



ZURICH[®]

Engineering Insurance

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ZURICH[®]

Engineering Insurance

General exceptions conditions and provisions

In Consideration of the prior payment of the premium by or on behalf of the insured and the receipt thereof by or on behalf of the Company the Company agrees to indemnify the Insured for losses incurred within the period of insurance by payment or at the option of the Company by replacement reinstatement or repair in respect of the Insurance provided in the Insuring Clause with the proviso that the premium is payable on or before the inception date or renewal date as the case may be. The Company shall not be obliged to accept the premium tendered to it or to any intermediary after inception date or renewal date as the case may be but may do so upon such terms as it, in its sole discretion, may determine.

Providing that the liability of the Company shall not exceed the sums insured or other limits expressed in the Schedule.

Where more than one Insurance Company participates in this insurance the expression "Company" shall be deemed to be "Insurers" wherever it appears in this Policy.

In this event the percentage share of each Insurer will be as expressed in the Schedule of this Policy.

General Exceptions

1. (a) This Policy does not cover loss of or damage to property related to or caused by
 - (i) civil commotion labour disturbances riot strike lockout or public disorder or any act or activity which is calculated or directed to bring about any of the above.
 - (ii) war invasion act of foreign enemy hostilities or warlike operations (whether war be declared or not) or civil war.
 - (iii) (1) mutiny military rising military or usurped power martial law or state of siege or any other event or cause which determines the proclamation or maintenance of law or state of siege.
(2) insurrection rebellion or revolution.
 - (iv) any act (whether on behalf of any organisation, body or person or group of persons) calculated or directed to overthrow or influence any state or government or any provincial local or tribal authority with force or by means of fear terrorism or violence.
 - (v) any act which is calculated or directed to bring about loss or damage in order to further any political aim objective or cause or to bring about any social or economic change or in protest against any state or government or any provincial local or tribal authority or for the purpose of inspiring fear in the public or any section thereof.
 - (vi) any attempt to perform any act referred to in clause (iv) or (v) above.
 - (vii) the act of any lawfully established authority in controlling preventing suppressing or in any other way dealing with any occurrence referred to in clauses (i) (ii) (iii) (iv) (v) or (vi) above
If the Company alleges that by reason of clause a(i) (ii) (iii) (iv) (v) (vi) or (vii) this exception loss or damage is not covered by this Policy the burden of proving the contrary shall rest on the Insured.
- (b) Any occurrence for which a fund has been established in terms of the War Damage Insurance and Compensation Act 1976 (No. 85 of 1976).
2. (a) This Policy does not cover
 - (i) Loss or destruction of or damage to any property whatsoever or any loss or expense whatsoever resulting or arising therefrom or any consequential loss.
 - (ii) Any legal liability of whatsoever nature directly or indirectly caused by or contributed to by or arising from ionising radiations or contamination by radio-activity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel. For the purpose of this exception only combustion shall include any self-sustaining process of nuclear fission.
- (b) The indemnity provided by this Policy shall not apply to nor include any loss destruction damage or legal liability directly or indirectly caused by or contributed to by or arising from nuclear weapons material.

3. Asbestos

Notwithstanding any provision of this policy including any exclusion, exception or extension or other provision which would otherwise override a general exception, this policy does not cover any legal liability,

loss, damage, cost or expense whatsoever or any consequential loss directly or indirectly caused by, arising out of, resulting from, in consequence of, in any way involving, or to the extent contributed to by, the hazardous nature of asbestos in whatever form or quantity.

General conditions

1. Change of interest

The Policy shall be void with respect to any item thereof in regard to which there may be any alteration after the commencement of this insurance whereby the Insured's interest ceases and until the Company by endorsement herein declares the insurance to be continued. Where the interest ceases except by death or operation of law this condition will not apply provided notice has been given to the Company as soon as practical after such alteration.

2. Other interests

Nothing contained herein shall give any rights against the Company to any person other than the Insured. The extension of the Company's liability in respect of any person other than the Insured shall give no right of claim hereunder to such person, the intention being that the Insured shall in all cases at his discretion claim for and on behalf of such persons and the receipt of the Insured in any case shall absolutely discharge the Company's liability hereunder.

