

THE SCHEDULE

Forming part of and attaching to Policy Number: {Response}

The Assured:

{Response}

The Premises:

{Response}

Policy Period:

From: {Response}

To: {Response}

both days at 12.01 a.m. local standard time.

Proposal Form Dated:

{Response}

Insurance is only provided under the Sections below against which an amount has been inserted and then only in accordance with the definitions, limitations, exclusions, terms, conditions and warranties of the Policy to which this **Schedule** attaches and forms a part. Where there is NO INSURANCE the words 'NOT COVERED' are shown.

LIMITS

The PROPERTY INSURED, coverages and sums insured are as follows.

TOTAL POLICY LIMIT

Being the total of Sections 1 A, 2, 3, 4 and 5 below {Response}

1. **Stock:**

The Underwriters' MAXIMUM LIMIT OF LIABILITY for **stock**, including other people's goods resulting from any loss, disaster or casualty, shall not exceed the amount of the applicable limit or Sub-limit set out below. In the event that coverage for any claim for loss of or damage to **stock** applies under more than one Section or Sub-section below, recovery for such loss or damage under this Policy can only be made under one such Section or Sub-section.

A. at **the premises** (including show window display sub-limits) {Response}

Show Window Display Sub-limits at **the premises**

(a) When Open for business (b) When Closed for business

Protected Unprotected Protected Unprotected

In any one window {Response} {Response} {Response} {Response}

In all windows {Response} {Response} {Response} {Response}

B. (i) in the custody of:

(a) dealers; or

(b) contractors and workmen;

in the jewellery trade not in the employment of or associated with the Assured, but excluding **stock** deposited for safekeeping with such persons by the Assured and by salespersons while they are travelling which is covered under and subject to the limit of Section 1 D below and its Sub-limits (i) and (ii)

{Response}

Note: Commission salespersons are not deemed to be dealers.

(ii) deposited in the safe or vault of a bank or safe deposit company

{Response}

C. in course of transit by:

(i) registered mail

{Response}

(ii) registered airmail

{Response}

(iii) armoured car services

{Response}

(iv) other carriers and delivery services:

(a) {Response}

{Response}

(b) {Response}

{Response}

(c) {Response}

{Response}

(d) {Response}

{Response}

D. elsewhere but excluding cover which is or could be provided under Sections 1 A, B or C above or which is otherwise limited herein;

Limit:

{Response}

Sub-limit:

(i) Commission salespersons named in response to question 19 of the Proposal Form.

{Response}

(ii) **Messengers** and travelling sales persons not carrying goods for the Assured prior to the inception date of this Policy

{Response} 10,000

Note: (i) Cover for property carried outside **the premises** only applies under Policy Section 1 D.

(ii) Coverage under Section 1 D Sub-limit (ii) shall not exceed {Response} 10,000 or the Section 1 D limit whichever is the smaller amount unless specifically agreed in writing by the Underwriters and endorsed hereon.

2. **Money** in locked safe(s) at **the premises** against the peril of **Safe Burglary**

{Response}

3. Patterns, Moulds, Models and Dies at **the premises**

{Response}

4. Furniture, Fixtures and Fittings, Equipment, Machinery and Tools at **the premises** {Response}
5. **Tenant's improvements and betterments to the premises** {Response}
6. Damage to **the premises** as a direct result of theft or attempt thereat {Response}

The Underwriters' liability under this Section 6 shall not exceed 10% of the Limit of Liability stated under Section 1 A above applicable to **stock at the premises** or {Response}50,000 whichever is the smaller amount. Under no circumstances shall the Underwriters' liability under this Section 6 and Section 1 A above combined exceed the amount of Insurance shown under Section 1 A above applicable to **the premises** at which the damage occurs.

Conditions 19, 22 and 23

- Condition 19 Service of Suit Clause {Response}
- Condition 22 Radioactive Contamination Clause {Response}
- Condition 23 Cancellation Clause {Response}

Special Conditions:

{Response}

Deductible:

{Response}

Premium:

{Response}

Notice of loss or damage shall be given to the Underwriters in writing through:

{Response}

Service of process in accordance with Condition 19 is to be given:

{Response}

Dated in London: {Response}

{Response}

Various provisions in this Policy restrict coverage. Read the entire Policy carefully to determine your rights, duties and what is and is not covered.

Should it be discovered at any time that any of the statements and declarations contained in the Proposal Form are false this Policy may be declared void from its inception at the sole option of the Underwriters.

The word Assured refers to the Assured named in the response to question 1(a) of the Proposal Form and in the Schedule and includes the owners, directors, officers and partners of the Assured.

All individual words and phrases in this Policy with special meaning appear in bold print and have the meaning defined in the Definitions section of this Policy.

