

## Small Commercial Business Insurance Policy

The present conditions are based on the Law on Insurance (Amended Version) N° 06/NA of 21 December 2011, hereinafter called "the Law", and by the President's Decree N° 059/PO of 16 January 2012.

### **GENERAL CONDITIONS:**

#### **1. Definitions:**

- Company:** means Allianz General Laos.  
**Insured:** means the person named as Insured in the Schedule.  
**Schedule:** means the personalized part of the Policy, it contains period of covers and all perils that covers by Policy.  
**Insured period:** means the period from the effective date until the expiry date stated in the Schedule of this Policy.  
**Loss:** means loss or damage either partial or total to the property insured under this Policy.

#### **2. The Completion and Statement Alteration in Insurance Policy.**

Coverage agreement and conditions endorsed are combined under this insurance policy. The cover shall be effective at the date mentioned in the Schedule. The alteration of any statements in this Insurance Policy must be consented by the Company. The coverage agreement and all conditions of this insurance can be amended only by endorsement, made by Company.

#### **3. Condition Precedent.**

The Company shall not be liable to pay compensation under this Policy unless the Insured shall have complied with the conditions of this Policy.

#### **4. Claims and Indemnification Conditions** **Duties of the Insured regarding Claims for Compensation**

On the happening of any loss or damage which might give rise to a claim under this policy,

- 4.1 The Insured shall give immediate notice thereof to the Company without delay, and shall within 15 days after the loss or damage, unless the Insured faces a reasonable problem, or such further time as the Company may in writing allow in that behalf deliver to the Company the following evidence at the Insured's own expense as :
- 4.1.1 A claim in writing for the loss and/ or damage containing, in particular, an account of the property damaged or destroyed, and the value of the said damaged property not including profit, at the time of the loss or damage.  
4.1.2 Particulars of all other insurances, including any insurance effected with other insurers on the subject matter concerning the property insured under this Policy
- 4.2 The Insured at his own expense must produce, procure, advise and give to the Company all such further particulars, plans, specifications, books, vouchers, invoices, duplicates or copies thereof, proof and information with respect to the Claim and the origin or cause of the fire and/ or any other insured perils and the circumstances under which the loss or damage occurred as may be reasonably required by the Company.
- 4.3 The Insured shall carry out and permit to be taken any action by the Company or authorized person which may be reasonably practicable to prevent further DAMAGE. In the case of any willful act or cause conducted by the Insured to be believed as willfully not to conform with any of the above conditions, and when the Insured submits any claims to the Company and if the Company declines liability for any reasons, the Insured or any person sustaining the damage can appeal to the court or arbitration. If the court or arbitration rules that the Company shall be liable to the Insured or such person, the Company shall indemnify the Insured according to the judgment of the court or arbitration together with interest at 15% as debtor who has failed to fulfill an obligation as from the date of such obligation.
- 4.4 The Insured shall give notice to the police immediately in case of loss or damage due to theft or burglary and provide copy of the formal police report to the Company as soon as available.

## 5. Cancellation of Policy

- 5.1 The Company may cancel this Policy in advance by notice in writing not less than 15 days by registered mail to the insured at the last known address. In such event, the Company shall return the premium to the insured after deduction of premium for the period the Policy has been in force.
- 5.2 The insured may cancel this Policy by giving notice in writing to the Company and shall be entitled to receive a return of premium after a deduction of premium for the period that the Policy has been in force as detailed in the short period rate stated in the following Schedule:

### Short Period Insurance Refund Premium Scale

<b>Insured Period (not exceed/month)</b>	<b>% of Yearly Premium</b>	<b>Insured Period (not exceed/month)</b>	<b>% of Yearly Premium</b>
1 month	85 %	7 month	25 %
2 month	75 %	8 month	20 %
3 month	65 %	9 month	15 %
4 month	55 %	10 month	10 %
5 month	45%	11 month	05 %
6 month	35 %	12 month	0 %

## 6. Arbitration

If any difference arises as to the amount of any loss or damages, such difference shall, independent of all other questions, be referred to the decision of an Arbitrator, to be appointed in writing by the parties in difference. If the parties in difference cannot agree upon a single Arbitrator, two Arbitrators shall be appointed, of whom one shall be appointed in writing by each of the parties in deference within two calendar months after having been required so to do in writing in other party. In case either party shall refuse to appoint an Arbitrator within the two calendar months as requested by the other party, the sole Arbitrator appointed by the other party have the right to pass judgment and render final decision

