than their rateable proportion of any claim for such loss, damage or liability.

10. CANCELLATION

This insurance may be terminated at the request of the Insured at any time before the occurrence of loss or damage, in which case the Insurers will retain the rateable proportion of the premium for the time this Policy has been in force.

This insurance may equally be terminated at the option of the Insurers by 30 days notice within the permission of the law or statute in the country apply this Policy to that effect being given to the Insured in which case the Insurers shall be liable to repay on demand a rateable proportion of the premium for the unexpired term from the date of cancellation less any long-term discount on premiums granted.

11. PAYMENT OF CLAIM

The indemnity shall be payable without delay after determination by the insurers of the full amount due. Notwithstanding the above the Insured may, after the Insurers have been duly notified of the loss and have acknowledged their liability, claim as an instalment the minimum amount payable under the prevailing circumstances.

The running of the periods shall be suspended for the time during which the

indemnity is unascertainable or not payable due to reasons within the Insured's control.

a) if there are doubts regarding the Insured's right to receive the indemnity pending receipt by the Insurers of the necessary proof:

b) if in connection with the claim an examination by the police or an inquiry under the criminal law has been instituted against the Insured pending completion of such examination or inquiry.

12. BANKRUPTCY AND INSOLVENCY

In the event of bankruptcy or insolvency of the Insured or any entity comprising the insured, the insurers shall not be relieved thereby of the payment of any claims hereunder because of such bankruptcy or insolvency.

13. BREACH OF WARRANTY

In the event of any warranty or condition being breached in any form or endorsement attached to or made of this insurance, then this insurance shall be void from the date of such breach of warranty or condition.

14. DUE DILIGENCE

The Insured shall at all times act with due diligence to prevent or minimize the extent of any loss, destruction of or damage to the property insured.

15. INNOCENT BREACH OF CONDITIONS

This insurance shall not be affected by failure of the Insured to comply with any of the warranties or conditions of this policy or endorsed hereon over which Insured has no control.

16. EXTENDED EXPIRATION

If this policy should expire or be cancelled while an occurrence giving rise to a loss in progress, it is understood and agreed that said loss, subject to all other terms and conditions and Limit of Liability of this Insurance will be covered under this Policy as if the entire loss had occurred prior to the expiration or cancellation.

ANY COVERAGE REFERRED TO IN THESE GENERAL CONDITIONS IS ALWAYS SUBJECT TO THE SPECIFIC TERMS AND CONDITIONS OF THE RELATIVE SECTIONS CONTAINED ELSEWHERE IN THIS PACKAGE POLICY.

SECTION I
PROPERTY ALL RISKS COVER

**SCOPE OF
COVER**

SCOPE OF COVER

SUDDEN AND ACCIDENTAL DIRECT PHYSICAL DESTRUCTION OF OR DAMAGE OF OR DAMAGE TO THE PROPERTY WHILST ON THE INSURED'S PREMISES MORE FULLY DESCRIBED IN THE SCHEDULE HERETO DIRECTLY AND WHOLLY ATTRIBUTABLE TO ANY CAUSE, EXCEPT AS HEREINAFTER PROVIDED, OCCURRING DURING THE CURRENCY OF THE POLICY.

**SPECIAL
EXCLUSIONS
TO SECTION
I**

SPECIAL EXCLUSIONS TO SECTION I

A. EXCEPTED CLAUSE

UNLESS OTHERWISE EXPRESSLY AGREED this insurance does not cover any destruction or damage occasioned by or through or in consequence of or contributed to, directly or indirectly by:

1. Destruction of or damage, costs or expenses in connection with any kind or description of seepage and/or pollution and/or contamination arising from any cause whatsoever. However, if the insured property is the subject of direct physical destruction or damage for which the Insurer have paid or agreed to pay, then this policy (subject to its terms, conditions and limitations) insures against direct physical destruction or damage to the property insured hereunder caused by resulting seepage and/or pollution and/or contamination.

The Insured shall give notice to the insurer of intent to claim no later than 12 months after the date of the original physical destruction or damage.

2. The deliberate and sustained operation of the insured's plant, machinery, pipeline or other equipment in excess of its design limitations and safe limits on the specific and intentional instructions of the insured.

3. Withdrawal or go-slow of labor or cessation of work

4. Subsidence, settlement, landslip, shrinkage or expansion or erosion of soil

5. Wear and tear, gradual deterioration, rusting, corrosion, metal fatigue, oxidation, auto-oxidation, damp, change in temperature or humidity, action of air or light or natural heating or drying.

6. Fermentation, evaporation, loss of weight, contamination or change in quality (except where such is directly caused by an occurrence which is not otherwise excluded)

7. Failure, breakdown, malfunction, derangement, collapse or rupture of any mechanical or electrical or electronic machine apparatus or equipment whatsoever.

8. Short-circuiting, self-heating, leakage or surge of electrical current, over-loading or excessive power.

9. The cost of replacing, repairing or rectifying defective parts, materials, workmanship, design or defect or omission in design or specification or latent defect.

10. Clean-up costs other than as provided under the Debris Removal and Cost of Clean-up Extension.

11. Leakage or overflowing of the contents of any storage tank, vessel or other container or the flaring of products.

PROVISION : Notwithstanding the above stated excluded causes this policy shall provide cover for ensuing destruction or damage which (but for the existence of such exclusion) would otherwise be recoverable hereunder.

B. EXCLUDED PROPERTY

UNLESS OTHERWISE EXPRESSLY AGREED this insurance does not cover destruction of or damage to any of the following :

1. cash, bullion, coins, cheques, stamps, works of art, antiques, securities, obligations or documents of any kind, books of account or other business books or records, computer records or data, manuscripts, plans, drawings or designs, patterns or models

2. property in course of construction or erection or dismantling or undergoing testing or commissioning including mechanical performance testing and business interruption resulting therefrom :

nevertheless, this exclusion shall not apply in respect of normal maintenance testing and re-commissioning of such property.

3. road vehicles, railway rolling stock, water-borne or airborne vessels or craft

4. animals, birds, fish or other living creatures

5. standing timber or growing crops

6. land(including topsoil, backfill, drainage work, revetment or culverts),road, driveways, runways, railway lines, canals, dams or tunnels

7. property underground other than tunnels and piping therein, contents of piping, electric facilities and foundations

8. property offshore

9. goods or property in transit

10. catalysts and consumable material whilst in process, production or manufacture

SPECIAL EXTENSIONS APPLICABLE TO SECTION I

DEBRIS REMOVAL AND COST OF CLEAN UP EXTENSION

SPECIAL EXTENSIONS APPLICABLE TO SECTION I

Notwithstanding any provision respecting seepage and/or pollution and/or contamination, and/or debris removal and/or cost of clean up the policy, in the event of direct physical destruction of or damage to the property insured hereunder, this policy(subject otherwise to its terms, conditions and limitations, including but not limited to any applicable deductible) also insures, within the sum insured but not exceeding the stated amount on the Memorandum and/or Schedule

(a) expenses reasonably incurred in removal of debris of the property insured

hereunder destroyed or damaged from the premises of the insured ;and/or
(b) cost of clean up, at the premises of the Insured, made necessary as a result of such direct physical loss or damage ;

Provided that this policy does not insure against the costs of decontamination or removal of water, soil or any other substance on or under such premises.

It is a condition precedent to recovery under this extension that the Insurer shall have paid or agreed to pay for direct physical destruction or damage to the property insured hereunder unless such payment is precluded solely by the operation of any deductible and that the Insured shall give notice to the Insurer of intent to claim for cost of removal of debris or cost of clean up NOT LATER THAN 12 MONTHS AFTER THE DATE OF SUCH PHYSICAL DESTRUCTION OR DAMAGE.

AUTHORITIES EXCLUSION

Notwithstanding any of the receding provisions of the debris removal and cost of clean up extension or any provision of the Policy, this policy does not insure against loss, damage, costs, expenses, fines or penalties incurred or sustained by or imposed on the Insured at the order of any Government Agency, Court or other Authority arising from any cause whatsoever.

TEMPORARY REMOVAL

Subject to the following provisions, the property insured by this policy(other than stocks if insured hereby) is 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 therefrom by road, rail or inland waterway anywhere in KOREA.

The amount recoverable under this extension in respect of each item of the policy shall not exceed the amount which would have been recoverable had the destruction or damage occurred in that part of the premises from which the property is temporarily removed. This extension does not apply to property if and so far as it is otherwise insured, nor property held by the Insured in trust, other than machinery and plant.

MINOR WORKS CLAUSE

It is understood and agreed that this insurance includes minor additions/ construction and/or reconstruction work carried out on locations scheduled under this policy in respect of contracts not exceeding the stated amount on the Memorandum and/or Schedule.

This extension shall not apply in respect of alteration/maintenance/ modifications carried out in the normal course of operation(which the insured so deems) in respect of which cover is granted by this policy subject to all terms and conditions herein this policy shall only pay in excess of more specific insurance, if any, arranged in respect of minor works.

Notwithstanding the above this policy will not respond to any advanced loss of profits.

