

## **PROPERTY ALL RISKS INSURANCE CLAUSES (2009 VERSION)**

### **GENERAL PROVISION**

**Article 1** The Insurance Contract incorporates the Insurance Clauses, Proposal Form, Policy or Certificate, and Endorsements (if any). Any agreement related to the Insurance Contract shall be in written form.

### **PROPERTY INSURED**

**Article 2** The property insured shall include the following property contained in the premise(s) specified in the Policy:

- 2.1 property belonging to the Insured solely or jointly with others for which the Insured is responsible;
- 2.2 property under management, control, and/or in the custody of the Insured;
- 2.3 other property in which the Insured has an economic interest legally admitted.

**Article 3** The following property shall not be insured by this Policy, unless otherwise specifically agreed between the Insurer and the Insured and with insured value stated in this Policy:

- 3.1 gold, silver, pearls, diamonds, jades, jewelry, ancient coins, antiques, ancient books, ancient paintings, stamps, works of art, works of painting and calligraphy, rare metals and the like;
- 3.2 embankments, water gates, railways, roads, culverts, tunnels, bridges, docks and piers;
- 3.3 plants, equipments and materials in mines or mineral pits;
- 3.4 mobile communication devices, portable computers, portable photographic apparatus, and other portable devices or equipments;
- 3.5 construction or erection works not taken over or put into service.

**Article 4** The following items and articles are not insured by this Policy:

- 4.1 land, mineral resources, water and other natural resources;
- 4.2 mines and mineral pits;

- 4.3 banknotes, coupons, securities, magnetic and integrate circuit (IC) cards with cash value and the like;
- 4.4 Files and documents, account books, drawings, technical data, computer software or data, and other properties of which the value could not be appraised;
- 4.5 guns, ammunitions or explosives;
- 4.6 illegal or dilapidated buildings and structures, properties illegally occupied;
- 4.7 vehicles licensed for general transport use;
- 4.8 animals, plants , trees and growing crops.

### **SCOPE OF COVER**

**Article 5** Subject to the terms, exclusions, conditions and provisions contained in the Policy or endorsed thereon, the Insurer shall indemnify the Insured for direct physical loss of or damage to the property insured (physical loss or damage being hereinafter termed Damage) caused by any Natural Hazard or Accident which occurs during the period of insurance, other than those specifically excluded in this Policy.

The Insurer shall also indemnify the Insured for physical loss of or damage to the property insured resulting from necessary and reasonable measures taken at the time of the happening of perils insured against by this Policy for the purpose of preventing or diminishing imminent damage to property hereby insured and/or preventing the spread and/or aggravation of loss or damage.

**Article 6** Subject to the terms, conditions and exclusions contained herein or endorsed hereon, the Insurer shall also indemnify the Insured in respect of costs and expenses necessarily and reasonably incurred for the purpose of preventing or mitigating the loss of or damage to the property insured after the occurrence of an insured event.

### **EXCLUSIONS**

**Article 7** **The Insurer shall not indemnify the Insured in respect of any loss, damage, or expenses resulting from:**

- 7.1 willful act or gross negligence of the Applicant or the Insured or his representative;**

- 7.2 governmental or judicial actions;**
- 7.3 war and warlike operation, hostilities, armed conflicts, strike, riot, civil commotion, coup d'état, conspiracy insurrection, terrorism;**
- 7.4 earthquake, tsunami and secondary disasters so caused;**
- 7.5 nuclear radiation, nuclear fission, nuclear fusion, nuclear pollution or contamination and other radioactive pollution or contamination;**
- 7.6 pollution of atmosphere, soil, water and other non-radioactive pollution, except non-radioactive pollution caused by perils hereby insured.**
- 7.7 inherent vice or latent defect of the property insured, wear and tear of the property insured, changes in atmosphere (climatic or temperature) conditions, changes in normal water level or any other progressively operating causes; changes in substance, mould, humidity, mice, insects or vermin, birds, oxidation, rust, leakage, baking;**
- 7.8 theft, burglary or robbery.**