3. Notification

The Insured or his representative shall on the happening of any event likely to result in a claim under this Policy:

- (a) Give notice thereof to the Company by the quickest means (facsimile or telegram if possible).
- (b) Send to the Company without delay full details in writing of the event giving rise to the claim.
- (c) Preserve any damaged or defective Insured Property.
- (d) In the event of theft or any attempt thereat or of loss of Property inform the Police.

In respect of (a) and (b) above, time shall be the essence of this condition.

4. Due observance

The due observance and the fulfilment of the terms, conditions and endorsements of this Policy in so far as they relate to anything to be done or complied with by the insured shall be conditions precedent to any liability of the Company to make any payment under this Policy. If any claim made shall be fraudulent or intentionally exaggerated or any false declaration or statement made in support thereof then this Policy shall be void and the Company shall not be liable to make any payments hereunder.

5. Contribution

If at the time of any loss or damage covered by this Policy there shall be any other insurance (other than Marine Assurance) covering damage effected by or on behalf of the Insured, the Company shall not be liable for more than its rateable proportion of such damage. If such other insurance is subject to any condition of advantage to the Insurer, this Policy shall be subject to such condition in similar manner. The Company shall not be liable for damage which is or would be (but for the existence of this Policy) insured by any Marine Policy.

6. Arbitration

Should any difference arise between the Company and the Insured as to the amount of any claim under this Policy the same shall be referred to Arbitration in accordance with the Statutory Provisions for the time being in force applicable thereto and the obtaining of any award shall be a condition precedent to any right of action against the Company.

7. Subrogation

The Company shall be entitled if it so desires to prosecute in the name of the Insured for its own benefit any claim for indemnity or otherwise against any third party and shall have full discretion in the conduct of any proceedings or settlement of any such claim and the Insured shall wherever possible give all such information and assistance as the Company may require.

8. Prescription

- (a) The Company shall not be liable for any loss of or damage to the Insured Property after the expiration of twelve months or such further time as the Company may allow from the happening of such loss or damage unless the claim is the subject of a pending court action or arbitration.
- (b) If any claim is made under this Policy and rejected and an action or suit be not commenced by the Insured within twelve months after such rejection, all benefits under this Policy in respect of such claim shall be forfeited.

9. Misdescription

This Policy shall be voidable in the event of misrepresentation, misdescription or non-disclosure of any material particular.

10. Company's rights after an event giving rise to a claim

- (a) The Company shall be entitled in the name of the Insured to have the absolute conduct and control of all or any proceedings it may consider necessary for the purpose of tracing, recovering or of securing reimbursement in respect of the Insured Property lost or damaged and the Insured shall at the Company's expense furnish all such assistance as may reasonably be required by the Company in connection with such proceedings.
- (b) The Insured shall not be entitled to abandon any property to the Company whether taken possession of by the Company or not.

11. Average (except where stated as First Loss, Market value or Agreed value)

The Sum Insured stated against each item of Insured Property must at all times be equal to the installed new replacement value unless otherwise stated. If the Insured Property is at the commencement of any loss or damage to such Insured Property by an indemnifiable event be of greater value than the Sum Insured thereon then the Insured shall be considered as being their own insurer for the difference and shall bear a rateable share of the loss accordingly. Every item if more than one shall be separately subject to this condition.

12. Cancellation

The Company may by giving thirty days notice in writing by telex, facsimile or other similar communication to the insured or his representative, cancel this Policy at any time, paying on demand a proportion of the premium of the unexpired risk under the Policy. The Insured may likewise terminate this Policy at any time by giving thirty days' notice in similar fashion to the Company, in which event the last premium paid less the customary short period charge will be refunded on demand but only insofar as condition 15 can be reasonably satisfied.

13. Premium credit facility

Notwithstanding anything to the contrary contained in this Policy; if any amount due in terms of the Premium Credit Facility in respect of this Policy is not paid by no later than 14 (fourteen) days after due date for payment thereof, then this Policy shall thereupon be cancelled without further notice to the Insured with immediate effect.