CAPITAL ADDITIONS

The insurance by this Policy shall, subject to its terms and conditions, extend to cover :

(a) any newly acquired buildings, machinery and plant in so far as the same are not otherwise insured, and

(b) alterations, additions and improvements to buildings, machinery and plant during the current period of insurance any of the facilities, provided that :

1. at any one situation this cover shall not exceed the stated amount on the Memorandum and/or Schedule.

2. the Insured undertake to give particulars of any capital additions within 2 months and additional premiums in respect of any amendment as provided for within this clause shall be payable at expiry at daily pro-rata of annual rates/premiums agreed by the Insurers at inception or at the time of declaration as applicable.

FIRE FIGHTING EXPENSES

Insurers agree to pay for fire fighting expenses necessarily and reasonably incurred by the insured to prevent or minimize the extent of any insured destruction of or damage to the insured property including the cost of materials expended but excluding salaries, wages and similar disbursements to own personnel or personnel on contract or secondment to the insured and only to the extent that such expenses are not recoverable from a public authority or any other party.

The cover provided by this extension is limited to the stated amount on the Memorandum and/or Schedule and it is agreed and understood that any payment under this extension shall not increase insurer's total liability under the policy.

EXPEDITING EXPENSE

In the event of damage to or destruction of insured property by the peril(s) insured against during the term of this policy, the Insurer shall be liable for the reasonable extra cost of temporary repair and of expediting the repair and/or replacement of damaged property, including but not limited to overtime, nightwork, work on public holidays, express freight or other rapid means of transportation, but not exceeding the stated amount on the Memorandum and/or Schedule.

SUE AND LABOUR

In the event of loss, destruction or damage insured under this policy, the Insurer will indemnify the Insured for any expense or sacrifice incurred as a result of immediate action taken, reasonable at the time of the loss occurrence to minimize such loss, destruction, damage or liability being incurred provided such expenses or sacrifices made are reasonable having regard to the value of the

**PROVISIONS
APPLYING TO
SECTION I**

insured property at risk and/or the insured limit.

In the event the action taken was also to protect physical damage to property of the Insured not indemnifiable under this policy, the Insurers' indemnification under this provision shall be proportionate to the value of the property insured which was immediately and directly endangered by the loss occurrence. Nothing in this clause however shall increase Insurers' total liability for any one loss beyond the limit/sums insured hereon.

PUBLIC AUTHORITIES CLAUSE

The policy cover includes within the Sum Insured specified in the Schedule, such additional cost of reinstatement of the destroyed or damaged section of the property caused by a contingency insured against as may be incurred solely by reason of the necessity to comply with any regulations, by-laws or statutory provisions relating to the reinstatement of property provided that :

The amount recoverable under extension shall not include:

The cost of complying with any regulation, by-laws or statutory provisions where destruction or damage occurs prior to inception of this Clause, or is not insured by this policy of where notice to comply has been served upon the Insured prior to the occurrence of any destruction or damage in respect of any undamaged sections of the property.

The work of reinstatement must be completed within 15 months of the date of occurrence of any loss, destruction or damage, unless otherwise permitted by the Insurers within 15 months and may be carried out wholly or partially upon another site, provided that the liability of the Insurers is not increased thereby.

ARCHITECTS, SURVEYORS AND CONSULTING ENGINEERS

The Sum(s) Insured in the Schedule is/are declared to include an amount for Architects', Surveyors', Consulting Engineers' or other professional fees of similar nature necessarily incurred in the reinstatement of such property consequent upon its loss or damage but not for preparing any claim. This extension, however, is not to supersede or in any way modify any requirements or obligations imposed on the insured by the conditions of the policy.

PROVISIONS APPLYING TO SECTION I

MEMO 1 – BASIS OF INDEMNIFICATION

In the event of destruction of or damage to property insured (other than inventory) hereunder by a contingency insured against, the amount payable under each of the items of the policy shall be calculated on the basis of the reinstatement or replacement of the property destroyed or damaged, subject to the following provisions:

Reinstatement or replacement shall mean,

- (a) Where property is destroyed, the rebuilding of any buildings or the replacement by similar property of any other property, in either case in a condition equal to but not better or more extensive than its condition when new.
- (b) Where property is damaged or destroyed in part only, the repair of the damage and the restoration of the damaged portion of the property to a condition substantially the same as but not better or more extensive than its condition when new.
- (c) Where by reason of the above provisions no payment is to be made for rebuilding or replacement or if the Insured elects not to rebuild or replace, the Insurers will pay to the Insured the actual value of the property at the time of the happening of its destruction or damage.

SPECIAL PROVISIONS (to MEMO 1 – BASIS OF INDEMNIFICATION)

1. The work of reinstatement (which may be carried out upon another site and in any manner suitable to the requirements of the Insured subject to the liability of the Insurers not being thereby increased) must be commenced within 12 months of the date of damage, otherwise no payment beyond the amount which would have been payable under this policy if this clause had not been incorporated herein shall be made.
2. Where any property is damaged or destroyed in part only, the liability of the Insurers shall not exceed the sum representing the cost which the Insurers could have been called upon to pay for reinstatement if such property had been wholly destroyed.
3. If at the time of reinstatement the sum representing the cost which would have been incurred in the reinstatement if the whole property covered by such item had been destroyed exceeds the sum insured thereon at the commencement of any destruction of or damage to, then the insured shall be considered as being his own Insurer for the difference between the sum insured and the sum representing the cost of reinstatement of the whole of the property and shall bear a rateable proportion of the loss accordingly.
4. No payment beyond the amount which would have been payable under this policy if this clause had not been incorporated therein shall be made if at the time of any destruction or damage such property shall be covered by any other insurance effected by or on behalf of the Insured which is not upon the identical basis of reinstatement as stated in this Policy.
5. If as a result of the application of any of these special provisions no payment is to be made beyond the amount which would have been payable under the policy if this clause had not been incorporated therein, the rights and liabilities of the Insured and Insurer in respect of the destruction or damage shall be subject to the terms and conditions of the policy including any Condition of Average as if the memorandum had not been incorporated therein.

MEMO 2 – CERTIFIED VALUATION

In consideration of the Insured having commissioned the services of a professional Surveyor, and having agreed to use the Certified Valuation produced by that surveyor as the basis for calculating the sum(s) insured at inception and at any subsequent renewal for All Property insured hereunder excluding inventory, Insurers agree to delete any Condition of Average that may apply to any Property Damage settlement hereunder.

It is further noted and agreed that the Certified Valuation shall make due allowance for inflation during the policy term and that Insurers shall hold covered any increases to the sum(s) insured brought about by inflation.

In consideration of that additional cover, the Insured agrees to pay an Additional Premium calculated at 50 percent of the applicable premium rate applied to the increase in sum insured during the policy period.

MEMO 3 – INVENTORY / STOCK VALUATION AND DECLARATION / ADJUSTMENT

Valuation of inventory/stock for the purpose of calculating a loss under this policy shall be the actual value thereof, of like kind and quality at the time of replacement including all cost and duty to be applicable to point of final storage or processing. Where an item in respect of Stocks is indicated in the Schedule to be subject to declaration, the following conditions shall apply:

1. The First and Annual Premiums in respect of the item(s) are provisional, being 75% of the estimated premiums, and shall on the expiry of each period of insurance be adjusted as hereinafter provided.

2. The value of the property on the last day of each calendar month shall be declared in writing by the Insured to the Insurer within thirty days thereafter, and if a declaration be not so given the Insured shall be deemed to have declared the maximum sum insured as the value.

3. On the expiry of each period of insurance the actual premium for the said item shall be calculated at the appropriate rate on the average amount declared, i.e. the total of the sums declared divided by the number of declarations.

If the actual premium be greater than the First Premium (or in the case of the second and subsequent periods of insurance the Annual Premium) the Insured shall pay the difference:

If it be less, the difference shall be repaid to the insured, but such repayment shall not exceed one third of the First or Annual Premiums respectively.

4. In consideration of the insurance not being reduced by the amount of any claim the Insured shall pay the appropriate extra premium on the amount of the claim from the date thereof to the date of the expiry of the period of insurance.

MEMO 4 – LIMITS OF LIABILITY

The Limit of Liability shown in the appendix is the most the Insurer will pay for the sum of damage and expenses incurred under Property All Risks Cover Section due to property damage arising out of any one occurrence.

MEMO 5 – DEDUCTIBLE

If the cover in respect of the property insured or any specified part of such property is indicated in the Schedule as being subject to a deductible, the Insured shall, in respect of each and every occurrence giving rise to a claim, first bear the full amount stated in the Schedule and the Insurer's liability, after taking all other adjustments to the claim presented by the insured, shall be reduced accordingly.

MEMO 6 – DESIGNATION OF PROPERTY

For the purpose of determining where necessary, the headings under which any property is insured, the Insurers agree to accept the designation under which such property has been entered in the Insured's Books. However, in no event shall this override any of the terms, conditions or exclusions contained or endorsed in this policy.