This Policy insures against risks of direct physical loss of or damage to the property described herein occurring during the period set out in **the Schedule**, but subject always to the definitions, limitations, exclusions, terms, conditions and warranties of this Policy.

TERRITORIAL LIMITS

This Policy only covers the insured property while located within and in transit between the United States of America, Puerto Rico and Canada.

PROPERTY INSURED AND LIMITS

Coverage only applies to those sections below for which limits have been inserted in **the schedule**.

1. Stock:

A. at the premises.

Stock in show windows is only covered against :

- (i) theft accomplished by or resulting from the smashing, cutting or removing of part or all of such window(s);
- (ii) attempted theft by smashing, cutting or removing part or all of such window(s);

for the Sub-limits stated in **the Schedule**.

B. (i) in the custody of:

- (a) dealers; or
- (b) contractors and workmen;

in the jewellery trade not in the employment of or associated with the Assured, but excluding **stock** deposited for safekeeping with such persons by the Assured and by salespersons while they are travelling, which is covered under Section 1 D below.

Note: Commission salespersons are not deemed to be dealers.

- (ii) deposited in the safe or vault of a bank or safety deposit company.

C. in course of transit by:

- (i) registered mail;
- (ii) registered airmail;
- (iii) armoured car services;
- (iv) other carriers and delivery services specified in **the Schedule**.

D. elsewhere but excluding cover which is or could be provided under Sections 1 A, B or C above or is otherwise limited herein.

Stock delivered or entrusted to the Assured by others who are dealers in such property or otherwise engaged in the jewellery trade is only insured to the extent of the Assured's own interest therein because of money advanced thereon or the Assured's legal liability for loss or damage thereto.

2. **Money** in locked safe(s) within **the premises** against the peril of **Safe Burglary**.
3. Patterns, Moulds, Models and Dies at **the premises**.
4. Furniture, Fixtures and Fittings, Equipment, Machinery and Tools at **the premises**.
5. The Assured's interest as tenant under lease or other rental agreement in improvements and betterments to **the premises**, hereinafter referred to as **Tenant's improvements and betterments**.
6. Damage to **the premises** buildings, owned, leased or rented by the Assured which results directly from theft or any attempt thereat, but not damage which results from fire regardless of the cause of that fire.

The Underwriters' liability under this Section shall not exceed 10% of the Limit of Liability stated under Section 1 A of **the Schedule** applicable to **stock** at **the premises** or {Response}50,000 whichever is the smaller amount. Under no circumstances shall the Underwriters' liability under this Section and Section 1 A above combined exceed the amount of Insurance stated under Section 1 A of **the Schedule** applicable to **the premises** at which the damage occurs.

EXCLUSIONS

A. **This Policy does not insure against loss or damage directly or indirectly caused by or resulting from:**

- (i) sabotage, theft, conversion or other dishonest act or omission, or any expense arising therefrom or as a result thereof, committed by or on the part of:

- (a) the Assured, any employee, agent or representative of the Assured whether or not committed during the Assured's business hours; or

- (b) any person to whom **stock** may be delivered or entrusted by whomsoever for any purpose whatsoever.

This exclusion shall not apply to any such loss or damage to **stock** in the custody of :

the U.S. or Canadian Mail as registered mail or registered airmail;

armoured car services;

any carrier or delivery service specified in Section 1 C of **the Schedule**; or

dealers in the jewellery trade, not in the employment of or associated with the Assured, while such **stock** is deposited with them by the Assured and by salespersons for safekeeping while they are travelling.

- (ii) the delivery, handing over or entrusting of property by the Assured, or any employee, agent or representative of the Assured to any person or entity because of any payment or promise of payment by any means whatsoever should such payment or promise of payment prove to be false, fraudulent or otherwise invalid or uncollectable for any reason whatsoever.
- (iii) unexplained loss or mysterious disappearance.
- (iv) delay, loss of market, loss of use or consequential loss.
- (v) wear and tear, gradual deterioration, inherent vice, latent defect, corrosion, rust, dampness of atmosphere, freezing or extremes of temperature, moth, vermin, insects, animals or insufficient or defective packing.
- (vi) mechanical breakdown, short circuit or other electrical disturbance within any of the insured property unless fire or explosion ensues and then only for direct loss or damage caused by such

ensuing fire or explosion, but only when and to the same extent that such perils are otherwise covered under this Policy.