**Article 8 The Insurer shall not be liable for:**

- 8.1 consequential loss of the property insured arising from an event insured;**
- 8.2 loss of or damage to the property insured itself arising from faulty design, defective material, or bad workmanship;**
- 8.3 loss of or damage to the outside ancillary devices of building such as advertising signs, antenna, neon lights, solar energy equipment and other property insured stored in the open or in the simple building and the loss of or damage to the simple building itself, caused by the lightning, rainstorm, flood, inundation, windstorm, tornado, hailstone, typhoon, hurricane, snowstorm, icicle, sandstorm;**
- 8.4 loss of or damage to the boilers or other pressure vessels themselves caused by their own explosion;**
- 8.5 loss of or damage to the mechanical or electrical devices themselves unless due to external forces;**
- 8.6 loss of or damage to electrical or mechanical equipment caused by faulty operation or lack of skills of the Insured or any of his employee(s);**

**8.7 shortage discovered at the time of taking an inventory;**

**8.8 any loss or expenses caused by failure of public utilities, such as electricity, gas, water supply or other energy sources, due to any causes;**

**8.9 the deductible(s) stated in the Policy.**

### **INSURED VALUE, SUM INSURED, AND DEDUCTIBLE**

**Article 9** The insured value of the property insured, which can be either the reinstatement value, the book value, the market value or other values at the time of the happening of Damage, shall be agreed upon between the Applicant and the Insurer and stated in the Policy.

**Article 10** The sum insured, which shall be determined by the Applicant according to the insured value and stated in the Policy, shall not exceed the insured value. The part of sum insured in excess of the insured value is deemed to be invalid, and correspondingly the premium of such part in excess shall be returned to the Applicant.

**Article 11** The deductible shall be agreed between the Applicant and the Insurer when entering into the insurance contract and specified in the Policy.

### **PERIOD OF INSURANCE**

**Article 12** Unless otherwise agreed, the period of insurance shall be one year subject to the inception and expiration date as stipulated in the Policy.

### **OBLIGATIONS OF THE INSURER**

**Article 13** In case of application of standard clauses, the Insurer shall enclose them in the Proposal Form and explain the contents of the insurance contract to the Applicant. For the clauses exempting the Insurer's liability, the Insurer shall make remarkable notice in the Proposal Form, Policy or other certificates to draw the Applicant's attention, and explain them clearly in written or oral form when entering into the contract. Otherwise, such clauses shall be void.

**Article 14** The Insurer shall issue the Policy or other certificates in a timely manner after the establishment of an insurance contract

**Article 15** The Insurer's right to cancel the Policy as stated in Article 19 is void if not exercised by the Insurer within thirty days after his acknowledgement of any causes for cancellation of this Policy. After two years from the establishment of the insurance contract, such right to cancel the Policy is also void and the Insurer

shall be liable for Damage insured by this Policy.

If before the establishment of the insurance contract, the Insurer is aware of the Applicant's misrepresentation or non-disclosure, the Insurer cannot cancel the Policy, and still shall be liable for Damage insured by this Policy.

**Article 16** If the Insurer believes that the proofs and documents provided by the Insured, as required in Article 25, are not sufficient, the Insurer shall request the Applicant and/or the Insured to provide additional materials in time and once for all.

**Article 17** Upon receipt of a claim, the Insurer shall confirm whether the Damage is covered by this Policy or not in a timely manner. For complicated cases, the Insurer shall make decision within thirty days, unless otherwise stipulated in the insurance contact.

The Insurer shall notify the Insured of the decision in a timely manner. If the Damage is covered by this Policy, the Insurer shall make payment within ten days after reaching an agreement with the Insured. If the time limit for indemnity is specifically stipulated in the insurance contact, the Insurer shall make payment within such time limit. If the Damage is not covered by this Policy, within three days after the decision, the Insurer shall issue a declination letter and explain the reasons to the Insured.

**Article 18** The Insurer shall allow an advance payment that can be determined by the available proofs or documents if the final settlement amount cannot be determined within sixty days after receipt of such claim and relevant documents, and pay the balance to the Insured after the final amount of indemnity is adjusted.