SECTION II
MACHINERY BREAKDOWN COVER

SCOPE OF COVER

SCOPE OF COVER

The Insurer agrees that subject to the terms, exceptions, limits and conditions contained herein or endorsed hereon, the Insurer will Indemnify the Insured against Breakdown of Property Insured as hereinafter defined. Breakdown shall mean sudden and accidental physical loss or damage necessitating repair or replacement before working can be resumed resulting from

- i) defects in material, design, construction, erection or assembly or
- ii) fortuitous working accidents such as vibration, maladjustment, loosening of parts, molecular fatigue, centrifugal force, abnormal stresses, defective or accidental lack of lubrication, water hammer or local overheating (except in the case of boilers or similar plant when followed by explosion), failure or faults in protection devices, failure or faults in connected machines or
- iii) excessive or insufficient electrical pressure, failure of insulation, short circuits, open circuits or arcing or the effects of static electricity or
- iv) incompetence, lack of skill, or negligent acts of employees or third parties or
- v) falling, impact, collision or similar occurrences, obstruction or the entry of foreign bodies or
- vi) any other cause not hereinafter excluded.

This Insurance applies whilst the Property Insured is working or at rest or being dismantled or moved for the purpose of cleaning, inspection, overhauling or being re-erected in another position within the situation shown in the Schedule including during inland transit (including inland waterways) and elsewhere within Korea and as per Temporary Removal Extension. The liability of the Insurer in any Period of Insurance shall not exceed the Sum Insured.

SPECIAL EXCLUSION TO SECTION II

SPECIAL EXCLUSION TO SECTION II

The Insurers shall not be liable for

1. loss or damage caused by fire, the extinguishing of a fire, direct lightning, explosion, aircraft and other aerial devices or articles dropped therefrom, collapsed of buildings, theft or any attempt thereat.

Explosion shall not mean the bursting or disruption of turbines, compressors, engine cylinders, hydraulic cylinders, flywheels or other parts subject to centrifugal force, transformer switches or oil immersed switchgear.

2. a) wastage of material, wearing away or wearing out of any part of a machine caused by or resulting from ordinary usage, rust, boiler scale or other deposits, corrosion or deterioration due to chemical or atmospheric conditions or otherwise

scratching of painted or polished surfaces

b) slowly developing deformation, distortion, cracks, fractures, blisters, laminations, flaws or grooving or the making good of defective tube joints or other defective joint or seams unless such defects result in damage otherwise insured under the Policy.

3. loss or damage before the property has successfully completed performance testing, running at 100 percent design capacity for an adequate length of time; or any loss or damage that is directly or indirectly related to an incident during the testing and commissioning period.

4. loss or damage caused by the imposition or abnormal conditions directly or indirectly resulting from testing or willful overload beyond safe limits, or experiments it being understood that bringing up from shutdown shall not be construed as testing.

5. loss of use of any machine or consequential loss of any nature whatsoever.

6. loss or damage caused by earthquake, seaquake, tidal wave, subsidence, landslide, rockfall, hurricane, typhoon, cyclone, volcanic eruption or other convulsion of nature, flood, inundation or escape of water from water-containing apparatus.

7. loss or damage caused by the willful act or willful neglect of the Insured or his representatives. However, acts of malicious damage by employee and/or representatives of the Insured are covered.

8. (a) loss of damage to or loss of use of property directly or indirectly caused by seepage or pollution

(b) the cost of removing, nullifying or cleaning-up seeping, polluting or contaminating substances

9. loss or damage due to any faults or defects known to the insured at the time this Insurance was arranged and not disclosed to the Insurer.

10. accidental damage indemnifiable under **Section I** of this policy.

11. loss of or damaged to foundations and masonry unless specifically included in and described in the Schedule of Machinery, catalysts, exchangeable or replaceable parts and attachments such as flexible drives or tools used for cutting drilling, grinding, polishing or similar purposes or moulds, patterns pulverizing and crushing surfaces, screens and sieves, engraved cylinders, ropes, chains, belts, elevator and conveyor bonds, batteries, tires, connecting wires and cables, flexible pipes, joining and packing materials and all other parts not made of metal (except the insulation of electrical conductors), fuels, filter fillings, cooling media, lubricants, chemicals or other operating media., lubricants, chemicals or other operating media.

SPECIAL EXTENSIONS APPLICABLE TO SECTION II

TEMPORARY REMOVAL

Subject to the following provisions, the property insured by this policy (other than

stocks if insured hereby) is 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 therefrom by road, rail or inland waterway anywhere in Korea.

The amount recoverable under this extension in respect of each item of the policy shall not exceed the amount which would have been recoverable had the destruction or damage occurred in that part of the premises from which the property is temporarily removed.

This extension does not apply to property if and so far as it is otherwise insured, nor property held by the insured in trust, other than machinery and plant.

EXPEDITING COSTS

In the event of damage to or destruction of insured property by the peril(s) Insured against during the term of this policy, the Insurer shall be liable for the reasonable extra cost of temporary repair and of expediting the repair of damaged property, including, but not limited to overtime, nightwork, work on public holidays express freight or other rapid means of transportation, but not exceeding the stated amount on the Memorandum and/or Schedule.

ARCHITECTS, SURVEYORS AND CONSULTING ENGINEERS

The Sum(s) Insured in the Schedule is/are declared to include an amount for Architects', Surveyors', Consulting Engineers' or other professional fees of similar nature necessarily incurred in the reinstatement of such property consequent upon its loss or damaged but not for preparing an claim.

This extension, however, is not to supersede or in any way modify any requirements or obligation imposed on the Insured by the conditions of the policy.

PROVISIONS APPLYING TO SECTION II

PROVISIONS APPLYING TO SECTION II

1. SUM INSURED

It shall be a requirement of this Policy that the sum insured is equal to the cost of replacement of the insured machinery by new machinery of the same kind and capacity, which means its cost of replacement including, e.g. freight, dues and customs duties, if any, and cost of erection. If the sum insured is less than the amount required to be insured, the Insurers shall pay only in such proportion as the sum insured bears to the amount required to be insured. Every item if more than one shall subject to this condition separately.

2. BASIS OF INDEMNITY

The insurers will indemnify the insured in respect of such loss or damage, as hereinafter provided, by payment in cash, replacement or repair(at the Insurers' option) up to an amount not exceeding in any one year of insurance in respect of each of the items specified in the Appendix the sum opposite thereto and not

exceeding in all the total sum expressed in the Appendix as insured hereby. In case of loss or damage, the basis of adjustment unless otherwise endorsed hereon shall be the Replacement Cost. Replacement Cost shall mean all expenses necessarily incurred to repair, rebuild or replace with new materials of like kind and quality including dismantling and re-erection charges incurred for the purpose of effecting repair.

Replacement Cost shall be determined as of the date of settlement of any claim for loss or damage under this Policy.

In the event that any Property is not repaired, rebuilt or replaced, the basis of adjustment shall be the actual cash value of such Property.

3. CERTIFIED VALUATION

In consideration of the Insured having commissioned the services of Professional Surveyor, and having agreed to use the Certified Valuation produced by that surveyor as the basis for calculating the sum(s) insured at inception and at any subsequent renewal for All Property insured hereunder excluding inventory, Insurers agree to delete any Condition of Average that may apply to any Property Damage settlement hereunder. It is further noted and agreed that the Certified Valuation shall make due allowance for inflation during the policy term and that Insurers shall hold covered any increases to the sum(s) insured brought about by inflation. In consideration of that additional cover, the Insured agree to pay an Additional Premium calculated at 50 percent of the applicable premium rate applied to the increase in sum insured during the policy period.

4. LIMIT OF LIABILITY

The Limit of Liability shown in the appendix is the most the Insurer will pay for the sum of damage and expenses incurred under Machinery Breakdown Cover Section due to Machinery Breakdown arising out of any one occurrence.

5. REPAIRS

In the event of a Breakdown of any Property Insured likely to give rise to a claim hereunder the Insurer shall have the right to take over and control all necessary repairs to be completed to the satisfaction of the Insured.

6. REMOVAL

Such insurance as is afforded under this Section of the Policy shall apply while the Property Insured is being removed because of imminent danger of loss damage.

SECTION III

BUSINESS INTERRUPTION COVER

**SCOPE OF
COVER**

SCOPE OF COVER

PROPERTY ALL RISKS

If during the period of insurance the business carried on by the insured at the premises specified in this policy is interrupted or interfered with in consequence of an indemnifiable event under the Section I – All Risks Cover of this policy, then the Insurer will indemnify the Insured for the amount of the loss resulting from such interruption or interference in accordance with the provisions of this Section. Such indemnifiable amount shall not exceed the item limits in the appendix to this Section.

MACHINERY BREAKDOWN

If during the period of insurance the business carried on by the insured at the premises specified in this policy is interrupted or interfered with in consequence of an indemnifiable event under the Section II – Machinery Breakdown Cover of this policy, then the Insurer will indemnify the Insured for the amount of the loss resulting from such interruption or interference in accordance with the provisions of this Section. Such indemnifiable amount shall not exceed the item limits in the appendix to this Section.