14. Reasonable precautions

The insured shall in all circumstances take all reasonable precautions for the maintenance and safety of the Insured Property and for the prevention of loss or damage and that only steady and competent employees are employed and that all buildings ways works plant and machinery are substantial and sound and in proper order and fit for the purpose for which they are used and that all Acts of Parliament and all by-laws and directions made by Statutory or Local Authority are duly observed and complied with. If any defects or conditions of working which render the risk more than usually hazardous be discovered the Insured shall immediately notify the Company and take steps to remedy the said defects or conditions and shall in the meantime cause such additional precautions to be taken as circumstances require.

15. Automatic reinstatement

The Sum Insured by this Policy shall not be reduced by any claim hereunder and the Insured hereby agrees to pay the premium for the amount of the claim for the period pro rata from the date of the occurrence of the loss or damage to the next renewal date of the Policy or expiry date of the relevant Contract.

16. Company's right of suspension of insurance

If any Insured Property be discovered in a condition which in the opinion of the Company is unsafe or worsens the risk, the Company reserves the right to suspend the insurance in respect of such insured Property by verbal or written notice to the Insured.

General memoranda

1. (a) Any memoranda endorsement extension or warranty added or attached to any section of this policy will be subject to the exceptions conditions and provisions of the policy.
- (b) Specific exceptions, conditions and provisions shall override general exceptions, conditions and provisions.

2. Amendment to general exception 1 (applicable to sections 3, 4 and 5 of the policy)

It is agreed that notwithstanding anything in the Policy to the contrary and subject otherwise to the terms contained therein, this Policy is extended to cover loss or damage directly occasioned by or through or in consequence of

- (a) civil commotion, labour disturbances, riot, strike and lockout or any act or activity which is calculated or directed to bring about any of the above (this sub-clause (a) applies only to property outside the Republic of South Africa, and Namibia).
- (b) the act of any lawfully established authority in controlling, preventing, suppressing or in any other way dealing with any occurrence referred to in (a) above.
- (c) the deliberate or wilful or wanton act of any person committed with the intention of causing such loss or damage.

Provided that this Extension does not cover

- (a) consequential or indirect loss or damage of any kind or description whatsoever, other than loss of rent if specifically insured.
- (b) loss or damage resulting from total or partial cessation of work, or the retarding or interruption or cessation of any process or operation.
- (c) loss or damage occasioned by permanent or temporary dispossession resulting from confiscation, commandeering or requisition by any lawfully constituted authority.
- (d) loss or damage related to or caused by any occurrence referred to in General Exception 1a (ii), (iii), (iv), (v) or (vi) of this Policy or the act of any lawfully established authority in controlling, preventing, suppressing or in any other way dealing with any such occurrences.

It is agreed that the reverse onus of proof clause contained in exception 1(a) shall only apply to this extension to the extent that such clause refers to the exceptions mentioned in (d) above.

3. Jurisdiction clause

This insurance is governed by the laws of the Republic of South Africa and the courts of the Republic of South Africa shall have jurisdiction in all matters arising hereunder.

4. Interests of banks or other financial institutions (applicable to sections 1, 3, 4, 5 and 6 of the policy)

Where a bank or other financial institution has an interest in any of the property insured hereunder, their interests are deemed to be noted, provided that such interest in the property insured is subject to

- (a) the Policy being in force at the time of loss or damage.
- (b) the Insured complying with all the requirements of the Policy following loss or damage.
- (c) the Insured advising Zurich Insurance Company South Africa Limited of your interest in the property insured at the time of the loss or damage.

5. Payments on account

In respect of any section where amounts recoverable from the Company are delayed pending finalisation of any claim, payments on account may be made to the insured, if required, at the discretion of the Company.

6. First amount payable

Except where provided for more specifically in any section of this policy the First Amount Payable shown in the schedule or endorsed hereon in respect of loss damage or liability as the case may be shall be deducted from the assessed value of any claim. Where an excess is stated as a percentage of a claim with a minimum monetary excess the maximum monetary excess will be ten times that of the minimum excess unless otherwise stated.

7. Territorial limits

The republic of South Africa and to the extent permitted by the relevant insurance acts, Namibia, Lesotho, Swaziland, Botswana, Zimbabwe and Malawi.

8. Sums insured/excesses

All sums insured and excesses catered for within this policy are deemed to be VAT Inclusive unless otherwise stated.

The indemnity and standard extensions to the policy

In the event of indemnity being granted the amount(s) claimable in terms of the policy shall not exceed the limit(s) specified in the schedule in respect of any one occurrence or series of occurrences arising out of any one event plus any additional costs in connection with the operation of any of the extensions (1-5) listed below.