- (vii) any process carried out upon or processing of the insured property.
- (viii) breakage of articles of a fragile or brittle nature, unless caused by fire, lightning, explosion, aircraft, vehicles, or accident to the conveyance in which **stock** is being carried, flood, earthquake, windstorm, burglars, thieves, strikers, rioters, persons taking part in labour disturbances or civil commotions, but only when and to the same extent that such coverage is otherwise afforded by this Policy.
- (ix) any shortage of **stock** claimed to have been forwarded in a package when the package is received in apparent good order with seals unbroken.
- (x) any shortage discovered on taking inventory.
- (xi) earthquake.
- (xii) flood, surface water, waves, tidal water or tidal wave, overflow of streams or other bodies of water or spray from any of the foregoing all whether driven by wind or not.

Cover is provided for fire damage occurring during or resulting from perils enumerated in exclusions (xi) and (xii) above.

- (xiii) (a) hostile or warlike action in time of peace or war, including action in hindering, combating or defending against an actual, impending or expected attack:
 - (i) by any government or sovereign power (de jure or de facto), or by any authority maintaining or using military, naval or air forces; or
 - (ii) by military, naval or air forces; or
 - (iii) by an agent of any such government, power, authority or forces, it being understood that any discharge, explosion or use of any weapon of war employing nuclear fission or nuclear fusion shall be conclusively presumed to be such a hostile or warlike action by such a government, power, authority or forces.
- (b) insurrection, rebellion, revolution, civil war, usurped power or any action taken by governmental authority in hindering, combating or defending against such occurrence.

Exclusions (xiii) (a) and (b) apply regardless of whether the loss or damage is caused by or contributed to by any other peril.

- (xiv) seizure or destruction under quarantine or Customs regulations or confiscation or requisition by order of any governmental or public authority.

B. This Policy does not insure loss of or damage to property:

- (i) while in or upon any automobile, motorcycle or any other vehicle unless, at the time the loss or damage occurs, there is actually in or upon such vehicle, the Assured, or a permanent employee of the Assured, or a person whose sole duty it is to attend the vehicle.

This exclusion shall not apply to **stock** while in the custody of:

- (a) the U.S. or Canadian mail as Registered mail or Registered airmail; or
- (b) armoured car services; or
- (c) carriers and delivery services specified in Section 1 C of **the Schedule**.

- (ii) while in course of transit by carriers, including armoured car services and delivery services, unless receipts are obtained by the Assured from such carriers. In any event this Policy does not cover carriers or delivery services not specified in **the Schedule**.
- (iii) while exhibited by the Assured in show or display case(s) or cabinet(s) or show window(s) elsewhere than at **the premises**.
- (iv) while at any exhibition, show, fair or market, whether trade or otherwise.
- (v) while in the custody of any person not in the jewellery trade, other than **messengers** and persons being employees of carriers covered under Section 1 C.
- (vi) worn by any person whether or not in the jewellery trade except that this exclusion shall not apply to watches worn by persons in the jewellery trade for the sole purpose of adjustment.
- (vii) sold on any deferred payment sales agreement from the time it leaves the Assured's custody.
- (viii) sent Cash on Delivery (C.O.D.) with the privilege of inspection by the addressee before delivery.
- (ix) while actually being worked upon.

C. This Policy does not insure against loss of or damage to:

- (i) property or money not directly relating to the business of the Assured.
- (ii) contraband or stolen property.
- (iii) property in the course of illegal transportation or trade.
- (iv) clocks other than **stock**, electrical or mechanical signs unless located within **the premises**.
- (v) exterior glass and any lettering or ornamentation thereon including glass of outside showcases.
- (vi) interior glass unless caused by fire, lightning, explosion, smoke, sprinkler leakage, vandalism, malicious mischief, aircraft, vehicles, windstorm, hail, burglars, thieves, strikers, rioters, persons taking part in labour disturbances or civil commotions, but only to the same extent that such coverage is otherwise afforded by this Policy.
- (vii) underground flues, pipes, wiring, drains, brick, stone or concrete foundations.
- (viii) piers or other supports below the under surface of the lowest basement floor or which are below the surface of the ground where there is no basement.

D. This Policy does not cover:

- (i) architects', engineers' or surveyors' fees or any other fees incurred by the Assured whether before or after any loss or damage.
- (ii) any increased cost of repairs or reconstruction by reason of any law, ordinance, regulation, permit or licence.
- (iii) the cost of excavations.
- (iv) the value of or the cost of reconstructing computer system software or data.

DEFINITIONS

- A. "**Stock**" means property:

- (i) owned by the named Assured;
- (ii) delivered or entrusted to the named Assured by others;

but comprised only of pearls, precious and semi-precious stones, jewels, jewellery, watches, watch cases, movements, parts and attachments, gold, silver, platinum, other precious metals, stainless steel and alloys and other property usual to the conduct of the jewellery business insured hereunder other than any property described under Sections 3, 4, 5 and 6 of the PROPERTY INSURED.