## 7. Calculation of Sum Insured and Claim Amount

The Insured shall not benefit from the insurance contract which covers no more than actual loss or damage to his belongings or the actual loss or damage for which he is liable. The sum assured shall not be considered as the proof, at the time of occurrence of the accident, of the existence or the value of damaged property which must be justify by the Insured by means of all documents in his power with the detail as follows :

- 7.1 Buildings, including cellars and foundations are, without the ground value, estimated according to their actual value, considered as the cost of rebuilding on the day of the occurrence of claim less wear and tear or depreciation.
- 7.2 Personal property is valued according to its replacement value less wear and tear or depreciation, on the day of the occurrence of damage.
- 7.3 Machines and equipment are valued, at the time of the occurrence of damage, according to the replacement value of the same machine or equipment, including taxes and, if need be, transport and installation cost, less wear and tear or depreciation.
- 7.4 Raw materials, goods and merchandises are valued at the buying price according to the latest price before the claim; this buying price is raised with taxes and if need be with transport cost.
- 7.5 Manufactured or being manufactured objects are valued at their net cost. This means at the cost (valued as in the previous paragraph) of raw materials and products used for their manufacturing, increased from manufacturing cost already accounted and from a proportional part of the general expenses, not including profit.

## 8. Under Insurance

On the happening of any loss:

- 8.1 If the sum insured is equal to or of greater value than 70% of the actual value of the property insured at the time of occurrence of any damage, then the Company shall indemnify the Insured the full value of damage but not exceeding the sum insured stated in the Schedule. The Under Insurance Clause shall not be applied in this case.
- 8.2 If the sum insured is less than 70% of the actual value of the property insured at the time of occurrence of any damage as covered by the insured perils under this Policy, then the Insured shall be considered as being his own insurer for the difference, and shall bear a rateable proportion of the loss accordingly. Every item, if more than one, of the Policy shall be separately subject to this condition.

**The contribution ratio will be calculated as follows:**

$$\text{Indemnity amount for each item} = \left\{ \frac{\text{Total amount of loss X Sum insured}}{\text{Actual value of property insured}} \right\} - \text{any deductible amount}$$

**9 Double Insurance and Contribution**

The Insured shall notify the Company in writing of the existence of any other insurance in force or subsequently effected with other insurers on the property insured coverable with similar risks as in this Policy either partially or totally. If at the time of any loss or damage happening to any property hereby insured, there would be any other subsisting insurance or insurances whether effected by the Insured or by any other person or persons acting on behalf of the Insured, covering the same property, the Company shall not be liable to pay or contribute more than its rateable proportion of such loss or damage. In any case the Company shall not be liable to pay more than the amount insured under this Policy. It is agreed that the Company shall not refer to the sequence of insurance for the contribution of claim payments.

**10 Rights of the Company to Maintain Damaged Property on Happening of Loss or Damage.**

On the happening of any loss or damage to any of the property insured by this Policy, the Company may

- 10.1 Require that the property insured be delivered to the Company
- 10.2 Enter and take possession of the property insured and examine, sort, arrange, remove or otherwise deal with the same
- 10.3 Sell any such property or dispose of the same for account of whom it may concern.

The rights conferred by this condition may be exercised by the Company at any time from the happening of loss or damage until such claim is finally determined or until notice in writing is given by the Insured that he abandons such right to claim under the Policy.

The Company shall not by any act, done in the exercise or purported exercise of its rights hereunder, incur any loss or damage or liability to the Insured or diminish the Company's right to reply upon any of the conditions of this Policy in answer to any claim.

**11 Subrogation of Rights**

The Insured shall, at the expense of the Company do, and concur in doing, and permit to be done, all such acts and things as may be necessary or reasonably required by the Company for the purpose of enforcing any rights of claims for obtaining relief or indemnity from other parties, to which the Company shall hereby be or would become entitled or subrogated according to Article 61 of the Law whether such acts and things or become necessary or required before or after his indemnification by the Company.

**12 Cancellation of Indemnification**

The Company has the right to cancel indemnification without refund of premium for the following cases.

- 12.1 Loss or damage happening from corruption or carelessness of the Insured or beneficiary.
- 12.2 Frauds.
  - 12.2.1 If such loss or damage be occasioned by the willful act or with the connivance of the Insured or beneficiary or any person acting on behalf of the Insured or the beneficiary to obtain any benefit under this Policy.
  - 12.2.2 If any fraudulent means or devices or false declarations are used or made by the Insured or any one acting on his behalf to obtain any benefit under this Policy.