**SPECIAL
EXCLUSION
TO SECTION
III**

SPECIAL EXCLUSION TO SECTION III

The Insurer shall not be liable for any loss resulting from interruption of or interference with business directly or indirectly attributable to any of the following causes:

1. any local or state ordinance or law regulating construction or repair of buildings or structures
2. the suspension, lapse or cancellation of any lease or license, contract or order
3. any increase of loss due to interference at the described premises by strikers or other persons with rebuilding or replacing the property or with the resumption or construction of the business.
4. Consequential business interruption resulting from works in the course of construction. In any case this policy will not respond to any kind of advanced loss of profit.

**PROVISION
APPLYING TO
SECTION III**

PROVISION APPLYING TO SECTION III

MEMO 1 – BASIS OF INDEMNIFICATION

The Cover provided under this clause shall be limited to loss of gross profit due to reduction in turnover and increase in cost of working and the amount payable as indemnity hereunder shall be

1. In respect of reduction in turnover: the sum produced by applying the rate of

gross profit to the amount by which the turnover during the indemnity period, in consequence of the accident, falls short of the standard turnover.

2. In respect of increase in cost of working: the additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the reduction in turnover which but for that expenditure would have taken place during the indemnity period in consequence of the accident, but not exceeding the sum produced by applying the rate of gross profit to the amount of the reduction thereby avoided.

3. Less any sum saved during the indemnity period in respect of such of the charges and expenses of the business payable out of the gross profit as may cease or be reduced in consequence of the interruption or interference.

4. Provided that the liability of the Insurers in no case exceeds the total sum insured in the Schedule.

MEMO 2 – DEFINITIONS

1. Gross Profit

The amount by which the sum insured of the value of the turnover and the value of the closing stock exceed the sum of the value of the opening stock and the amount of the specified working expenses. The values of the opening and closing stocks shall be arrived at in accordance with the insured's normal accountancy methods, due provision being made for depreciation.

2. Specified Working Expenses

The variable expenses of the business which are not insured by this clause

- ① turnover and purchase taxes
- ② purchases (less discounts received)
- ③ such working expenses as may vary in the event of interruption to or interference with the business.

3. Turnover

The money (less discounts allowed) paid or payable to the Insured for goods sold and delivered and for services rendered in the course of the business at the premises.

4. Indemnity Period and Time Excess

The Period beginning with the occurrence of the Damage and ending not later than the Maximum Indemnity Period thereafter during which the results of the Business shall be affected in consequence of the Damage, provided always that the Insurers are not liable for the amount of loss arising during the time excess. The time excess shall commence at the time of the occurrence of the Damage causing the interruption of or interference with the business.

5. Annual Turnover

The turnover which the Insured would have been able to obtain but for the accident during the twelve months immediately before either the date when the business is no longer affected or when the indemnity period ends, whichever occurs first.

6. Rate of Gross Profit

The Rate of Gross Profit earned on the Turnover during the twelve months immediately before the date of the Damage.

7. Standard Turnover

The Turnover during that period in the twelve months immediately before the date of the Damage which corresponds with the Indemnity Period

8. Adjustment to Standard Turnover and the Rate of Gross Profit

An adjustment to Standard Turnover and the Rate of Gross Profit shall be made as may be necessary to provide for the trend of the Business and for variations in or other circumstances affecting the business either before or after the damage or which would have affected the Business had the damage not occurred, so that the figures thus adjusted shall represent as nearly as may be reasonably practicable the results which but for the damage would have been obtained during the relative period after the damage.

MEMO 3 – SPECIAL PROVISIONS

1. Benefits from Other Premises

If during the indemnity period goods are sold or services are rendered elsewhere than at the premises for the benefit of the business either by the Insured or by others acting on his behalf, the money paid or payable in respect of such sales or services shall be taken into account in arriving at the turnover during the indemnity period.

2. Premium Adjustment Clause

The first and annual premiums in respect of Gross Profit are provisional being 75% of the premiums payable at the commencement. The premium paid shall be adjusted on receipt by Insurers of a declaration of Gross Profit earned during the financial year most nearly concurrent with the period of insurance unless otherwise expressly stated as during the period of insurance, to be confirmed by the Insured's auditors if so required by Insurers. If any Damage shall have occurred giving rise to a claim for loss of Gross Profit, the above mentioned declaration shall be increased by Insurers for the purpose of premium adjustment by the amount by which Gross Profit was reduced during the financial year unless otherwise expressly stated as during the period of insurance solely in consequence of the Damage. If the declaration (adjusted as provided for above and proportionately increased

where the Maximum Indemnity Period exceeds 12 months)

(a) is less than 75% of the declared value for Gross Profit for the relative period, the Insurers will allow a pro rata return of premium, provided that such return premium shall not exceed one third of the provisional premium paid.

(b) is greater than 75% of the Sum Insured on Gross Profit for the relative period, the Insured shall pay a pro rata additional premium not exceeding one third of the provisional premium paid. In the event that no declaration within 6 months after the expiry of such period of Insurance is received, the balance of 25% shall be paid.

3. Relative Importance

The term "relative importance" referred to in the items insured shall be the percentage effect which a breakdown of a particular machine will have on the total gross profit, disregarding any loss-minimizing measures. If in the event of an accident affecting insured items the percentage of relative importance stated in the list of machinery and plant insured for this item is lower than the actual percentage of relative importance subsequently arrived at for the period of interruption, the Insurers shall only be liable to indemnify the proportion which the percentage of relative importance stated in the items insured bears to the actual percentage.

4. Departmental Clause

If the business be conducted in departments the independent trading results of which are ascertainable, the provisions of clauses 1 and 2 in **MEMO 1** of this Section shall apply separately to each department affected by the damage.

5. Reinstatement of Sum Insured

In the event of loss as insured by this policy, and in the absence of written notice by the insurers of the Insured to the contrary, the amount of the insurance cancelled by loss is to be automatically reinstated as from the date of the occurrence, the Insured undertaking to pay such necessary premium as may be required for such reinstatement from that date.

6. Safe keeping of Records

The insured shall be obliged to keep complete records. All Records, e.g. inventories, production and balance sheets, for the three preceding years shall be held in safe keeping or, as a precaution against their being simultaneously destroyed, the insured shall keep separate sets of such records.

7. Furnishment of Relevant Documents

In the event of a claim being made under this endorsement clause not later than thirty days after the expiry of the indemnity period or within such further times as Company may allow in writing, the Insured shall at his own expense deliver to the Company a written statement setting forth particulars of his claim together with

**ADDITIONAL
MEMORANDA
APPLICABLE
TO SECTION
III**

details of all other policies covering the accident or any part of it or consequential loss of any kind resulting therefrom, and the Insured shall at his own expense also produce and furnish to the Insurer such books of account and other business books, e.g. invoices, balance sheet and other documents proofs, information, explanation and other evidence as may reasonably be required by the Company for the purpose of investigating or verifying the claim, together with, if required, a statutory declaration of the truth of the claim and/or any matters connected therewith.

ADDITIONAL MEMORANDA APPLICABLE TO SECTION III

PAYMENTS ON ACCOUNT

Payments on account will be made to the Insured during the Indemnity Period, if desired.

ACCUMULATED STOCKS

In adjusting any loss, account shall be taken and an equitable allowance shall be made for any shortage in Gross Profit, if postponed by reason of revenue being temporarily maintained from accumulated stocks of finished products held by the Insured.

OFF-PREMISE'S POWER

The insurance is extended to include losses arising from the interruption of the business by reason of damage to or destruction (as defined within) of any off-premises electric power and/or gas and/or facilities furnishing or transmitting power and/or gas and/or water to the operations of the Insured where "Damage to or destruction" means Physical damage caused by covered perils under the terms and conditions in schedule. However, if the loss due to off-premises power failure is indemnified by Section I or Section II, this extension will not be applied.

CUSTOMER'S EXTENSION

Subject to the terms and conditions of the policy loss as insured by item No.1 and 2 of this section resulting from interruption or interference with the business in consequence of damage (as within defined) at the undernoted situations or to property undernoted shall be deemed to be loss resulting from damage to property used by the Insured at the premises, provided that, after the application of all other terms and conditions of the policy, the liability under this memorandum in respect of any one occurrence shall not exceed the sum(s) insured hereon.

Situation	Property
_____	_____

SECTION IV

GENERAL LIABILITY COVER

(Other than Products/Completed Operations Liability for exports to North America)
Throughout this Section the words "you" and "your"
refer to the Named Insured shown in the declarations,
The words "we", "us" and "our" refer to the Company providing this insurance.

**SCOPE OF
COVER**

SCOPE OF COVER

A. Bodily Injury and Property Damage Liability

1. We will pay those sums that the Insured becomes legally obligated to pay as damages because of "bodily injury" or "property damage" to which this insurance applies.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments.

This insurance applies only to "bodily injury" and "property damage" which occurs during the policy period. The "bodily injury" or "property damage" must be caused by an "occurrence".

The "occurrence" must take place in the "coverage territory".

We will have the right and duty to defend any "suit" seeking those damage. But:

(a) The amount we will pay for damages is limited as described in **LIMITS OF INSURANCES**;

(b) We may investigate and settle any claim or "suit" at our discretion; and

(c) Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements under this Section.