- B. “**The premises**” means that part of the building occupied by the Assured for the conduct of the jewellery business insured hereunder and located as specified in the response to question 1(d) of the Proposal Form and in **the Schedule**.
- C. “**The Schedule**” means **the Schedule** attached to and forming a part of this Policy.
- D. “**Money**” means coins and paper currency including bank notes, being legal tender, and shall include cheques stamped “For Deposit Only”, bankers’ drafts, postal and non negotiable money orders, held solely:
 - (i) for the purchase of **stock** or
 - (ii) derived from the sale of **stock** or
 - (iii) comprising receipts for services rendered to customers.
- E. “**Safe Burglary**” means the felonious removal of **money** or **stock** from within a safe, while all the safe doors are duly closed and locked by combination, key or time lock thereof, by any person or persons making felonious entry into such safe and any vault containing the safe when all the doors thereof are duly closed and locked by combination, key or time lock thereof, by actual force and violence of which there shall be visible marks made by tools, explosive, electricity, gas or chemicals upon the exterior of:-
 - (i) all the doors of such safe and any vault containing such safe if entry is made through such doors;
 - (ii) the top, bottom or walls of such safe and any vault through which entry is made if not made through the safe and vault doors.
- F. “**Tenant’s improvements and betterments**” means fixtures, installations, alterations or additions, which the Assured may not legally remove, made to **the premises** at the Assured’s expense when **the premises** are not owned by the Assured.
- G. “**Messenger**” means a person who is duly authorised by the Assured to have custody of **stock** outside **the premises** for the sole purpose of its delivery to and collection from **the premises**.
- H. “**Protected show windows**” means show windows:
 - (a) glazed with Underwriters Laboratory Approved Burglary Resisting Glazing Material; or
 - (b) having swinging plate glass secondary to the window pane; or
 - (c) having steel bars or a steel grille covering the entire window; or
 - (d) in which the **stock** is displayed within a show or display case within the show window.

DEDUCTIBLE

In consideration of the reduced premium charged, each claim for each separately occurring loss or damage shall be adjusted separately and from the amount of each adjusted claim or the applicable Limit of Liability, whichever is less, the sum stated in **the Schedule** as the deductible shall be deducted. It is a condition of this Policy that the deductible specified in **the Schedule** shall be borne solely at the risk of the Assured, and shall not be covered under any other Insurance effected in the name of the Assured.

CONDITIONS PRECEDENT

It is a condition precedent to the Underwriters' liability under this Policy that:

1. (a) the Assured shall:
 - (i) maintain and keep detailed records of all:
purchases, sales and other related transactions including purchase and sales invoices;
customers goods and goods of others in the jewellery trade;
stock away from **the premises**, which shall be listed separately;
 - (ii) maintain and keep all jewellers' memoranda and consignment agreements;
 - (iii) take and record dated physical count inventories at not less than 12 (twelve) month intervals.
- (b) the records and documents required by 1(a) above shall be kept and maintained so that the Underwriters can accurately determine therefrom for each item, ownership, acquisition date, the Assured's cost price, the sale price and date of sale, the estimated value of customers goods, the value of goods of others in the jewellery trade and the exact amount of any loss or damage without reference to the personal knowledge of the Assured or others and without reference to accounting calculations based upon information or materials other than a combination of the records required by 1(a) above.
2. (a) all the protective systems and devices including those as described and declared in the Proposal Form attached hereto or in endorsements attached hereto, shall be kept in place and in force throughout the period of this Policy and shall be in operation at all appropriate times.
- (b) all such systems and devices shall be serviced, tested and maintained in working order throughout the period of this Policy in accordance with the manufacturer's instructions and recommendations under contract with the installer or manufacturer.
- (c) no withdrawal, alteration or variation shall be made to any of the said systems or devices without the prior written agreement of the Underwriters and endorsed hereon.
- (d) no structural alteration(s), addition(s) or change(s) to **the premises**, or premises furniture, fixtures and fittings, which might affect the said systems or devices, shall be made without the prior written agreement of the Underwriters and endorsed hereon.
3. all alarm system(s) shall be "armed" and set in the "on" position(s) or mode(s) at all times while **the premises** are closed for business and at all other appropriate times.
4. (a) all show and display cases, cabinets and show windows containing insured property shall be locked and the keys removed except while property is actually being placed or arranged therein or removed therefrom.
- (b) the keys to all such show and display cases, cabinets and show windows shall be kept on the person of the Assured and or the employees of the Assured or within a locked safe, at all times other than while property is actually being placed or arranged therein or removed therefrom.
5. the combination numbers of the safe(s), vault(s) and alarm system(s) shall not be recorded, displayed or written anywhere within or upon **the premises**.
6. no keys or duplicate keys to **the premises**, alarm system(s), safe(s), vault(s) and other protections shall be left on **the premises**, while **the premises** are closed for business.
7. the value of **stock** displayed in show windows shall not exceed the amounts stated in answer to Question 13(a)(iii) of the Proposal Form at any time during the period of this Policy.