**13 Voidableness of Policy**

If there be any material misdescription of the property hereby insured, or of any building or place in which such property is contained, or any misrepresentation as to any fact material to be known for estimating the risk, or for fixing the premium, or any omission to state such fact, this insurance contract shall be voidable and the Company shall have the right to cancel this Policy according to Articles 44 and 45 of the Law.

**14 Additional Terms and Conditions**

This Insurance Policy and the Schedule shall be all together interpreted in combination as one contract. Any specific wordings or expression to which a specific meaning has been attached in any part of this Policy or of the Schedule shall bear such specific meaning wherever it may appear.

## **SECTION 1: PROPERTY DAMAGE INSURANCE**

In reliance upon the statements declared in the application for insurance which is forming a part of this Policy and in consideration of the premium to be paid by the Insured and subject to the General Conditions, Insuring Agreements, Exclusions and Endorsements of this Policy, the Company agrees with the Insured as follows:

### **Definitions:**

1. **Building** means the property being used for the purpose of residence, garage, house for servant and business activities (excluded fence and gate).
2. **Home Contents** means Furniture, Fixture, Fitting, and Improvements to home decoration, household utensils, electrical appliances, kitchenware, clothing of the insured or member of the insured's family.
3. **Equipment of the Business** means Furniture, Fixture, Fitting, and Improvements to building decoration, electrical appliances, machinery and other property that concerning the business activities.
4. **Stock** means raw material, stock in process and finish goods.

### **INSURANCE COVERAGE FOR SECTION 1**

1. **Fire** Insurance covers the damage by Fire or Lightning or Explosion of gas used for illuminating or domestic purposes and including the explosion of all kinds of explosion of gas in Gas Factory, or explosion of gas for trade or manufacture purposes.
2. **Water Damage** covers loss or damage to the property insured directly caused by accidental bursting or overflowing of water tanks, apparatus or pipes from within the building insured or containing the property insured. The insurance is extended to covers loss or damage directly caused by earthquake, hurricane, cyclone and windstorm. Rain water entering the building through openings in the roof or walls made by the direct force of the said perils is also covered, as soon as the damage occurs this policy will be automatically suspended and the covers will be reapplied after the damage has been completely repaired and are excluded damages to any building or property by flood or in any building which is unoccupied for a period more than 90 days.
3. **Glass Breakage** covers an accidental breakage of fixed glass forming part of the insured building. The insurance does not cover damage to painting, lettering on such glass or during removal or installation.
4. **Burglary** covers as following perils :
  - 4.1 **Loss or Damage to the Property Insured** arising from theft by any person, not specifically exclude in the exclusions, who has entered into or come out of the insured buildings mentioned in the Schedule by actual force and violence resulting visible marks of damage upon the insured buildings made by tools, explosives, electricity, chemical or other means or arising from robbery, including loss or damage arising from any attempt threat.
  - 4.2 **Damage to the Building containing the Property Insured** upon the act which is covered under the art. 4.1. or any part of the building consequent for the damage to door, window, lock, glass or other part of building, the Company will pay compensation according to the actual value of loss but not exceeding 10 millions kip per accident.
5. **Electrical Damage** covers the loss or damage arising from or occasioned by overrunning excessive pressure, short circuiting arcing, self-heating, leakage of electricity or short circuiting resulting from lightning, but excludes damage to equipment which is using more than 08 years and loss by wear and tear.

### **GENERAL EXCLUSION OF INSURANCE COVERAGE FOR SECTION 1**

This Insurance does not cover any loss or damage directly or indirectly occasioned by or through or in consequence of the following occurrences:-

1. **Damage** occasioned by war, invasion, act of foreign enemy, hostilities, or war-like operations (whether war be declared or not), civil war, rebellion, revolution, insurrection, riot, strike, civil commotion, act of terrorism, revolution, or military, or usurped power, martial law, or any of the events or causes which determine the proclamation of maintaining martial law.
2. **Loss or Destruction of or Damage directly or indirectly caused by or contributed to by or arising from:-**
  - 2.1 Flood or seepage of water through walls, foundations or basements.
  - 2.2 Own fermentation, natural heating, spontaneous combustion of insured property or by its undergoing any heating or during process.
  - 2.3 Subsidence or landslip
  - 2.4 The burning of property by the order of any public authority.
  - 2.5 The burning of forests, bush or jungle and clearing of lands by fire.

- 2.6 Ionizing radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel or any self-sustaining process of nuclear fission.
- 2.7 Nuclear weapon.
- 2.8 The radioactive toxic explosive or other hazardous property of any explosive nuclear assembly or nuclear component thereof.
- 2.9 Theft during or after the occurrence of a fire.