2. Damages because of "bodily injury" include damages claimed by any person or organization for care, loss of services or death resulting at any time the "bodily injury".

3. "property damage" that is loss of use of tangible property that is not physically injured shall be deemed to occur at the time of the "occurrence" that caused it.

B. Supplementary Payments

We will pay, with respect to any claim of "suit" we defend :

1. All expenses we incur.

2. Up to US\$250 for cost of bail bonds required because of accidents of traffic law violation arising out of the use of any vehicle to which the Bodily Injury Liability Coverage applies.

We do not have to furnish these bonds.

3. The cost of bonds to release attachments, but only for bond amounts within the applicable limit of insurance. We do not have to furnish these bonds.

4. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to US\$100 a day because of time off from work.

5. All costs taxed against the insured in the "suit"

6. Pre-judgment interest awarded against the Insured on that part of the judgment we pay. If we make an offer to pay the applicable limit of insurance, we will not pay any pre-judgment interest based on the period of time after the offer.

7. All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part or the judgment that is within the applicable limit of insurance. These payments will not reduce the limits of insurance.

**SPECIAL
EXCLUSION
TO SECTION
IV**

SPECIAL EXCLUSION TO SECTION IV

This insurance does not apply to :

1. "bodily injury" or "property damage" expected or intended from the standpoint of the insured. This exclusion does not apply to "bodily injury" resulting from the use of reasonable force to protect persons or property.

2. "bodily injury" or "property damage" for which the Insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement.

This exclusion does not apply to liability for damages :

(a) Assumed in a contract or agreement that is an "insured contract", or

(b) That the Insured would have in the absence of the contract or agreement.

3. "bodily injury" or "property damage" for which any insured may be held liable by reason of;

(a) Causing or contributing to the intoxication of any person;

(b) The furnishing of alcoholic beverages to a person under legal drinking age or under the influence of alcohol; or

(c) Any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

This exclusion applies only if you are in the business of manufacturing, distributing, selling serving or furnishing alcoholic beverages.

4. Any obligation of the Insured under a worker's compensation, disability benefits or unemployment compensation law or any similar law.

5. "bodily injury" to :

(a) Any employee of the Insured arising out of and in the course of employment by the Insured unless otherwise expressly agreed; or

(b) The spouse, child, parent, brother or sister of that employee as a consequence of (a) above.

This exclusion applies :

(a) Whether the Insured may be liable as an employer or in any other capacity; and

(b) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

This exclusion does not apply to liability assumed by the Insured under an "insured contract"

6. (a) "bodily injury" or "property damage" arising out of the actual, alleged or threatened discharge, dispersal, release or escape of pollutants unless otherwise expressly agreed;

(1) At or from premises you own, rent or occupy;

(2) At or from any site or location used by or for you or others for the handling, storage, disposal, processing or treatment of waste;

(3) Which are at any time transported, handled, stored, treated, disposed of, or processed as waste by or for you or any person or organization for whom you may be legally responsible; or

(4) At or from any site or location on which you or any contractors or subcontractors working directly or indirectly on your behalf are performing operations :

(i) if the pollutants are brought on or to the site or location in connection with such operations; or

(ii) if the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize the pollutants.

(b) Any loss, cost, or expense arising out of any governmental direction or request that you test for, monitor, clean up, remove, contain, treat, detoxify or neutralize pollutants unless otherwise expressly agreed.

Pollutants mean any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste include materials to be recycled, reconditioned or reclaimed.

7. "bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft owned or operated by or rented or loaned to any insured.

Use includes operation and "loading or unloading".

This exclusion does not apply to :

(a) A watercraft while ashore on premises you own or rent;

(b) A watercraft you do not own that is :

(1) Less than 26 feet long; and

(2) Not being used to carry persons or property for a charge;

(c) Parking an "auto" on, or on the ways next to, premises you own or rent, provided the "auto" is not owned by or rented or loaned to you or insured;

(d) Liability assumed under any "insured contract" for ownership, maintenance or use of aircraft or watercraft; or

(e) "bodily injury" or "property damage" arising out of the operation of any of the equipment listed in paragraph 7(b) or 7(c) of the definition of "mobile equipment"

8. "bodily injury" or "property damage" arising out of :

(a) The transportation of "mobile equipment" by an "auto" owned or operated by or rented or loaned to any Insured; or

(b) The use of "mobile equipment" in, or while in practice or preparation for, a

prearranged racing, speed or demolition contest or in any stunting activity.

9. "bodily injury" or "property damage" due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution.

10. "property damage" to

(a) Property you own, rent, or occupy;

(b) Premises you sell, give away or abandon, if the "property damage" arises out of any part of those premises;

(c) Property loaned to you;

(d) Personal property in your care, custody or control;

(e) That particular part of real property on which you or any contractors or subcontractor working directly or indirectly on your behalf are performing operations, if the "property damage" arises out of those operations; or

(f) That particular part of any property that must be restored, repaired or replaced because "your work" was incorrectly performed on it.

Paragraph (b) of this exclusion does not apply if the premises are "your work" and were never occupied, rented or held for rental by you.

Paragraph (c), (d), (e) and (f) of this exclusion do not apply to liability assumed under a sidetrack agreement. Paragraph (f) of this exclusion does not apply to "property damage" included in the "products-completed operations hazard"

11. "property damage" to "your product" arising out of it or any part of it.

12. "property damage" to "your work" arising out of it or any part of it and included in the "products-completed operations hazard"

This exclusion does not apply if the damaged work or the work out of which the damage arises was performed on your behalf by a subcontractor.

13. "property damage" to "impaired property" or property that has not been physically injured, arising out of :

(a) A defect, deficiency, inadequacy or dangerous condition in "your product" or "your work" or accordance with its terms.

(b) A delay or failure by you or anyone acting on your behalf to perform a contract or agreement in accordance with its terms.

This exclusion does not apply to the loss of use of other property arising out of sudden and accidental physical injury to "your product" or "your work" after it has been put to its intended use.

14. Damages claimed for any loss, cost or expense incurred by you or others for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of:

(a) "your product";

(b) "your work"; or

(c) "impaired property";

if such product, work, or property is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, inadequacy or dangerous condition in it.

15. The amount of any claim which is recoverable under compulsory liability insurance, whether it be in force or not, at the time when the claim is made.

16. "bodily injury", "property damage", "personal injury" or "advertising injury" arising out of the rendering or failure to render any professional services by or for you, including,:

(a) The preparing, approving, or failing to prepare or approve maps drawings, opinions, reports, surveys, change orders designs or specification; and

(b) Supervisory, inspection or engineering services.

17. "bodily injury", "property damage", "personal injury" or "advertising injury" arising out of :

(a) An error, omission, defect of deficiency in any test performed, or an evaluation, a consultation or advice given by or on behalf of any insured; or

(b) The reporting of or reliance upon any such test, evaluation, consultation or advice.

18. "bodily injury", "property damage", "personal injury" or "advertising injury" for which the insured may be held liable because of the rendering or failure to render professional services in audit services.

19. Any liability for fines, penalties, punitive or exemplary damages.

20. Liability arising out of foul berthing

21. Marine Liability coverable under P&I in respect of Watercraft Off Premises Liability

22. Aircraft refueling / Defueling Operation Liability

23. Any accident or occurrence resulting from the hazardous properties of nuclear material if such accident or occurrence arises out of the ownership, use or operations by the insured of any nuclear facility other than the use of radioactive isotopes.

"Nuclear material", means source material, special nuclear material or by-product material.

"Source material", "Special nuclear material", "By-product material" have the meanings given them in Korea atomic energy act or in any law amendatory thereof;

"Spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a nuclear reactor;

"Waste" means any waste material (1) containing byproduct material and (2) resulting from the operation by any person or organization of any nuclear facility included within the definition of nuclear facility under paragraph (a) or (b) thereof;

"Radiocative isotope" means any by-product material except such material (1) contained in spent fuel or waste, or (2) discharged or dispersed from any nuclear facility;

"Nuclear facility" means :

(a) Any Nuclear Reactor;

(b) Any equipment or device designed or used for (1) separating the isotopes, uranium or plutonium, (2) processing or utilizing spent fuel, or (3) handling, processing or packaging waste;

(c) Any equipment or device used for the processing, fabricating or alloying of special nuclear material if at any time the total amount of such material in the custody of the Insured at the premises where such equipment or device is located consists of or contains more 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;

(d) Any structure, basin, excavation, premises or place prepared or used for the storage or disposal of waste.

And includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations;

"Nuclear Reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material;

"Hazardous Properties" includes radioactive, toxic or explosive properties with respect to injury to or destruction of property, the word "Injury" or "Destruction" includes all forms of radioactive contamination of property.

**SPECIAL
EXTENSIONS
TO SECTION
IV**

SPECIAL EXTENSIONS TO SECTION IV

POLLUTION LIABILITY COVERAGE

Exclusion 6 of Section IV-1. does not apply to (a) liability arising out of the seepage, pollution or contamination caused by a sudden, unintended and unexpected happening and (b) any loss cost or expense arising out of any governmental direction or request that you test for monitor, clean up, remove, contain, treat, detoxify or neutralize pollutants therefrom will be included and covered WITHIN THE APPLICABLE POLICY LIMIT.