#### **OBLIGATIONS OF THE APPLICANT AND/OR INSURED**

**Article 19** Before entering into an insurance contract, the Applicant shall make full and accurate representation and disclosure at the request and/or inquiry of the Insurer in respect of the property insured and the Insured himself and complete the Proposal Form faithfully.

If the Applicant fails to fulfill the obligation of making full and accurate representation and disclosure as aforementioned due to his willful act and/or gross negligence, which may affect the Insurer's decision whether to write the risk of the insurance and, if so, whether to raise the premium rate, the Insurer is entitled to cancel the Policy.

**If the Applicant willfully fails to comply with the obligation of making full and accurate representation and disclosure, the Insurer shall not be liable for any loss or damage happening prior to the cancellation of the Policy while no**

**premium shall be refunded.**

**If the Applicant, due to gross negligence, fails to disclose in truth material particular(s) which has significant contribution to the occurrence of the event insured hereby, the Insurer shall not indemnify the Insured for any loss or damage happening prior to the cancellation of this Policy, but shall return premium collected.**

**Article 20** The Applicant shall pay premium as agreed upon in the insurance contract.

If the premium is agreed to be paid in a lump, **the Applicant shall pay the premium on or before the agreed due date. Otherwise, the Insurer shall not be liable for any loss or damage which occurs prior to premium payment.**

If the premium is agreed to be paid in installments, **the Insurer shall undertake liability in proportion of the paid premium to the total premium payable before the occurrence of Damage.** The total premium payable refers to the total premium that the Applicant shall pay as agreed prior to the occurrence.

**Article 21** The insured shall observe and fulfill relevant laws, regulations and requirements on fire, safety, production operations and labor protection, improve management, take all reasonable precautions to protect the security of the property and prevent and/or minimize Damage thereto.

The Insurer is entitled to inspect whether or not the Insured has fulfilled the aforementioned obligation of reasonable precautions, and make recommendations in writing to the Applicant or the Insured on eliminating risks and dangers, which shall be implemented by the Applicant and/or the Insured in a serious manner accordingly.

If the Applicant or the Insured fails to comply with due obligation of reasonable precautions, the Insurer is entitled to charge additional premium or cancel the Policy.

**Article 22** Once any property insured is transferred, the Insured or the Assignee shall notify the Insurer in time.

If the risk increases materially due to that transfer, the Insurer may charge additional premium or cancel the Policy subject to the terms and conditions of the Policy within thirty days after the Insurer's receipt of such notice, in which case, the Insurer shall retain the premium due for the period from the date of inception to the date of cancellation, and refund the remainder of the charged premium to the Applicant

**If the Insured or Assignee fails to comply with the aforementioned obligation**

**of notification, the Insurer shall not be liable for any Damage due to the material increase of risks resulted from such transfer of the property insured.**

**Article 23** During the period of insurance, the Insured shall give the Insurer timely written notice of any alteration of the occupation and/or usage and/or location of the property insured and/or other material facts which may increase the risks materially and affect the Insurer's decision whether to continue writing the risk of insurance and, if so, whether to increase the premium, and the Insurer is entitled to charge additional premium or cancel the Policy.

**If the Insured fails to comply with the obligation of notification aforementioned, the Insurer shall not be liable for any Damage due to the material change of the risks.**

**Article 24** If any event giving rise to or likely to give rise to a claim under this Policy comes to his knowledge, the Insured shall:

24.1 take all necessary and reasonable measures to prevent or minimize the Damage; otherwise **the Insurer shall not be liable for any extended or aggravated loss or damage caused hereby;**

24.2 give notice to the Insurer immediately and submit a written report on the cause, course and extent of the loss or damage. **If the Applicant and/or Insured fail to notify the Insurer in time due to his willful act or gross negligence, which makes the Insurer not able to ascertain the nature, cause and extent of the loss, the Insurer shall not indemnify the Insured in respect of such uncertain part of Damage, except that the Insurer is aware or ought to be aware of the occurrence timely by other means.**

24.3 preserve the spot, permit and assist the Insurer in investigation of the Damage. **If the cause of the occurrence cannot be ascertained or the severity of the damage cannot be verified due to the refusal of or disturbance by the Insured, the Insurer shall not be liable for such uncertain part of Damage.**

**Article 25** To lodge a claim, the Insured shall submit the following proofs and documents:

25.1 the original policy, claims application, list of lost or damaged property, certificates of technical appraisal, report on the occurrence, invoices of rescue expenses, necessary accounting books, documents and certificates issued by relevant governmental departments or public authorities.