### **3. Property not covered under this Insurance Policy**

**Unless otherwise expressly agreed and stated in the Policy, this Insurance does not cover the following property:-**

- 3.1 Bullion or precious stones, jewelry or precious metals.
- 3.2 Any antique or work of art for an amount exceeding 30% of contents sum insured or value more than 10 millions kip.
- 3.3 Goods or property held in trust or on commission or under custody of the Insured.
- 3.4 Manuscripts, plans, drawings, designs, patterns, models or moulds.
- 3.5 Securities, obligations, important documents of any kind, stamps, coins, paper money, cash, cheques, books of account or other business books.
- 3.6 Explosives.
- 3.7 All vehicles either on land, waterborne or airborne.
- 3.8 Animals, livestock, growing crops, trees, decoration of gardens and lawns.
- 3.9 Fences, gates, signs, moveable property or property in transit
- 3.10 All portable electronic devices including but not limited to notebook computers, mobile phones, tablets, cameras, video cameras.
- 3.11 Outdoor fixtures and fittings, property or goods stored in open area or in open-sided building, except for properties attached to the insured building and their values included in the sum insured and coverage is limited to loss or damage by Fire only.
- 3.12 Property damaged, collapsed or dented by pressure or vibration of explosion.
- 3.13 Swimming pool
- 3.14 Consequential loss of any kind.

## **SECTION 2 : INSURANCE COVERAGE AGAINST FAMILY LIABILITY AND LIABILITY TOWARD NEIGHBOURS.**

The Company shall pay compensation on behalf of the Insured within the limit of liability stated in the Schedule for amounts which the Insured shall become legally liable to pay for compensation in respect of:

- 1. Family Liability due from accidental loss of life or accidental bodily injury or property damage to third party.
- 2. Liability toward neighbours for fire loss or damage caused by or arising from the insured premises.

The Company is entitled to proceed in the name of the Insured. If the incurred loss or damage has accidentally taken place during the Period of Insurance and the Insured is claimed to be liable for loss of life, bodily injury by accident and for damage to property. The Company has right to proceed court procedure, negotiation and reimburse the proper compensation as to their proper level of rightness.

### **Definitions:**

**1. Insured Person** means the stated Insured Person which are included:-

- 1.1 Family's Member means spouse, child (not more than 18 years old) and parent of the Insured who stay in the same family of the Insured.
- 1.2 Servant means employee of the Insured with responsible of maintaining and applying the Insured premise for the purpose of home work.

**2. Neighbours** mean the building and property surrounding the insured buildings which not belong to the Insured.

## **GENERAL EXCLUSION OF INSURANCE COVERAGE for SECTION 2 :**

The company will not liable in case of loss by follows event:

- 1. Damages occasioned directly or indirectly by or through or in consequence of commercial operation or the Insured's business or an occupation of the Insured (not applicable for Liability toward neighbours),

2. The property which is belonging to or under rental or under custody of the Insured, the Insured 's family, or any person who is with the Insured,
3. Any consequences acted intentionally by the Insured,
4. Loss of life, injury, sickness, or disease infected of the Insured's employee or the claim for damage arising during working period under Workmen Compensation,
5. Loss of life, injury, sickness of the Insured or the Insured's family.
6. Confession due to the Judge or Court of Justice (not Lao Court of Justice)
7. Confession due to the ownership, governing, maintaining, controlling, applying of every motor vehicles by the insured, include machines or any carriers being pulled or pushed by motor vehicles.
8. Faulty or defective occasioned directly or indirectly from flood, dregs chemical, smoke, gas, solid or liquid toxic, and pollution.
9. Confession due to contract signed by the Insured; There will be no confession unless the Insured constructs or signs the contract.
10. Being fined under Civil Law or Punishment or Contract.
11. Damages occasioned directly or indirectly by or through or in consequence of any of the following occurrences:-
  - 11.1 War, invasion, act of foreign enemies hostilities or warlike operations (whether war be declared or not), civil war.
  - 11.2 Mutiny, riot, strike, military or popular rising, insurrection, rebellion, act of terrorism, revolution, military or usurped power, martial law or any of the events or causes which determine the proclamation or maintenance of martial law,
  - 11.3 Loss or damage arising from detention, confiscation or requisition by customs House or other officials or Authorities,
  - 11.4 Nuclear weapon, ionizing radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel or any self-sustaining process of nuclear fission

\*\*\*\*\*