CROSS LIABILITY COVERAGE

In event of an occurrence to one or more Insured for which another Insured is or may be held liable, then this Policy shall cover such Insured against whom claim is made or may be made in the same manner as if separate Policies had been issued to each Insured.

The inclusion of more than one Insured hereunder shall not serve to increase the limit(s) of liability under the Policy. However, any cross liability among contractors/subcontractors shall not be covered under this coverage.

WATERCRAFT OFF-PREMISES LIABILITY COVERAGE

This insurance shall cover the named insured's liability for bodily injury or property damage arising out of the ownership, maintenance, operations, use, loading or unloading of;

(a) Any watercraft owned or operated or loaned to the named insured.

(b) Any other watercraft operated by any person in the course of his employment by the named insured. Even though such bodily injury or property damage occurs away from premises owned by, rented to or controlled by the named insured.

EMPLOYER'S LIABILITY COVERAGE

This insurance shall cover the named insured's liability because of bodily injury by accident or occupational disease, including death at any time resulting therefrom sustained by any employee of the Insured arising out of and in the course of his employment by the Insured. However, this insurance does not apply to :

(a) Any obligation for which the Insured or any carrier as his insurers may be held liable under the Korean Labor Standard Law, Workmen's Accident Compensation Insurance Law or under any other similar law.

(b) Any loss or damage caused by wilful act or violation of law that is caused by a willful or grossly negligent act on the part of the Insured. (in the case of a corporation, its board members or other agency executing the corporation's business), or any representatives on their behalf. (In case where the violation of law is the basis declining coverage, there should be reasonably casual connection between the violation and the Insured's accident)

(c) Any loss or damage caused by wilful or criminal act on the part of the employee, but only for bodily injury of the employee who committed such act.

(d) Bodily injury of the employee of the insured's subcontractor, unless they are expressly covered under the insurance.

(e) Incidental medical expenses paid at the work place

(f) Any loss or damage caused directly or indirectly by earthquake, volcanic eruption, tsunami or war, act of foreign enemy, revolution, civil war, warlike operation (whether war be declared or not), riot, civil commotion, strike or other occurrence similar to those mentioned above.

(g) Any loss or damage caused by effect of radioactive, explosion or hazard of nuclear fuel materials (including spent fuel : hereinafter to be understood likewise) or radioactive property (including nuclear fission products) contaminated by nuclear fuel materials.

(h) Any loss or damage caused by nuclear radiation or radioactive contamination not enumerated in (g) above.

(i) Any loss or damage caused by the assumption of liability in a contract or agreement.

(j) The insured's liability for occupational disease which is not covered under the Korean Labor Standard Law, Workmen's Accident Compensation Insurance Law or other similar law thereon.

(k) The liability based on the request of expenses or subrogation caused by the Insurer that compensated in accordance with the stipulations of the Korean Labor Standard Law, Workmen's Accident Compensation Insurance Law or any other similar law.

(l) Any liability against the family members and relatives living with the Insured.

(m) Any liability for the claim, unless prior to 3 years after the date of accident written claim is made.

FUELING ERROR COVERAGE CLAUSE

It is hereby understood and agreed that loss or damage to a vehicle caused by an accidental fueling of a gasoline run vehicle with diesel oil or vice versa or any other similar mix up due to misunderstanding or mistake shall be covered.

SECTION IV-2
PRODUCTS LIABILITY COVER
(Applicable to exports to North America)

Throughout this Section the words "you" and "your" refer to the Named insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance. The word "Insured" means any person or organization qualifying as such under MEMO3-WHO IS AN INSURED. Other words and phrases that appear in quotation marks have special meaning. Refer to MEMO 6-DEFINITIONS.

**SCOPE OF
COVER**

SCOPE OF COVER

A. Products/Completed Operations Bodily Injury And Property Damage Liability

1. We will pay those sums that the insured becomes legally obligated to pay as damages because of "bodily injury" or "property damage" included within the "products/completed operations hazard" to which this insurance applies. No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under SUPPLEMENTARY PAYMENTS.

This insurance does not apply to "bodily injury" and "property damage" which occurred before the Retroactive Date, if any, shown in the Declarations or which occurs after the policy period.

This "bodily injury" or "property damage" must be caused by an "occurrence".

The "occurrence" must take place in the "coverage territory". We will have the right and duty to defend any "suit" seeking those damages. But ;

(a) The amount we will pay for damages is limited as described in MEMO 1 – LIMIT OF INSURANCE ;

(b) We may, at our discretion, investigate any "occurrence" and settle any claim or "suit" that may result ; and

(c) Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements.

2. This insurance applies to "bodily injury" and "property damage" included within the "products completed operations hazard" only if a claim damages **because of the** "bodily injury" or "property damage" is first made against any insured during the policy period.

(a) A claim by a person or organization seeking damages will be deemed to have been made when notice of such claim is received **and recorded** by any insured or by us, whichever comes first.

(b) All claims for damages because of "bodily injury" to the same person, including damages claimed by any person or organization for care, loss or services, or death resulting at any time from the "bodily injury", will be deemed to have been made at the time the first of those claims is made against any insured.

(c) All claims for damages because of "property damage" causing loss to the same person or organization as a result of an "occurrence" will be deemed to have been made at the time the first of those claims is made against any insured.

B. Supplementary Payments

We will pay, with respect to any claim or "suit" we defend :

1. All expenses we incur.
2. The cost of bonds to lease attachments but only for bond amounts within the applicable limit of insurance. We do not have to furnish these bonds.
3. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to \$100 a day because of time off from work.
4. All costs taxed against the insured in the "suit"
5. Pre-judgment interest awarded the insured on that part of the judgment we pay. If we make an offer to pay the applicable limit of insurance, we will not pay any pre-judgment interest based on that period of time after the offer.
6. All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the applicable limit of insurance.

These payments will not reduce the limits of insurance.

SPECIAL EXCLUSION TO SECTION IV-2

SPECIAL EXCLUSION TO SECTION IV-2

This insurance does not apply to :

1. "Bodily injury" or "Property damage" expected or intended from the standpoint of the insured.

This exclusion does not apply to "bodily injury" resulting from the use of reasonable force to protect persons or property.

2. "Bodily injury" or "property damage" for which the insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement.
3. "Bodily injury" or "property damage" for which any insured maybe held liable by reason of;

(a) Causing or contributing to the intoxication of any person ;

(b) The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol ; or

(c) Any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

This exclusion applies only if you are in the business of manufacturing, distribution, selling, serving or furnishing alcoholic beverages.

4. Any obligation of the insured under a worker's compensation, disability benefits or unemployment compensation law or any similar law.

5. 'Bodily injury' to :

(a) Any employee of the insured arising out of and in the course of employment by the insured ; or

(b) The spouse, child, parent, brother or sister of that employee as a consequence of (a) above.

This exclusion applies :

(a) Whether the insured may be liable as an employer or in any other capacity ; and

(b) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

This exclusion does not apply to liability assumed by the insured under an "insured contract"

6. "Bodily injury" or "property damage" due to war, whether or not declared, or any act of condition incident to war. War includes civil war, insurrection, rebellion or revolution.

This exclusion applies only to liability assumed under a contract or agreement.

7. "Property damage" to :

(a) Property you own, rent, or occupy ;

(b) Premises you sell, give away or abandon, if the "property damage" arises out of any part of those premises ;

(c) Property loaned to you ; or

(d) Personal property in your care, custody or control.

Paragraph (b) of this exclusion does not apply if the premises are "your work" and were never occupied, rented or held for rental by you.

Paragraph (c) and (d) of this exclusion do not apply to liability assumed under a sidetrack agreement.

8. "Property damage" to "your product" arising out of it or any part of it.

9. "Property damage" to "your work" arising out of it or any part or it and included in the " products-completed hazard"

This exclusion does not apply if the damaged work or the work out of which the damage arises was performed on your behalf by a subcontractor.

10. "Property damage" to "impaired property" or property that has not been physically injured, arising out of

(a) A defect, deficiency, inadequacy or dangerous condition in "your Product" or "your work" or

(b) A delay or failure by you or anyone acting on your behalf to perform a contract or agreement in accordance with its terms.

This exclusion does not apply to the loss of use of other property arising out of sudden and accidental physical injury to "your product" or "your work" after it has been put to its intended use.

11. Damages claimed for any loss, cost or expense incurred by you or others for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of :

(a) "your product" ;

(b) "your work" ; or

(c) "impaired property" ;

if such product, work, or property is withdrawn or recalled from the market or

from use by any person or organization because of a known or suspected defect, deficiency, inadequacy or dangerous condition in it.