25.2 all other information and available documents or proofs concerning the verification of the nature, cause and extent of the Damage that can be provided by the Applicant or Insured.

**If the Applicant or Insured fails to comply with their obligation of providing the proofs and documents as aforementioned, which makes the Insurer not able to verify the Damage, the Insurer shall not indemnify the Insured in respect of the uncertain part of Damage.**

## **LOSS SETTLEMENT**

**Article 26** The Insured cannot lodge any claim against the Insurer if he has no insurable interest in the property insured at the time of the occurrence hereby insured.

**Article 27** The Insurer may, at his option, indemnify the Insured for loss of or damage to the property insured by either:

27.1 cash: the Insurer makes cash payment as indemnity; or

27.2 replacement: the Insurer replaces the lost or damaged property with that of the same type, structure, function and capacity as the nearest condition of the property immediately prior to Loss; or

27.3 repair: the Insurer repairs the damaged property.

**Nevertheless the extra costs and/or expenses of any alterations, additions or improvements occurring in the course of repair or replacement carried out by the Insured shall not be recoverable under this Policy.**

**Article 28** The property insured still carrying salvage value after Damage shall be disposed upon agreement between the Insured and the Insurer. If the salvage of the damaged property is retained by the Insured, the salvage value shall be deducted from the actual amount of indemnity

**Article 29** For the loss of or damage to the insured property recoverable under this Policy, the amount of indemnity shall be ascertained on the following basis:

29.1. If the sum insured is equivalent to or greater than the insured value, the payment shall be the actual loss sustained but in no case shall the maximum liability of the Insurer exceed the insured value.

29.2. If the sum insured is less than the insured value, the amount of indemnity shall be such a proportion of the actual loss as the sum insured bears to the insured value, but in no case shall the maximum liability of the Insurer exceed the sum insured.

29.3. Every item, if more than one, of this Policy shall be adjusted separately subject to the condition herein.

**Article 30** If the sum insured is equivalent to or greater than the insured value, the Insurer shall pay the Insured in respect of the necessary and reasonable costs and/or expenses incurred for the purpose of preventing or diminishing imminent damage to property insured caused by peril insured against by this Policy, in which case, the amount of such sue and labor expenses shall be calculated separately from the amount of indemnity for the damage of the property insured, subject to the limit of the insured value of the rescued property insured.

If the sum insured is less than the insured value, the payment of the aforementioned sue and labor expenses shall be such proportion of the actual expenses as the sum insured of the rescued property insured bears to its insured value, and calculated separately from the amount of indemnity for the Damage of the property insured, subject to the limit of the sum insured of the rescued property insured.

In the case that uninsured items are included in the rescued property, the Insurer shall only pay for the proportion of the sue and labor expenses as the insured value of the rescued property insured bears to the total value of the rescued property.

**Article 31** The amount of indemnity shall be the amount as reached in Article 29 and 30 deducting the deductible for any one accident/occurrence.

**Article 32** If at the time of any loss or damage happening to any property hereby insured, there be any double insurance subsisting, the Insurer shall not pay or contribute more than his rateable proportion of loss or damage as the corresponding sum insured under this Policy bears to the corresponding total sum insured under all these policies.

**The Insurer shall not advance the amount payable by other insurer(s). If the Insurer has paid more than his share due to the Insured's non-disclosure, the Insurer is entitled to claim for the portion paid in excess.**

**Article 33** In the event of a partial loss, upon settlement of the claim by the Insurer, the sum insured of this Policy shall be reduced correspondingly from the date of Damage, and no premium shall be refunded by the Insurer for so reduced. If reinstatement of the sum insured is required by the Applicant, an additional premium for the reinstated amount shall be charged on pro rata daily basis from the date of requirement by the Applicant to the expiry date of this Policy.