8. all consignments of insured property made to others shall be evidenced by written agreement(s) holding the consignee(s) responsible for all risks of loss of or damage to the property.
9. no change or modification shall be made to the written agreement(s) stipulated in Condition Precedent 8 above whether before or after any loss or damage involving the insured property, whether in writing or otherwise, in a manner that may impair or restrict the rights or interests of the Underwriters or the Assured to hold the consignee(s) responsible under the agreement(s) for the loss of or damage to the property or which increases the liability of the Underwriters under this Policy.
10. in the event of any loss of or damage to the insured property or occurrence which may result in a claim under this Policy the Assured shall:
 - (a) report any loss or damage immediately to the Police and any other appropriate law enforcement authorities.
 - (b) give immediate notice in writing to the Underwriters through the person or entity named in **the Schedule** under Notice of Claim.
 - (c) protect the property from further loss or damage.
11. in the event of any claim being made under this Policy for loss of or damage to the insured property the Assured shall:
 - (a) furnish to the Underwriters within 10 (ten) days of the Underwriters requesting such information a complete list and description of each item lost or damaged and for each such item, the Assured's cost price for the item, the lowest amount stated in the Assured's inventories, records or listings as set out in Condition Precedent 1(a) above, the actual cash value at the time of the loss or damage and the amount of loss or damage claimed.
 - (b) within 60 (sixty) days after the loss or damage (unless such time is extended in writing by the Underwriters), file with the Underwriters a proof of loss signed and sworn to by the Assured, stating the knowledge and belief of the Assured as to the following:
 - (i) the date, time, place and cause of the loss or damage;
 - (ii) the interest of the Assured and of all others in the property the subject of the loss or damage;
 - (iii) a complete list and description of each item lost or damaged and for each such item, the Assured's cost price for the item, the lowest amount stated in the Assured's inventories, records or listings as set out in Condition Precedent 1(a) above, the actual cash value at the time of the loss or damage and the amount of loss or damage claimed;
 - (iv) all encumbrances upon the property lost or damaged;
 - (v) all other contracts of Insurance, whether valid or not, covering any of the property lost or damaged with copies of all such Insurance contracts attached; and
 - (vi) the total amount claimed.
 - (c) provide the Underwriters with any other information, documents and papers they require and cooperate fully in all aspects of the investigation and adjustment of the claim.
12. in the event of any claim being made hereunder for loss or damage to the insured property the Assured shall as often as may be reasonably required:
 - (a) submit, and in so far as is within the Assured's power shall cause all persons interested in the property, the Assured, their employees, agents and representatives and members of any of their households, to submit to examinations under oath by any person(s) named by the Underwriters relating to any and all

matters the Underwriters deem to be relevant to this Policy, the Assured, the Proposal Form or a claim and shall subscribe the same.

- (b) produce for examination all books of account, bills, invoices, other vouchers and all other documents, records and papers which the Underwriters require and deem to be relevant or certified copies thereof if originals be lost, at such time and place as may be designated by the Underwriters or their representatives, and shall permit extracts and copies thereof to be made.
- (c) exhibit to any person designated by the Underwriters all that remains of the insured property.

No such examination under oath or examination of books or documents, nor any other act of the Underwriters or their representatives in connection with the investigation of any loss or damage or claim hereunder, shall be deemed a waiver of any rights and defences which the Underwriters might otherwise have with respect to any such loss, damage or claim but all such examinations and acts shall be deemed to have been made or done without prejudice to the Underwriters' liability.

Once demanded by the Underwriters, the submission of a subscribed and sworn transcript of the examination(s) under oath and the production of documents called for in (a) and (b) above shall be considered part of the proof of loss required by Condition Precedent 11(b) of this Policy.

