

IMPORTANT – UPDATES TO YOUR POLICY WORDING

Effective Date:

Policy Number:

Insured:

How these changes affect your policy.

Because we aim to revise our policies regularly, it is necessary to make changes to the policy we have issued.

These are the amendments that apply to your policy -please keep them with your policy booklet.

If you have any questions please contact us.

Summary of Changes

The following changes can be found in this document

- 1. The Financial Services Authority**
- 2. Asbestos Liability Exclusion**
- 3. Terrorism Exclusion**
- 4. Electronic Risks Exclusion**
- 5. Financial Services Compensation Scheme**

1. The Financial Services Authority

From 14 January 2005, the UK Insurance Industry falls under the regulation of the FSA, which replaces the General Insurance Standards Council. The FSA's broad task is to achieve a market place that is run in an efficient, orderly and clean manner whilst ensuring that consumers receive a fair deal by being properly informed and appropriately protected. The following information on the Financial Services Compensation Scheme is provided to support the FSA's aim of informing the public.

01/01/05

2. Asbestos liability exclusion

Following further developments within the insurance industry an additional change to the asbestos exclusion applying to the liability section of your policy (excluding employers' liability) has been made.

16/05/05

3. Terrorism Exclusion

Following changes to the Government-backed scheme for the provision of cover for terrorist related incidents, it is necessary for us to withdraw the limited terrorism cover provided by this policy for property damage and business interruption.

From the 1st January 2003 a much wider form of property damage and business interruption terrorism cover is available upon request, subject to payment of an additional premium. Further explanation is provided in the enclosed letter entitled "Terrorism Exclusion – Availability of 'All Risks' Terrorism Cover".

To confirm the overall picture, this Update restates all current terrorism definitions, limitations and exclusions applicable to this policy.

01/01/03

4. Clarification regarding Electronic Risks

It is not within the scope of your policy to provide cover for claims arising from electronic problems such as the failure of networks, or problems caused by computer viruses or hacking. After some recent high profile cases we, along with other insurers in the market, are issuing clarification of this point.

01/03/03

5. Financial Services Compensation scheme

This scheme was set up under the terms of the Financial Services and Markets Act 2000.

Its aim is to protect private and small business/charity customers should an insurer go out of business and be unable to meet its liabilities or pay claims. You may be entitled to compensation depending upon your income and the number of people you employ.

If so, FSCS may arrange to transfer your policy to another insurer, provide a new policy or, if these actions are not possible, provide compensation. The maximum level of compensation you can receive from the scheme for a claim against an insurance firm depends on the type of insurance policy.

For compulsory insurance (such as Employers' liability cover) the full amount of the claim or unused premiums is protected. For non-compulsory insurance such as property damage, the first £2,000 of the claim or policy is covered in full followed by 90% of the remainder.

For further information on the scheme you can visit the website at www.fscs.org.uk or write to Financial Services Compensation Scheme, 7th Floor, Lloyds Chambers, 1 Portsoken Street, London E1 8BN. Tel: 020 7892 7300.

01/01/05

Details of changes to the policy

Asbestos Exclusion

Applicable to any section or part of a section insuring legal liability to third parties

No indemnity will be provided by the Company in respect of any liability, other than bodily injury to any employee which arises in the course of the business, arising directly or indirectly from

- A. mining, processing, manufacturing, removing, handling, disposing of, treatment of, distributing or storing of asbestos.

However, this shall not apply where removing, handling or disposing of asbestos does not form part of the Insured's usual business or any contract work undertaken and

- the Insured has complied with any legal obligations to manage asbestos and
- any discovery of asbestos by the Insured is unintentional and accidental and
- where, upon discovery of asbestos, all work immediately stops and
- a HSE licensed asbestos removal contractor is employed
 - i. to make safe the area in which the discovery is made as soon as is practicable and
 - ii. who has Employers' and Public Liability insurance in force which provides Limits of Indemnity no less than those provided by your policies and which do not exclude the work to be carried out.

- B. fears of the consequences of exposure to, or inhalation of asbestos.

Asbestos

means asbestos, asbestos fibres or any derivatives of asbestos including any product containing any asbestos, asbestos fibres or any derivatives of asbestos.

Terrorism

Definition of Terrorism

Applicable to the following exclusions/limitation

Notwithstanding anything to the contrary in this policy Terrorism means an act including but not limited to the use of force or violence and/or the threat thereof of any person or group(s) of persons whether acting alone or on behalf of or in connection with any organisation(s) or government(s) committed for political religious ideological ethnic or similar purposes or reasons including the intention to influence any government and/or to put the public or any section of the public in fear.