**Article 34** If any third party is held liable for the Damage insured hereby, the Insurer shall be entitled by subrogation to claim for indemnity against such third party upon Insurer's paying for the Damage subject to the limit of the payment, and the Insured shall provide the Insurer with all the necessary documents and relevant information known to him.

If the Insured has already been indemnified by the third party liable for the Damage, the Insurer shall deduct the corresponding amount when calculating the amount of indemnity.

**The Insurer shall not indemnify the Insured for the Damage, if the Insured waive the right to claim against the third party liable before the Insurer makes payment of indemnity.** If after receiving indemnity from the Insurer, the Insured waives the right to claim against any third party liable for the Damage without the Insurer's consent, such waiver of right is invalid. **If due to the Insured's willful act or gross negligence, the Insurer cannot exercise the right of subrogation, the Insurer may deduct a corresponding amount when calculating the amount of indemnity or request refund of a corresponding amount from the indemnity paid to the Insured.**

**Article 35** The limitation of action to claim for indemnity under this Policy shall be two years from the date that the Insured is aware or ought to be aware of the occurrence of loss or damage insured hereby.

#### **DISPUTE RESOLUTION AND JURISDICTION**

**Article 36** All disputes arising from implementing this Policy shall be settled through negotiations between the parties concerned. Upon failure to reach an agreement through negotiations, such dispute shall be referred to the arbitration commission specified in the policy. If there is no arbitration commission specified in the policy and no agreement reached for arbitration, legal proceeding could be initiated with the People's Court in People's Republic of China.

**Article 37** All disputes related to this insurance contract shall be governed by the laws of the People's Republic of China, but except laws of Hong Kong SAR, Macau SAR, and Taiwan.

#### **MISCELLANEOUS**

**Article 38** In respect of partial loss of the property insured, the Applicant may cancel the Policy within thirty days from the date that the Insurer makes payment of indemnity. This insurance may also be terminated at the option of the Insurer by sending fifteen days' notice to the effect being given to the Applicant, unless otherwise agreed and stipulated in this Policy.

If this insurance is terminated as aforementioned, the Insurer shall refund to the Applicant the premium of the undamaged proportion of the property insured after deducting the premium that shall be charged from the date of inception to the date of cancellation.

**Article 39** At the Applicant's request for cancellation of this Policy before the

inception of insurance, the Insurer shall charge the Applicant a commission for cancellation as stipulated in the Policy, but shall return the balance of the premium to the Applicant.

At the Applicant's request for cancellation of the Policy after inception of insurance, the insurance shall be terminated from the date of notification, in which case, the Insurer shall retain the premium calculated according to the Short-Term Premium Rate Table for the period from the date of inception to the date of cancellation, and refund the balance of the charged premium to the Applicant.

This insurance may also be cancelled at the request of the Insurer after inception of insurance by sending fifteen days' notice to the effect being given to the Applicant, in which case the Insurer shall calculate the premium on pro rata daily basis from the inception date of insurance to the date of cancellation, and refund the balance of premium to the Applicant.

**Article 40** In the case that the property insured suffers total loss insured against hereby, this insurance shall terminate upon the Insurer's fulfillment of indemnity obligation. If the loss is not covered hereby, this insurance shall terminate, but the Insurer shall refund to the Applicant the charged premium after deducting the short-term premium as calculated pro rata daily from the date of inception to the date of total loss.

## **LANGUAGE**

**Article 41** In the event of a discrepancy between the Chinese version and its English translation, the Chinese version shall prevail.

## **DEFINITIONS**

**Article 42** The following definitions shall apply to the terms concerned in the policy:

1. Fire: a disaster caused by combustion out of control in time or space. The Insurer shall not be liable for the peril of fire unless the following three conditions have been satisfied simultaneously:

1.1 Combustion produces heat, light and flame;

1.2 Combustion is occasional and unexpected;

1.3 Combustion goes beyond control and tends to spread and expand.

Therefore only combustion phenomena shall not constitute the “fire” insured against in the policy. Purposive burnings in production and life, for example, burning contaminated clothes for epidemic prevention or burning the grass on waste land by fire, etc, is not the fire insured hereby but normal combustion.