GENERAL CONDITIONS

1. This entire Policy shall be void and all claim hereunder shall be forfeited:
 - (a) in the event that the Assured or anyone acting on the Assured's behalf:
 - (i) shall make any claim knowing the same to be false or fraudulent, as regards amount or otherwise;
 - (ii) has concealed, misrepresented, falsely stated or omitted any material fact or circumstance concerning this Insurance or the subject thereof or the interest of the Assured therein, whether before or after a loss.
 - (b) in the case of any fraud or false swearing relating to this Insurance or the subject thereof or a claim or loss, by the Assured or anyone acting on the Assured's behalf.
2. Under no circumstances shall the Underwriters be bound by any assignment of this Policy or change of interest hereunder unless prior notice has been given to the Underwriters and their written agreement has been obtained and endorsed hereon.
3. No notice to, or knowledge possessed by any person or entity shall bind the Underwriters or be held to effect a waiver or change in any part of this Policy.
4. In case of loss or damage to **stock** owned by the Assured the Underwriters' liability shall not exceed the smallest of the following amounts:
 - (a) the actual cash value of the property lost or damaged at the time of any such loss or damage less deduction for depreciation, however caused; or
 - (b) the Assured's cost price for each item of property lost or damaged; or
 - (c) the lowest amount shown for such property in the Assured's inventories, records or listings as set out in Condition Precedent 1(a) above, at the time the loss or damage occurs; or
 - (d) the Underwriters' cost to repair or replace the same with material of like kind and quality; or
 - (e) the limit of liability shown in **the Schedule** applicable to the loss or damage.

The calculation of loss or damage shall exclude any antiquarian or historical value attaching to the property.

5. The Underwriters' liability for **stock** entrusted or delivered to the Assured by others who are dealers in such property or otherwise engaged in the jewellery trade shall not exceed the Assured's actual interest therein because of money actually advanced thereon or legal liability for loss or damage thereto. The Underwriters' liability for pledged articles shall not exceed the amount actually loaned and unpaid plus the interest thereon at legal rates accrued at the date the loss or damage occurs. In any event coverage for the legal liability of the Assured is subject to the terms, conditions, exclusions, limitations and warranties of this Policy and the limits set forth in **the Schedule**.
6. In case of loss of or damage to property of others entrusted or delivered to the Assured for which claim is made hereunder:
 - (a) the Underwriters shall have the right, at their sole option to adjust such loss or damage with:
 - (i) the owners of the property; or
 - (ii) the Assured, who will assume all responsibility to the owner of the property and release, in writing, the Underwriters of all responsibility to the owner.
 - (b) the Assured agrees that:
 - (i) the signature of the owner of the property on a release or receipt as required by the Underwriters in satisfaction of settlement by the Underwriters shall fully satisfy any claim of the Assured for the loss of or damage to property of others;
 - (ii) should the Assured receive payment from the Underwriters for loss of or damage to property of others the Assured will release the Underwriters of any responsibility to the owner of the property and hold the Underwriters harmless from any claims brought by the owner.
 - (c) the owners of such property are not Insured or Assureds under this Policy nor are they intended beneficiaries of this Policy. This Insurance is only for the Assured's benefit and this Condition 6 only refers to the Assured's risk for loss of or damage to property of others.
7. In the event that any legal proceedings are taken to enforce a claim against the Assured in respect of any loss of or damage to the property of others which is insured under this Policy, the Underwriters reserve the right at their sole option, without expense to the Assured, to conduct and control the defence on behalf of and in the name of the Assured. No such action of the Underwriters shall increase the liability of the Underwriters under this Policy nor increase the Limits of Liability specified in **the Schedule**.
8. This Policy does not cover, except as to the Assured's legal liability, any claim for loss or damage which at the date and time of such loss or damage is insured or would but for the existence of this Policy, be insured by any other existing policy or policies whether such Insurance is in the name of the Assured or of any other party. However, should the claim for loss or damage have been payable under the terms of such other Insurance in the absence of this Policy, for an amount less than would have been recoverable under this Policy, then subject to its limits, terms and conditions this Policy will pay only that amount of the loss in excess of the loss that should have been payable under such other policy or policies.
9. In no event shall any claim be paid or made good if the Assured has collected the same from others.
10. The Assured shall not, except at the Assured's own expense, offer or pay rewards for recovery of the insured property.
11. In case of any loss or damage of any kind whatsoever, it shall be lawful and necessary for the Assured, the Assured's factors, servants or assigns to sue, labour and travel for, in and about the defence, safeguard and recovery of the insured property or any part thereof without prejudice to this Insurance or waiver of the Assured's rights hereunder. No act or acts of the Assured, the Underwriters or their representatives in recovering, saving or preserving the insured property in case of loss or damage shall be considered a waiver or an acceptance of abandonment. Any expenses so incurred shall be borne by the Assured and the Underwriters in proportion to their respective interests.