1. Claims preparation costs

The costs and expenses necessarily and reasonably incurred in producing and certifying any particulars or details required by the Company in connection with an indemnifiable event but limited to:

- (a) Additional Costs incurred by the Insured's employees.
- (b) Additional fees incurred by the Insured's usual auditors.
- (c) Costs of materials used in furnishing the Company's requirements.
- (d) P2,000 or 10% of the claim up to a maximum of P20,000.

2. Automatic additions

The policy is extended to provide indemnity at the Insured's premises or site for additional equipment of a similar nature to that specified in the Plant Inventory provided that:

- (a) Successful installation commissioning and normally accepted operating standards have been achieved.
- (b) The Total Sum Insured of such Additional Equipment does not exceed 15% of the Total Sum Insured on the schedule. Where such additions result in an increase of Gross Profit the amount of Gross Profit will also be increased up to 15%.
- (c) The Insured undertakes to advise the Company of such additions within 3 months of purchase or change.
- (d) The Insured agrees to pay the appropriate premium effective from the date of purchase.

3. Architects and other professional fees

Professional Fees necessarily and reasonably incurred in the reinstatement or replacement of equipment following indemnifiable loss or damage provided that the total amount payable in respect of such fees does not exceed 15% of the total amount of the claim but shall not include expenses incurred in connection with the preparation of the Insured's claim.

4. Clearance costs

Costs necessarily and reasonably incurred by the Insured in respect of demolition or dismantling of equipment and/or removal of debris and in providing/erecting/maintaining hoardings required during demolition, dismantling, debris removal and reconstruction following indemnifiable loss or damage to such equipment including any costs arising from the activities of any Public Authority in dealing with the consequences of an insured peril having operated provided that the total amount recoverable does not exceed 15% of the total amount of the claim.

5. Express delivery and overtime

Extra charges for express delivery airfreight overtime Sunday and holiday rates of wages are payable in respect of the necessary and reasonable additional costs incurred by the Insured for effecting repairs or replacement by the Company limited to 50% of the amount which the repair or replacement would have cost had these additional costs not been incurred.



ZURICH[®]

Engineering Insurance

Section 1. Machinery breakdown section

Insuring clause

The Insurance is in respect of sudden and unforeseen physical damage to the Plant and Machinery described in the schedule from any cause not hereinafter excluded whilst it is at work or at rest, being dismantled removed repositioned cleaned inspected overhauled or in subsequent re-erection at the premises.

Specific exclusions

1. Irrespective of the proximate cause of the damage the indemnity granted by this Policy shall not apply to nor include damage directly or indirectly caused by or arising out of
 - (a) fire extinguishing of a fire explosion direct/indirect lightning strikes.
 - (b) convulsions of nature such as subsidence landslide rockfall storm flood inundation hail snow earthquake or earth tremor (whether as a result of mining operations or not) or volcanic eruption.
 - (c) theft collapse of buildings impact by animals or vehicles aircraft or other aerial or space devices or objects dropped therefrom sonic shockwaves.
 - (d) water or water which escapes from water-containing apparatus leakage or discharge from any sprinkler or other extinguishing agent.
 - (e) faults or defects in the Insured Property known to the Insured or his responsible employees at the time this insurance was arranged or during the currency of the insurance and not disclosed to the Company, or any consequences thereof.
2. Damage resulting during commissioning deliberate overloading tests or experiments requiring the imposition of abnormal conditions or damage caused due to the misapplication of tools or equipment.
3.
 - (a) Repair or replacement due to normal wearing away of the material of the plant slowly developing deformation, intermitted occurrences, distortion or gradual deterioration but other resultant insured events are not excluded hereby.
 - (b) Loss of or damage to refractories, exchangeable or expendable parts and tools such as but not limited to seals gaskets bits cutters knives blades dies moulds patterned rollers sieves chains belts ropes conveyor belts jointing and packing material fuses electrical contacts at which sparking or arcing occurs heating elements collecting brushes but if as the results of other indemnifiable damage provided for by the Policy the above items are damaged then the Company shall indemnify the Insured for any remaining residual value with the proviso that such items are included in the sum insured.
4. Consequential loss delay or interruption of the business or liability of any nature whatsoever other than losses specifically provided for herein.
5.
 - (a) Repairing replacing reinstating or making good any part of the property insured which is defective in material workmanship design plan or specification. Should any defect in material workmanship design plan or specification give rise to loss or damage which but for this exception would be insured by this policy, the insurers shall in respect of such loss or damage only be liable for costs additional to the costs that would have been incurred in replacing reinstating or repairing the defect had the resultant damage not occurred.
 - (b) Damage to plant and machinery described in the schedule involved in overhaul, maintenance or repair arising from or occasioned by any defective workmanship or the use of defective materials.