In addition, the losses caused by baking, roasting or ironing shall not be insured hereby because of no combustion phenomena and tend of spreading and expanding.

The damage of electric motors, appliances and equipment caused by overuse, overvoltage, swinging cross, flash, leakage and self-heating shall not belong to fire risk insured. However, if combustion happens, goes beyond control and spreads, it constitutes peril of fire insured and the Insurer shall be responsible for compensation for the losses of electric motors, appliances and equipment.

2. Explosion: explosion includes physical explosion and chemical explosion.

Physical explosion: when liquid is changed into steam or gas expands, its pressure rises sharply and greatly exceeds the ultimate pressure that container can bear, explosion happens, such as boiler explosion, air compressor explosion, compressed gas cylinder explosion and liquid gas storage tank explosion, etc. Boiler and pressure vessel explosion is defined as follows: a boiler or pressure vessel bursts during use or pressure test to make its pressure instantaneously drop to external atmospheric pressure, which is called “explosion accident”.

Chemical explosion refers to a phenomenon that an object gives off plenty of heat and gases when decomposing or burning momentarily and spreads all around at a great pressure, such as gunpowder explosion, flammable dust and fiber explosion, flammable gas explosion and various chemicals explosion, etc.

Losses caused by inherent vice, latent defect, wear and tear, inferior quality of the property or negative pressure shall not be explosion insured against hereby.

3. Lightning stroke: a disaster caused by lightning. Lightning refers to an electric discharge phenomenon happening in cumulonimbus clouds, between clouds or between clouds and ground. The destructive forms of lightning stroke are divided into direct lightning stroke and inductive lightning stroke.

3.1. Direct lightning stroke: loss caused as lightning hits property insured directly, which is covered hereby as direct lightning stroke liability.

3.2. Inductive lightning stroke: static induction or electromagnetic induction caused by lightning stroke makes indoor metal objects which insulate against ground produce high potential and sparks, thereby leading to fire and damage of

electric appliance, or high voltage induction of lightning results in damage of electric appliance, which is insured hereby as inductive lightning stroke liability.

4. Rainstorm: a rain when the rainfall is more than 16mm per hour, or more than 30mm per 12 hours, or more than 50mm per 24 hours.

5. Flood: flash flood, flooding of rivers, landing of tide and back flow. But regular rising tide, water leakage of automatic sprinkler system, underground water seepage and water pipe burst shall not belong to flood liability hereby insured.

6. Tempest: a natural wind whose force reaches Beaufort Force 8 and speed is more than 17.2 m/s.

7. Tornado: a violent whirlwind of small range and short time whose maximum speed on land is 79m/s to 103m/s and maximum extreme speed is more than 100m/s.

8. Hailstone: ice block or ice ball falling to the ground from severe convective cumulonimbus clouds, whose diameter is greater than 5mm and core is hard.

9. Typhoon and hurricane: typhoon refers to a tropical cyclone whose maximum average force near the center reaches or exceeds Beaufort Force 12, which means wind speed is more than 32.6m/s; hurricane refers to a tropical cyclone which has the same nature with typhoon but different appearance position and area from typhoon. Typhoon forms in the northwestern Pacific Ocean, while hurricane forms in the Indian Ocean and the Atlantic Ocean.

10. Sand storm: a weather phenomenon that strong wind blows up large quantities of dust and sand on the ground to make air dirty and horizontal visibility less than one kilometer.

11. Snowstorm: a snowfall phenomenon whose snowfall in 12 consecutive hours is equal to or greater than 10mm.

12. Ice slush: a phenomenon that during spring break, the floating of ice blocks is obstructed and ice blocks accumulate, thereby resulting in river channel blockage and sharp rise of water level, so that river water overflows from river channel and spreads all around to cause damage.

In some areas on land, for example, mountain and valley wind gap, bitter cold makes rain and snow get iced up, these ice blocks droop and become thicker and thicker, drooping pull makes objects destroyed, which also belongs to ice slush liability insured.