12. No individual shall be a beneficiary under this Policy, except insofar as the individual is an owner, director, officer or partner of the Assured named in response to question 1(a) of the Proposal Form, and while acting in a capacity as such.
13. This Insurance shall in no way inure directly or indirectly to the benefit of any carrier or other bailee.
14. There shall be no abandonment to the Underwriters of any of the insured property.
15. In case of loss or damage it is understood and agreed that should the Assured acquire any right of action against any party for loss of or damage to the insured property, the Assured will assign and transfer such right of action to the Underwriters and execute and deliver the customary form of subrogation agreement or loan receipt and will assign to and subrogate the Underwriters to, or will hold in trust for the Underwriters, all rights and demands of every kind, respecting the same, to the extent of the amount paid or advanced, and will permit suit to be brought in the Assured's name at the expense of the Underwriters. The Assured agrees to co-operate fully in the prosecution of any such suit and will appear in court or otherwise at the demand of the Underwriters and at the Underwriters' request appoint the Underwriters as the Assured's attorney in fact for the purpose of pursuing any right of recovery.
16. In the event of any salvage, subrogation or other recovery on a loss which has been paid hereunder such salvage, subrogation or other recovery shall accrue entirely to the benefit of the Underwriters until the sum paid by them has been fully recovered. Any sums recovered by the Underwriters over and above the amounts paid hereunder shall be paid to the Assured as soon as practicable less the Assured's pro rata share of the cost of recovery until the Assured has been made whole.
17. Every claim paid hereunder reduces the applicable sum insured and the TOTAL POLICY LIMIT as set out in **the Schedule**, by the amount of any loss or damage paid under this Policy. Such reductions shall take effect as of the date of the loss or damage. For the purpose of this clause the amount of loss or damage shall include any amount due to the Assured and any sums which may be paid by the Underwriters as rewards for the recovery of insured property or otherwise. However, the applicable sum insured and the TOTAL POLICY LIMIT shall be fully reinstated and a pro-rata additional premium shall be payable from the date of the loss or damage. Pending adjustment of any claim for loss or damage, payment of the premium for reinstatement of the amount thereof may be deferred until the amount of the loss or damage has been agreed by the Underwriters and the precise amount of the reinstatement premium is known.
18. The Underwriters will respond to any proof of loss submitted to them by the Assured within a reasonable period of time from the date of receipt at the Underwriters' offices, but in no event later than as required by law. The amount of any loss or damage for which the Underwriters are liable shall be payable not later than 30 (thirty) days after the Underwriters have provided the Assured with acknowledgment in writing that the proof of loss is satisfactory and that the claim has been accepted by them. In no event shall any claim be payable hereunder unless or until the Assured has complied with all the terms, conditions and warranties of this Policy.
19. The Service of Suit Clause as specified in **the Schedule** is attached hereto and forms a part of this Policy.
20. No suit, action or proceeding for the recovery of any claim under this Policy shall be sustainable in any court of law or equity unless commenced within the 12 (twelve) months immediately following the date of the loss or damage which gives rise to the claim. However, should such limitation be invalid by law, then any such claim(s) shall be void unless such action, suit or proceeding be commenced within the shortest period of time permitted by law.
21. Should, on the effective date of this Policy, any provision in it conflict with the laws of any State of the U.S.A. which are applicable to this Policy, that provision is amended to meet the minimum requirements of such laws.
22. The Radioactive Contamination Exclusion Clause as specified in **the Schedule** is attached hereto and forms a part of this Policy.
23. The Cancellation Clause as specified in **the Schedule** is attached hereto and forms a part of this Policy.

CONDITIONS applicable only to Sections 3, 4 and 5 of PROPERTY INSURED:

1. SECTION 3. Patterns, Moulds, Models, Dies and

SECTION 4. Furniture, Fixtures and Fittings, Equipment, Machinery and Tools.

The Underwriters shall be liable only for the actual cash value of the property lost or damaged at the time the loss or damage occurs, less proper deduction for depreciation however caused, or what it would then cost to repair or replace the same with material of like kind and quality, whichever is the smallest amount up to the applicable limit set out in **the Schedule**.

SECTION 5. Tenant's improvements and betterments.

The Underwriters shall be liable only for the actual cash value of the property lost or damaged at the time the loss or damage occurs or the cost to repair or replace such property with property of like kind and quality, whichever is the smaller amount, up to the limit set out in **the Schedule**. However, in the event that repair or replacement is not made by the Assured within a reasonable time, the Underwriters' liability shall not exceed the smaller of the foregoing amounts or that proportion of the original cost at the time of the installation of the property lost or damaged which the unexpired term of the lease or rental agreement (whether written or oral in effect as of the time of loss) on the date of loss bears to the period(s) from the date(s) the property was installed to the expiration date of such lease or rental agreement, whichever is the smallest amount.

The Underwriters shall not be liable for any such repairs or replacement made for the use of the Assured but not made at the Assured's expense.

In the event that the Assured is deprived of the right of occupancy of **the premises** because of direct physical loss or damage thereto from an insured peril, the Underwriters' liability shall be limited to the proportion which the actual cash value of the improvements and betterments on the date of loss bears to the actual loss sustained by reason of the termination of occupancy.

