

**SCHEDULE 9**

**FINANCIAL REQUIREMENTS**

(INFORMATION EXEMPT FROM DISCLOSURE UNDER SECTION 43(2) OF THE FREEDOM OF INFORMATION)

## PART 3 – INSURANCE

### 1. Insurances to be effected and maintained in accordance with Clause 31.1

The insurances to be effected and maintained in accordance with Clause 31.1 are as follows and more specifically described in Paragraphs 2, 3, 4 and 5 of this Part 3 of Schedule 9 (Financial Requirements).

- 1.1 All Risks Property Insurance;
- 1.2 Business Interruption Insurance;
- 1.3 Third Party Legal Liability Insurance;
- 1.4 Employers Liability Insurance; and
- 1.5 Motor Vehicle Insurance.

### 2. All Risks Property and Business Interruption Insurance

2.1 The "**All Risks Property Insurance**" shall cover all risks of loss of or damage to the Franchise Assets Stocks, Other Assets, the Retained Estate and other assets of the Existing Railway (other than land) ("**Insured Assets**") which would normally be provided by an Industrial All Risks Form of insurance coupled with a standard terrorism policy. Such insurance shall include, in the case of Rolling Stock and other moveable property, where such damage occurs in or on the Existing Railway or any extension thereto or on premises to which temporary removal elsewhere in the United Kingdom has occurred. DLR Limited shall ensure that, in circumstances where property comprised in the Insured Asset is temporarily removed outside the United Kingdom (including while in transit to and from the place of temporary removal), cover shall not diminish.

2.2 [Not used]

2.3 The "**Business Interruption Insurance**" shall, consequent upon damage to or loss of the Insured Assets or any part of them or damage to or loss of property in or on any of the Extensions as would normally be insured by an Industrial All Risks Form of Insurance Policy, cover loss of or reduction in the reasonably anticipated revenue of the Railway (comprising the Gross Fare Revenue, the Ancillary Commercial Revenue and the income from the Permitted Commercial Activities (the "**Insured Revenue**")) and any increase in costs of working necessarily and reasonably incurred for the purpose of avoiding or diminishing such loss of or reduction in the Insured Revenue plus such additional costs as are necessarily and reasonably incurred to maintain Service Quality Standards and shall provide for an indemnity period from the date of the occurrence of the damage or loss and ending not less than 24 months thereafter during which the Insured Revenue shall be affected in consequence of the loss or damage. Such insurance shall also contain a material damage proviso waiver clause.

2.4 The insurance effected in accordance with paragraphs 2.1 and 2.3 shall be subject to a combined deductible of (INFORMATION EXEMPT FROM DISCLOSURE UNDER SECTION 43(2) OF THE FREEDOM OF INFORMATION) each and every occurrence giving rise to a claim under the policies.

2.5 The insurance effected and maintained pursuant to paragraphs 2.1 and 2.3 hereof shall be either for:

2.5.1 a minimum combined first loss sum insured of (INFORMATION EXEMPT FROM DISCLOSURE UNDER SECTION 43(2) OF THE FREEDOM OF INFORMATION) RPI Indexed which amount together with the replacement value of the Insured Assets shall be reviewed prior to the Franchise Commencement Date and triennially thereafter by an

expert acceptable to both parties or which failing agreement shall be nominated for the time being of the Institution of Civil Engineers by the president; or

2.5.2 for the full replacement-as-new value of the Insured Assets as ascertained in accordance with paragraph 2.5.1 and for revenue anticipated for a period of twenty-four (24) months from the date on which the said insurance shall be due to expire.

2.6 The triennial review carried out in accordance with paragraph 2.5.1 shall determine, for the purposes of setting a combined first loss sum insured, the Maximum Foreseeable Loss and the Normal Loss Expectancy as defined below:

2.6.1 Maximum Foreseeable Loss for the purposes of this part 3 of schedule 9, is an estimate of the largest loss by percentage or value to be expected under adverse circumstances, without the functioning of active protection equipment or installations, and with the extent of damage limited only by open space or a perfect fire wall devoid of opening but excluding seismic disturbances, acts of terrorism and tidal waves.

2.6.2 Normal Loss Expectancy, for the purposes of this part 3 of schedule 9, is an estimate of the largest loss by percentage or value to be expected under normal circumstances, allowing for the functioning of active protection equipment or installations and prompt attendance of fire brigade, but excluding seismic disturbances, acts of terrorism and tidal waves.

2.7 For so long as the policy or policies evidencing the insurances to be effected and maintained pursuant to paragraphs 2.1 and 2.3 hereof, except that or those in respect of acts of terrorism, is or are issued by London Transport Insurance (Guernsey) Ltd. ("**the Issuing Insurer**"), DLR Limited shall procure the inclusion therein of a cut-through clause whereby DLR Limited and or the Franchisee shall have a right to enforce the insurance contract directly against the reinsurers of the Issuing Insurer in the event only of its insolvency. Further, DLR Limited shall procure the agreement to of the reinsurers of the Issuing Insurer to such a clause.

### **3 Third Party Legal Liability Insurance**

3.1 The "Third Party Legal Liability Insurance" shall cover legal liability (not being liability covered by the Employer's Liability Insurance) for injury to or death of persons and damage to or loss of property as would normally be provided by a Third Party Insurance Form for a sum of not less than (INFORMATION EXEMPT FROM DISCLOSURE UNDER SECTION 43(2) OF THE FREEDOM OF INFORMATION) RPI Indexed in respect of any one occurrence and, except in respect of those causes of injury, death, damage or loss where it is contrary to market practice, without limit to insurers' liability in any one period of insurance, (or, if greater, such amount as is required by the Applicable Requirements), such insurance to be appropriate to the operation of the Railway.

3.2 The insurance effected in accordance with paragraph 3.1 shall be subject to a deductible each and every occurrence or series of occurrences arising out of one event of (INFORMATION EXEMPT FROM DISCLOSURE UNDER SECTION 43(2) OF THE FREEDOM OF INFORMATION) or as otherwise agreed by DLR Limited and the Franchisee.

### **4. Employer's Liability Insurance**

4.1 The "Employer's Liability Insurance" shall be such insurance as is required from time to time by the Employers Liability Compulsory Insurance Act 1969 and any other Applicable Requirements (whether before or after the date of this Agreement) relating thereto (including any modification, re-enactment or consolidation thereof).

4.2 The Franchisee shall seek the approval of DLR Limited, which shall not be unreasonably withheld, for any deductible under the insurance effected in accordance with Paragraph

5.1, where such deductible exceeds £50,000 each and every occurrence or series of occurrences arising out of one event.

5. **Requirements in relation to Motor Vehicle Insurance**

The "Motor Vehicle Insurance" shall provide such cover as is required by law and cover for loss of or damage to any motor vehicles included in the Franchise Assets. Such insurance shall be sufficient to cover the market value of such motor vehicles.

6. **Avoidance of under-insurance**

The amount of the All Risks Property Insurance and Business Interruption Insurance shall be at a level to avoid the application of average or a similar penalty for under-insurance, the cost of risk assessment surveys to establish adequacy of cover being for the account of DLR Limited.

7. **Industrial All Risks Form and Third Party Insurance Form**

The expressions "Industrial All Risks Form" and "Third party Insurance Form" means the Industrial All Risks form of insurance policy and the Third Party form of insurance policy, as the term is understood in and as the form is commonly used on the London or any their leading insurance market (or any equivalent to those forms).