13. Sudden landslide: a phenomenon that unstable soil bodies or man made deposits on slopes slide down suddenly and integrally under the action of gravity.

14. Avalanche: a phenomenon that rock cliffs, soil cliffs and rocks crumble and collapse due to natural weathering and rain erosion and a great deal snow collapses and tumbles down from on high suddenly under the action of gravity.

15. Mud-rock flow: a special torrent containing large quantities of sand and stones, excited by rainwater and water produced by ice and snow melting.

16. Sudden subsidence of ground: the earth's crust subsides suddenly because of natural variation and stratigraphic contraction. The ground subsides suddenly due to tide, river and heavy rain erosion or don't have a grasp of stratigraphic conditions before building a house and there are cavities or pockets, which also belongs to sudden submergence of ground. However, building foundation settlement, crack and collapse, etc, caused by not being in accord with construction requirements don't belong to sudden submergence of ground.

17. Falling of flying objects or other objects moving in air: falling of air flying machine, man-made satellite and cloud stone, object falling when a crane or a car is moving, shooting and collapse of stonework, stone blocks and earthworks caused by manual excavation and explosion, collapse of buildings and falling of other air moving objects.

18. Natural hazards: lightning, rainstorm, flood, tempest, cyclone, hailstorm, typhoon, hurricane, sandstorm, snowstorm, ice slush, sudden landslide, avalanche, mud-rock flow, sudden subsidence of ground and any other phenomena of nature with strong destructive power and beyond human control.

19. Accident: unforeseen, uncontrollable and sudden event which leads to material damage, which includes fire and explosion.

20. Gross negligence: an act that the doer not only fails to comply with higher requirements of legal norms, but also cannot reach the general standards a reasonable person should have paid attention to.

21. Terrorism: an act of any person acting on behalf of or in connection with any organization with activities directed towards the overthrowing or influencing of any government de jure or de facto by force or violence.

22. Earthquake: the shake the earth's crust makes.

23. Tsunami: huge ocean waves caused by submarine earthquake, volcanic eruption, underwater landslide or collapse.

24. Governmental or judicial actions: the acts of government departments and law enforcement agencies at all levels or institutions exercising public administration and social management functions according to law to destroy, expropriate or confiscate the object insured.

25. Simple Building: building which is constructed either:

25.1. with roof or wall made of bamboo, wood, reed mat, tarpaulin, couch grass, asphalt felt, plastic film, nylon cloth, glass fiber reinforced plastic and the like; or

25.2. with close roof, but the non-close vertical area exceeds 10% of total vertical area; or

25.3. at the maximum distance over one meter between roof and walls.

26. Spontaneous combustion: a phenomenon that under the condition of no direct action of external heat sources, an inflammable matter emits heat because of its internal physical action (such as adsorption and radiation, etc), chemical action (such as oxidation, decomposition and aggregation, etc) or biological action (such as fermentation and bacterial putrefaction, etc), heat accumulation leads to temperature rise, when the temperature of the inflammable matter reaches a certain value, the inflammable matter burns without direct contact with open flames.

27. Reinstatement Value: expenses for rebuilding or replacing the damaged property insured to its condition when new, excluding extra charges for any alteration, betterment or improvement.

28. Water tank and pipe burst: it includes frost crack and accidental burst. Water tank and pipe burst is generally caused by flaw or service wear or icing of water tank and pipe.

## APPENDIX

Short Term Premium Rate Table

Period insured		Annual rate %
Exceeding	Not exceeding	
---	1 month	10% of the annual rate
1 month	2 months	20% of the annual rate
2 months	3 months	30% of the annual rate
3 months	4 months	40% of the annual rate
4 months	5 months	50% of the annual rate
5 months	6 months	60% of the annual rate
6 months	7 months	70% of the annual rate
7 months	8 months	80% of the annual rate
8 months	9 months	85% of the annual rate
9 months	10 months	90% of the annual rate
10 months	11 months	95% of the annual rate
11 months	12 months	100% of the annual rate