2. In respect of Sections 3, 4 and 5 of PROPERTY INSURED, the Assured shall at all times maintain Insurance equivalent to at least 80% of the actual cash value of the property insured under each such section and that failing so to do shall be its own insurer to the extent of any deficit and bear a rateable proportion of any loss accordingly.
3. Should the Assured and the Underwriters fail to agree only as to the amount of loss or damage, each shall, on the written demand of either, made within 60 (sixty) days after rejection of an otherwise satisfactory proof of loss by the Underwriters, select a competent and disinterested person ("an appraiser") to determine the amount of the loss or damage and the process, called an appraisal, shall be made at a reasonable time and place. The appraisers shall first select a competent and disinterested umpire, and failing for 15 (fifteen) days to agree upon such umpire, then, on the request of the Assured or the Underwriters, such umpire shall be selected by a Judge of a court of record in the State in which such appraisal is pending.

The appraisers shall then determine only the amount of the loss or damage, stating separately in an award the actual cash value immediately before and at the time of the loss and the amount of loss and failing to agree shall submit their differences to the umpire. An award in writing of any two shall be a conclusive determination of the actual cash value at the time of loss or damage and the amount of loss or damage and shall be binding on the Assured and the Underwriters. The Assured and the Underwriters shall each pay their own chosen appraisers and shall bear equally the other expenses of the appraisal and umpire. The Underwriters shall not be held to have waived any of their rights by any act relating to appraisal.

SPECIAL CONDITIONS

Additional warranties, clauses and endorsements applicable to this Insurance are specified in **the Schedule** and are attached to this Policy and made a part hereof.

SHORT RATE CANCELLATION TABLE

In consideration of the premium for which this Policy is written it is agreed that in the event of cancellation by the Assured the earned premium shall be computed as follows:

A. For policies written for one year:

Days Insurance in Force	Per cent of One Year Premium	Days Insurance in Force	Per cent of One Year Premium
1	5	154 - 156	53
2	6	157 - 160	54
3 - 4	7	161 - 164	55
5 - 6	8	165 - 167	56
7 - 8	9	168 - 171	57
9 - 10	10	172 - 175	58
11 - 12	11	176 - 178	59
13 - 14	12	179 - 182 (6 months)	60
15 - 16	13	183 - 187	61
17 - 18	14	188 - 191	62
19 - 20	15	192 - 196	63
21 - 22	16	197 - 200	64
23 - 25	17	201 - 205	65
26 - 29	18	206 - 209	66
30 - 32 (1 month)	19	210 - 214 (7 months)	67
33 - 36	20	215 - 218	68
37 - 40	21	219 - 223	69
41 - 43	22	224 - 228	70
44 - 47	23	229 - 232	71
48 - 51	24	233 - 237	72
52 - 54	25	238 - 241	73
55 - 58	26	242 - 246 (8 months)	74
59 - 62 (2 months)	27	247 - 250	75
63 - 65	28	251 - 255	76
66 - 69	29	256 - 260	77
70 - 73	30	261 - 264	78
74 - 76	31	265 - 269	79
77 - 80	32	270 - 273 (9 months)	80
81 - 83	33	274 - 278	81
84 - 87	34	279 - 282	82
88 - 91 (3 months)	35	283 - 287	83
92 - 94	36	288 - 291	84
95 - 98	37	292 - 296	85
99 - 102	38	297 - 301	86
103 - 105	39	302 - 305 (10 months)	87
106 - 109	40	306 - 310	88
110 - 113	41	311 - 314	89
114 - 116	42	315 - 319	90
117 - 120	43	320 - 323	91
121 - 124 (4 months)	44	324 - 328	92
125 - 127	45	329 - 332	93
128 - 131	46	333 - 337 (11 months)	94
132 - 135	47	338 - 342	95
136 - 138	48	343 - 346	96
139 - 142	49	347 - 351	97
143 - 146	50	352 - 355	98
147 - 149	51	356 - 360	99
150 - 153 (5 months)	52	361 - 365 (12 months)	100

B. For policies written for more or less than one year:

1. If the insurance has been in force for 12 (twelve) months or less, apply the standard short rate table factor for annual policies to the full annual premium which would have been applied had the Policy been written for a term of one year.
2. If the Insurance has been in force for more than 12 (twelve) months:
 - (a) Determine the full annual premium which would have been charged for a 12 (twelve) month policy.
 - (b) Deduct such premium from the full Insurance premium charged for the original policy period and on the remainder calculate the pro rata earned premium on the basis of the ratio of the length of time beyond one year the Policy has been in force to the length of time beyond one year for which the Policy was originally written.
 - (c) Add the premiums produced in accordance with (a) and (b) to calculate the premium earned for the full period the Policy has been in force.

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