

SECTION 6 - FILM

1. INSURING AGREEMENT

- 1.1 The Insurers agree, subject to the terms, conditions, exclusions and limitations of this Section and the General Conditions and Exclusions of this Policy, to indemnify the Insured, up to the Limit of Liability, for such Loss as the Insured shall sustain directly and solely as a result of Damage to Film used or to be used in connection with the Production specified in the Schedule to this Policy caused by an Occurrence during the Period of Insurance.

2. DEFINITIONS (Applicable to this Section only)

- 2.1 'Loss' means, as ultimately determined at the time of final audit:
- (a) where the Damage does not prevent the completion of principal photography, the additional Expenditure (if any) incurred by the Insured in re-photographing or re-recording, in substantially the same manner, that portion of the Film that has suffered Damage in excess of the Expenditure which, but for the Damage, would have been incurred in photographing or recording the said portion of the film;
 - (b) where the Insurer agree that the Damage reasonably and practically prevents completion of the Production, the Expenditure incurred and committed by the Insured up to the date of cancellation of the Production, but only such Expenditure as has been rendered substantially valueless solely and directly as a result of the Damage.
- 2.2 'Expenditure' means, subject to the following provisions hereof, all costs, including overheads but excluding earnings and profit, chargeable directly to the Production together with other overheads as may be declared by the Insured prior to the inception date of this Policy plus any Loss paid under this Section.
'Expenditure' does not mean:
- (a) unless the Insurer agree to the contrary, the costs of story, scenario, music rights, sound rights, royalties and/or continuity;
 - (b) the cost of permanent sets, owned wardrobe, owned props, owned equipment, premiums paid for this insurance and/or interests on loans;
 - (c) the costs of any services rendered by the Insured or any partner or officer thereof, unless such services are provided in the capacity of producer, writer, actor or the like (including services as a disbursing agent) the costs of which are specifically and directly related to the negative cost of the Production.
- 2.3 'Damage' means loss (but not loss of use), physical damage or destruction.
- 2.4 'Film' means video tape stock, raw film stock, recorded video tape, exposed motion picture film (developed or undeveloped), interpositives, positives, work prints, cutting copies, fine grain prints, stills photography, soundtrack and audio tapes.
'Film' does not mean cut outs or unused footage.
- 2.5 'Occurrence' means, except as hereinafter excluded in this Section, any external event, cause or happening.
- 2.6 'Period of Insurance' means, subject to the provisions of General Condition 8, from the date specified for Commencement in Section 1 of the Schedule until the sooner of the following:
- 2.6.1 the date specified for Termination therein;
 - 2.6.2 the date of Completion; or
 - 2.6.3 the date of abandonment of the Production.
- 2.7 'Completion' means the completion and removal of a protective print or duplicate tape of the production or soundtrack from the premises where the original negative or tape is located.
- 2.8 'Limit of Liability' means the maximum liability of the Insurers, exclusive of all costs reasonably and necessarily incurred in the investigation and/or resolution of any claim hereunder, in respect of any one loss (which term shall include all additional Expenditure caused by or arising out of the same occurrence) which amount shall be the sum specified in Section 6 of the Schedule hereto, provided always that the Insurers shall only be liable to pay in

excess of the deductible specified in Section 6 of the Schedule in respect of each and every Loss.

3. EXCLUSIONS

- 3.1 Insurers shall not be liable to pay any Loss caused by or arising out of:
- 3.1.1 deliberate exposure to light, deterioration, atmospheric dampness or changes in temperature;
 - 3.1.2 faulty manipulating and/or judgement of cameramen and/or assistants;
 - 3.1.3 errors of judgement in exposure, lighting and/or sound recording;
 - 3.1.4 use of incorrect raw film stock or video tape;
 - 3.1.5 the use of film, video tape, cameras, lenses and/or other photographic tape or sound equipment that has not been fully tested by the Insured (and found satisfactory) prior to the commencement of filming or taping of the Production or, where the equipment is damaged or replaced during the Production, that part of the Production following such damage or replacement;
 - 3.1.6 intentional destruction of duplicate work prints, offshoots, back-up takes or retakes.

4. CONDITIONS

Completion

- 4.1 The Insured shall advise the Insurers of Completion within 7 days thereof.

Total Loss

- 4.2 In the event of a Loss for which this Section provides indemnity and the Insurers agree that the Damage to the Film reasonably and practically prevents Completion, then, without limiting the generality of General Condition 3, the Insured shall surrender to the Insurers or its nominees the original and all copies of the Film (whether negatives or positives), together with all of its right, title and interest therein, but only in respect of that Film, the production costs of which, and in connection with which, the Insured shall have made a claim hereunder. If the cost of story, sound rights, royalties and/or continuity have been included, the Insured shall do all things necessary to assign and transfer all right, title and interest in all documents and copyrights in connection therewith to the Insurers or its nominees.

Claims Procedure

- 4.3 The Insured shall, upon the happening of an Occurrence which gives rise to, or may give rise to, a Loss for which this Section provides coverage:
- 4.3.1 immediately notify the Insurers in writing of the said Occurrence;
 - 4.3.2 as soon as practicable thereafter, and in any event within thirty (30) days, submit a completed claim form to the Insurers which shall include full details of the Occurrence, the Damage to any Film and the Loss or anticipated Loss; and
 - 4.3.3 furnish the Insurers with such further information as the Insurers may reasonably require.

Mitigation

- 4.4 Upon becoming aware of the Damage to any Film, the Insured shall take all reasonable steps to avoid or minimise any Loss.