Terrorism Exclusion (Material Damage/Business Interruption)

Applicable to any section or part of a section insuring damage to property or business interruption

Wherever the Northern Ireland exclusion or any existing Terrorism exclusion/Special Provision – Terrorism appears in this policy they are deleted and the following added

This insurance excludes any loss damage cost expense or consequential loss of whatsoever nature directly or indirectly caused by resulting from or in connection with

- (a) any act of Terrorism regardless of any other contributory cause
and
- (b) in Northern Ireland riot civil commotion and (except in respect of damage or consequential loss by fire or explosion) strikers locked-out workers or persons taking part in labour disturbances or malicious persons

This insurance also excludes loss damage cost expense or consequential loss of whatsoever nature directly or indirectly caused by resulting from or in connection with any action taken in controlling preventing suppressing or in any way relating to any act of Terrorism

If the Company alleges that by reason of this exclusion any loss damage expense cost or consequential loss is not covered by this policy the burden of proving the contrary shall be upon the Insured.

Terrorism Limitation (Employers' liability)

Applicable to any section or part of a section insuring Employers' Liability

This limitation shall only apply in respect of any liability directly or indirectly caused by resulting from or in connection with any act of Terrorism

The liability of the Company for damages costs and expenses of whatsoever nature payable in respect of any claim against the Insured or series of claims against the Insured arising out of one Event shall not exceed £5,000,000

If the Company alleges that by reason of this limitation any liability for damages costs or expenses is covered only up to a specified limit of liability the burden of proving the contrary shall be upon the Insured.

Terrorism Exclusion (Third Party Liability)

Applicable to any section or part of a section insuring legal liability to third parties

Notwithstanding any provision to the contrary it is agreed that this insurance does not provide an indemnity in respect of any liability to third parties for damages costs or expenses directly or indirectly caused by resulting from or in connection with any act of Terrorism

This policy also excludes any such third party liability directly or indirectly caused by resulting from or in connection with any action taken in controlling preventing suppressing or in any way relating to any act of Terrorism

If the Company alleges that by reason of this exclusion any liability for damages costs or expenses of whatsoever nature is not covered by this policy the burden of proving the contrary shall be upon the Insured.

Terrorism Exclusion (Personal Accident)

Applicable to any section or part of a section insuring Personal Accident

Notwithstanding any provision to the contrary within this insurance it is agreed that the Company shall not be liable for accidental bodily injury directly or indirectly caused by resulting from or in connection with any act of Terrorism

This insurance also excludes accidental bodily injury directly or indirectly caused by resulting from or in connection with any action taken in controlling preventing suppressing or in any way relating to any act of Terrorism

If the Company alleges that by reason of this exclusion any accidental bodily injury is not covered by this policy the burden of proving the contrary shall be upon the Insured.

Electronic Risks Exclusion

Material Damage/Business Interruption

Applicable to any section or part of section insuring damage to property or business interruption

The following exclusion is added and (where applicable) it replaces any existing clause in this policy entitled "E Commerce Exclusion (Material Damage/Business Interruption)"

Notwithstanding anything to the contrary therein this policy does not cover

(i) loss destruction or damage:- to any computer or other equipment or component or system or item which processes stores transmits retrieves or receives data or any part thereof whether tangible or intangible (including but without limitation any information or programs or software) and whether the property of the Insured or not where such damage is caused by Virus or Similar Mechanism or Hacking or Denial of Service Attack;

(ii) consequential loss;- directly or indirectly caused by or arising from Virus or Similar Mechanism or Hacking or Denial of Service Attack

Virus or Similar Mechanism

Virus or Similar Mechanism means program code programming instruction or any set of instructions intentionally constructed with the ability to damage interfere with or otherwise adversely affect computer programs data files or operations whether involving self-replication or not

The definition of Virus or Similar Mechanism includes but is not limited to Trojan horses worms and logic bombs

Hacking

Hacking means unauthorised access to any computer or other equipment or component or system or item which processes stores transmits retrieves or receives data whether the property of the Insured or not

Denial of Service Attack

Denial of Service Attack means any actions or instructions constructed or generated with the ability to damage interfere with or otherwise affect the availability of networks network services network connectivity or information systems

Denial of Service Attacks include but are not limited to the generation of excess traffic into network addresses the exploitation of system or network weaknesses and the generation of excess or non-genuine traffic between and amongst networks

Liabilities

Applicable to any section or part of section insuring public and/or product liability

We will not be liable for liability arising from damage to Data

Data

Data means information represented or stored electronically including but not limited to code or series of instructions operating systems software programs and firmware