PROVISIONS APPLYING TO SECTION IV

MEMO 1 – LIMITS OF INSURANCE

1. The Limits of insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of
 - a. insureds ;
 - b. Claims made or "suits" brought ; or
 - c. Persons or organizations making claims or bringing "suits"
2. The General Aggregate Limits is the most we will pay for the sum of damage under Bodily injury and Property Damage liability included in the Products – completed operations hazard"
3. The Products–Completed Operations Aggregate Limit is the most we will pay under this Section for damages because of injury and damage included in the "products–completed operations hazard"
4. Subject to 2. or 3. above, whichever applies, the Each occurrence Limit is the most we will pay for the sum of damages under Bodily injury and Property damage" arising out of any one "occurrence"

The limit of this Coverage Part apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of insurance.

MEMO 2 – DEDUCTIBLE

1. Our obligation under the Bodily Injury Liability and Property Damage Liability Coverage to pay damages on your behalf applies only to the amount of damages in excess of any deductible amounts stated in the Schedule as applicable to such coverages, and the limits of insurance applicable to "each occurrence" for such coverages will be reduced by the amount of such deductible. "Aggregate" limit for such coverages shall not be reduced by the application of such deductible amount.
2. The deductible amounts stated in the Schedule apply as follows :
 - a. PER CLAIM BASIS – if the deductible is on a "per claim" basis, the deductible amount applies :
 - (1) Under the Bodily Injury Liability or Property Damage Liability Coverage, respectively :
 - (a) To all damages because of "bodily injury" sustained by one person, or
 - (b) To all damages because of "property damage" sustained by one person or organization, as the result of any one "occurrence".

(2) Under Bodily Injury Liability and Property Damage Liability Coverage combined to all damages because of "bodily injury" and "property damage" sustained by one person or organization as the result of any one "occurrence".

b. PER OCCURRENCE BASIS – if the deductible is on a "per occurrence" basis, the deductible amount applies :

(1) Under the Bodily Injury Liability or Property Damage Liability coverage, respectively :

(a) To all damages because of "bodily injury" as the result of any one "occurrence" or

(b) To all damages because of "property damage" as the result of any one "occurrence" regardless of the number of persons or organizations who sustain damages because of that "occurrence".

(2) Under Bodily Injury Liability and Property Damage Liability Coverage combined to all damages because of "bodily injury" and "property damage" as the result of any one "occurrence" regardless of the number of persons or organization who sustain damages because of that "occurrence".

3. The terms of this insurance, including those with respect to :

a. Our right and duty to defend any "suits" seeking those damages; and
b. Your duties in the event of an "occurrence", claim, or suit apply irrespective of the application of the deductible amount.

4. We may pay any part or all of the deductible amount to effect settlement of any any claim or suit and, upon notification of the action taken, you shall promptly reimburse us for such part of the deductible amount as has been paid by us.

MEMO 3 – WHO IS AN INSURED

1. If you are designated in the Declarations as :

a. An individual, you and your spouse are Insured, but only with respect to the conduct of a business of which you and the sole owner.

b. A partnership or joint venture, you are an insured.

Your members, your partners, and their spouses are also insureds, but only with respect to the conduct of your business.

c. An organization other than a partnership or joint venture, you are an insured. Your executive officers and directors are insureds, but only with respect to their duties as your officers or directors. Your stockholders are also insured, but only with respect to their liability as stockholders.

2. Each of the following is also an insured :

a. Your employees, other than your executive officers, but only for acts within the scope of their employment by you. However, none of these employees is an insured for:

(1) "bodily injury" or "personal injury" to you or to a co-employee while in the course of his or her employment; or

(2) "bodily injury" or "personal injury" arising out of his or her providing or failing to provide professional health care services ; or

(3) "property damage" to "property owned or occupied by or rented or loaned to that employee, and of your other employees, or any of your partners or members (if you are a partnership or joint venture.)

b. Any person (other than your employee), or any organization while acting as your real estate manager.

c. Any person or organization having proper temporary custody of your property if you die, but only :

(1) With respect to liability arising out of the maintenance or use of that property ;

(2) Until your legal representative has been appointed.

d. Your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this Coverage Part.

3. With respect to "mobile equipment" registered in your name under any motor vehicle registration law, any person is an insured while driving such equipment along a public highway with your permission. Any other person or organization responsible for the conduct of such person is also an insured, but only with respect to liability arising out of the operation of the equipment, and only if no other insurance of any kind is available to that person or organization for this liability. However, no person or organization is an insured with respect to :

a. "bodily injury" to a co-employee of the person driving the equipment ; or

b. "property damage" to property owned by, rented to, in the charge of or occupied by you or the employer of any person who is an insured under this provision.

4. Any organization you newly acquire of form, other than a partnership or joint venture, and over which you maintain ownership or majority interest, will be deemed to be a Named insured if there is no other similar insurance available to that organization. However :

a. Coverage under this provision is afforded only until the 90th day after you acquire or form the organization or the end of the policy, whichever is earlier;

b. Coverage does not apply to "bodily injury" or "property damage" that occurred before you acquired or formed the organization ; and

No person or organization is an insured with respect to the conduct of any current past partnership or joint venture that is not shown as a Named Insured in the Declarations.

MEMO 4 – CONDITIONS

1. Bankruptcy

Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this Coverage part.

2. Duties in the Event of Occurrence, Claim or Suit.

a. You must see to it that we are notified promptly of an "occurrence" which may result in a claim.

Notice should include :

(1) How, when and where the "occurrence" took place ; and

(2) The names and addresses of any injured persons and witnesses.

(3) The nature and location of any injury or damage arising out of the "occurrence"

Notice of an "occurrence" is not notice of a claim

b. If a claim is received by any insured, you must :

(1) Immediately record the specifics of the claim and the date received ; and

(2) Notify us as soon as practicable.

You must see to it that we receive written notice of the claim as soon as practicable.

c. You and any other involved insured must :

(1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit".

(2) Authorize us to obtain records and other information ;

(3) Cooperate with us in the investigation, settlement or defense of the claim or "suit"

(4) Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the insured because of injury or damage to which this insurance may also apply.

d. No insureds will, except at their own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

3. Legal Action against Us.

No person or organization has a right under this Coverage Part :

a. To join us as a party or otherwise bring us into a "suit" asking for damage from an insured ; or

b. To sue us on this Coverage Part unless all of its terms have been fully complied with. A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured obtained after an actual trial ; but we will not be liable for damages that are not payable under the terms of this Coverage Part or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, the Insured and the claimant or the claimant's legal representative.

4. Other Insurance

If other valid and collectible insurance is available to the Insured for a loss we cover under this Coverage Part, our obligations are limited as follows :

a. Primary insurance

This insurance is primary except when b.below applies. If this insurance is primary, our obligations are not affected unless any of the other insurance is also primary. Then, we will share with all that other insurance by the method described in c.below.

b. Excess Insurance

(1) Section IV 1.

This insurance is excess over any of the other insurance, whether primary, excess,

contingent or on any other basis :

(a) That is Fire, Extended Coverage, Builder's Risk, Installation Risk or similar coverage for "your work"

(b) That is Fire insurance for premises rented to you ; or

(c) If the loss arises out of the maintenance or use of aircraft, "autos" or watercraft to the extent not subject to Exclusion.

(2) Section IV 2.

This insurance is excess over any of the other insurance whether Primary, excess, contingent or on any other basis that is effective. Declarations of this insurance and applies to "bodily injury" or "property damage" included within the "products-completed operations hazard" on other than a claims-made basis, if

(a) No Retroactive Date is shown in the Declarations of this insurance; or

(b) The other insurance has a policy period which continues after the Retroactive Date shown in the Declarations of this insurance.

When this insurance is excess, we will have no duty or defend any claim or "suit" that any other insurer has a duty to defend.

If no other insurer defends, we will undertake to do so, but we will be titled to the insured's rights against all those other insurers . When this insurance is excess over other insurance, we will pay only our share of the amount of the loss, if any, that exceeds the sum of :

(1) The total amount that all such other insurance would pay for the loss in the absence of this insurance : and

(2) The total of all deductible and self-insured amounts under all that other insurance.

We will share the remaining loss, if any, with any other insurance that is not described in this Excess insurance provision and was not bought specifically to apply in excess of the Limits of insurance.

c. Method of Sharing

If all of the other insurance permits contribution by equal shares, we will follow this method also. Under this approach each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains which ever comes first. If any of the other insurance does not permit contribution by equal shares, we will contribute by limits.

Under this method, each insurer's share is based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all insurers.

5. Premium Audit.

a. we will compute all premiums for this Coverage part in accordance with our rules and rates.

b. Premium shown in this Coverage Part as advance premium is a deposit premium only. At the close of each audit period we will compute the earned premium for that period. Audit premiums are due and payable on notice to the first Named Insured.

If the sum of the advance and audit premiums paid for the policy term is greater

than the earned premium, we will return the excess to the first Named Insured.

c. The first Named Insured must keep records of the information we need for premium computation, and send us copies at such times as we may request.

6. Representations

By accepting this policy, you agree :

- a. The statements in the Declarations are accurate and complete :
- b. Those statements are based upon representations you made to us ; and
- c. We have issued this policy in reliance upon your representations.

7. Separation of Insureds

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned in this Coverage Part to the first Named Insured, this insurance applies :

- a. As if each Named Insured were the only Named Insured ; and
- b. Separately to each insured against whom claim is made or "suit" is brought.

8. Transfer of Rights of Recovery Against Others to Us

If the Insured has rights to recover all or part of any payment we have made under this Coverage Part, those rights are transferred to us. The Insured must do nothing after loss to impair them. At our request, the Insured will bring "suit" or transfer those rights to use and help us enforce them.

MEMO 5 – EXTENDED REPORTING PERIODS (Applicable to Section IV 2.)

1. We will provide an automatic extended Reporting period as described in Paragraph 3. or, if you purchase it, an Extended Reporting Period Endorsement as described in Paragraph 4. only if :

- a. This Coverage Part is canceled or not renewed for any reason except non-payment of the premium:
- b. We renew or replace this Coverage Part with other insurance that:
 - (1) Provides claims-made coverage for Products/Completed Operations Bodily Injury and Property Damage Liability ; and
 - (2) Has a Retroactive Date later than the one shown in this Coverage Part's Declarations ; or
- c. We replace this Coverage Part with other insurance that applies to "bodily injury" or "property damage" on other than a claims-made basis.

2. If we provide an Extend Reporting Period, the following is added to paragraph under Section IV 2. :

- a. A claim first made during the Extended Reporting Period will be deemed to have been made on the last day of the policy period, provided that the claim is for damages because of "bodily injury"

or "property damage" that occurred before the end of the policy period period of this policy (but not before any applicable Retroactive Date)

The Extended Reporting Period will not reinstate or increase the Limits of Insurance or extend the policy period.

3. The Automatic Extended Reporting Period will be as set forth in either a. or b. below :

a. 60 days, starting with the end of the policy period of this policy.

b. Five Automatic Extended Reporting Period applies only to claims as a result of an "occurrence" of which we are notified after retroactive date, if any, shown in the declarations but not later than 60 days after the end of the policy period of this policy.

Notification of the "occurrence" must be in accordance with paragraph 2. a. of MEMO 4–Duties in the Event of Occurrence, Claims or Suit. These Automatic Extended Reporting Periods apply only if no subsequent insurance you purchase applies to the claim, or would apply but for the exhaustion of it applicable limit of insurance. These Automatic Extended Reporting Periods may not be cancelled.

4. If you purchase the optional Extended Reporting Period Endorsement, the Extended Reporting period will be an unlimited time, starting with the end of the policy period.

We will issue that endorsement if the first named insured shown in the declarations :

(1) Makes written request for it which we receive within 60 days after the end of the policy period ; and

(2) Promptly pays the additional premium when due.

The Extended Reporting Period Endorsement will not take effect unless the additional premium is paid when due. If that premium is paid when due, the Endorsement may not be canceled.

The extended Reporting Period Endorsement will also amend paragraph 4. b. of Section IV – TERMS AND CONDITIONS (Other Insurance) so that the insurance provided will be excess over any other valid and collectible insurance available to the Insured, whether primary, excess, contingent – or on any other basis, whose policy period begins or continues after the endorsement takes effect.

We will determine the actual premium for the Extended Reporting Period Endorsement in accordance with our rules and rates.

In doing so, we may take into account the following :

a. The exposures insured ;

b. Previous types and amounts of insurance ;

c. Limits of Insurance available under this Coverage Part for future payment of damages ; and

d. Other related factors.

The premium for the Extended Reporting Period Endorsement will not exceed 200% of the annual premium for this coverage part to which the endorsement would be attached and will be fully earned when the endorsement takes effect.

MEMO 6 – DEFINITIONS

1. "Auto" means a land motor vehicle, trailer or semitrailer design for travel on public roads, including any attached machinery or equipment. But "auto" does not include "mobile equipment".
2. "Bodily injury" means bodily injury, sickness or disease sustained by a person, including any death resulting from any of these at any time.
3. "Coverage territory" means :
 - a. Any country stated in the policy
 - b. International waters or airspace, provided the injury or damage does not occur in the course or travel or transportation to or from any place not included in a above ; or
 - c. All parts of the world if :
 - (1) The injury of damage arises out of :
 - (a) Goods or products made or sold by you in the territory described in a. above ;
 - (b) The activities of a person whose home is in the territory described in a. above, but is away for a short time on your business ; and
 - (2) The insured's responsibility to pay damages is determined in a "suit" on the merits, in the territory described in a. above or in a settlement we agree to.
4. "Impaired property" means tangible property, other than "your product" or "your work", that cannot be used or is less useful because :
 - a. It incorporates "your product" or "your work" that is known or thought to be defective, deficient, inadequate or dangerous ; or
 - b. You have failed to fulfill the terms of a contract or agreement ;if such property can be restored to use by :
 - (1) The repair, replacement, adjustment or removal of "your product" or "your work",
 - (2) Your fulfilling the terms of the contract or agreement.
5. "Insured contract" means :
 - a. A lease of premises ;
 - b. A sidetrack agreement ;
 - c. An easement or license agreement in connection with vehicle or pedestrian private railroad crossings at grade ;
 - d. Any other easement agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad ; as required by ordinance,

except in connection with work for a municipality ;

f. An elevator maintenance agreement ; or

g. That part of any other contract or agreement pertaining to your business under which you assume the tort liability of another to pay damages because of "bodily injury" or "property

e. An indemnification of a municipality damage" to a third person or organization, if the contract or agreement is made prior to the "bodily injury" or "property damage".

Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.

An "insured contract" does not include that part of any contract or agreement:

a. That indemnifies an architect, engineer or surveyor for injury or damage arising out of :

(1) Preparing, approving or failing to prepare or approve maps, drawings, opinions, reports, surveys, change orders, designs or specifications ; or

(2) Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage ;

b. Under which the Insured, if an architect, engineer or surveyor, assumes liability for injury or damage arising out of the Insured's rendering or failing to render professional services, including those listed in a. above and supervisory, inspection or engineering services ; or

c. That indemnifies any person or organization for damage by fire to premises rented or loaned to you.

6. "Loading or unloading" means the **handling** of property :

a. After it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or "auto" ;

b. While it is in or on an aircraft, watercraft or "auto" ; or

c. While it is being moved from an aircraft, watercraft or "auto" to the place where it is finally delivered ; But "loading or unloading" does not include the movement or property by means of a mechanical device, other than a hand truck, that is not attached to the aircraft, watercraft or "auto".

7. "Mobile equipment" means any of the following types of land vehicles, including any attached machinery or equipment ;

a. Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads ;

b. Vehicles maintained for use solely on or next to premises you own or rent ;

c. Vehicles that travel on crawler treads ;

d. Vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted :

(1) Power cranes, shovels, loaders, diggers or drills ; or

(2) Road construction or resurfacing equipment such as graders, scrapers

or rollers ;

e. Vehicles not described in a a.,b.,c. or d. above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types :

(1) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment ;
or

(2) Cherry pickers and similar devices used to raise or lower workers ;

f. Vehicles not described in a., b., c. or d. above maintained primarily for purposes other than the transportation of persons or cargo. However, self-propelled vehicle with the following types of permanently attached equipment are not "mobile equipment" but will be considered "autos"

(1) Equipment designed primarily for :

(a) Snow removal ;

(b) Road maintenance, but not construction or resurfacing ;

(c) Street Cleaning

(2) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers ; and

(3) Air compressors, pumps and generators, including spraying, welding building cleaning, geophysical exploration, lighting and well servicing equipment.

8. "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.

9. a. "Products-completed operations hazard" includes all "bodily injury" and "property damage" occurring away from premises you own or rent and arising out of "your work" except :

(1) Products that are still in your physical possession ; or

(2) Work that has not yet been completed or abandoned.

b. "Your work" will be deemed completed at the earliest of the following times:

(1) When all of the work called for in your contract has been completed

(2) When all of the work to be done at the site has been completed if your contract calls for work at more that one site

(3) When that part of the work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.

Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed.

c. This hazard does not include "bodily injury" or "property damage arising out of :

(1) The transportation of property, unless the injury or damage arises out of a condition in or on a vehicle created by the "loading or unloading" of it ;

(2) The existence of tools, uninstalled equipment or abandoned or unused materials ;

(3) Products or operations for which the classification in this Coverage Part or in our manual of rules includes products or completed operations.

10. "Property damage" means :

- a. Physical injury to tangible property, including all resulting loss of use of that property
- b. Loss of use of tangible property that is not physically injured.

11. "Suit" means a civil proceeding in which damages because of "bodily injury" or "property damage" to which this insurance applies are alleged "Suit" includes an arbitration proceeding alleging such damages to which you must submit or submit with our consent.

12. "Your product" means :

- a. Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by :

- (1) You ;

- (2) Others trading under your name ; or

- (3) A person or organization whose business or assets you have acquired ;
- and

- b. Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.

"Your product" includes warranties or representations made at any time with respect to the fitness, quality, durability or performance of any of the items included in a. and b. above. "Your product" does not include vending machines or other property rented to or located for the use of others but not sold.

13. "Your work" means

- a. Work or operations performed by you or on your behalf ; and
- b. Materials, parts or equipment furnished in connection with such work or operations.

"Your work" includes warranties or representations made at any time respect to the fitness, quality, durability or performance of any of the items included in a. or b. above.