Basis of indemnification

1. Partial loss

If the insured machinery suffers damage the basis of indemnification shall be the costs and expenses reasonably and necessarily incurred to restore the damaged machinery to its working condition immediately before the occurrence of the damage including the costs of gaining access dismantling re-erection as well as ordinary freight and customs dues provided that

- (a) the value of parts which can be used in any way whatsoever will be deducted.
- (b) the costs of any alteration addition improvement or overhaul carried out at the time of repair or replacement are not recoverable under this Policy.
- (c) if without the consent of the Company temporary repairs are carried out by the Insured in the interests of safety or to minimise further loss or damage to the Insured Property the cost of such

temporary repairs will be borne by the Company. In the event that the temporary repairs aggravate the loss or cause additional loss or damage to the Insured Property any additional costs so incurred or consequences arising therefrom will be for the account of the Insured.

- (d) where the damage is restricted to a part or parts of an insured item the Company shall not be liable for an amount greater than the value of such part or parts which are lost or damaged as allowed for within the Sum Insured.

2. Total loss

In the event that the plant or machinery is totally destroyed the amount payable shall be the cost of removing the damaged machinery less the value of the remains plus

- (a) the cost of replacing or reinstating on the same site machinery of equal size output or capacity but not superior to or more extensive than the insured item insofar as is practicable or;
- (b) (i) the local market value of the machinery immediately before the loss being the value of similar machinery of equal age size output or capacity;
- (ii) where similar machinery is not available the amount payable shall be the installed new replacement value of the nearest higher equivalent machinery depreciated by 5% per annum; whichever is the lower of (a) or (b) (but always with a minimum residual value of 25% of the new replacement value of (b) (i) or (ii) whichever is applicable reduced proportionally should the condition of average apply.

In all cases of Sums Insured reflecting anything other than New Replacement Value any reference to payment in settlement of a minimum % value of the installed New Replacement Value is deleted.

The insured item shall be regarded as totally destroyed if the repair costs (as defined under (i) Partial Loss) equal or exceed the values as defined in 2(b) (i) or (ii) (whichever is applicable) immediately before the loss. No depreciation will be applied to machinery under 3 years of age.

Memoranda

1. Foundations

Should there be damage to the foundations of the insured Plant and Machinery arising from an indemnifiable occurrence the policy is deemed to include repair or replacement of such foundations with the proviso that the value of such foundations is included in the Sum Insured.

2. Transit and temporary premises extension

The policy is extended to provide cover for Insured Property in transit to, from and at (including loading/unloading) any temporary premises for purposes of repair. As a consequence of this extension exclusion 1 will not apply with the proviso that this extension will only be applicable to any shortfall in indemnity provided elsewhere.

3. Operating media

If included in the sum insured the policy extends to cover the costs of any processing recharging or renewal of any operating media (gas oil or refrigerant) necessary following indemnifiable loss.

4. Market value

Market value shall be calculated on the basis that for each year of life (or part thereof) the present day new replacement value of an identical machine or plant is reduced proportionally over a period of 15 years subject always to a minimum residual indemnification of 25% should the condition of average not apply.

Extensions to the policy in the schedule or by endorsement

1. **Damage to surrounding property** (if so stated)

The Policy is extended to indemnify the insured against accidental damage to surrounding property owned by or in the care custody or control of the insured directly arising from an indemnifiable occurrence to the Plant and Machinery described in the Schedule but not exceeding the Limit of Liability specified in the schedule.

2. **Explosion of boilers or pressure vessels** (if so stated)

The Policy extends to indemnify the Insured against accidental damage to the boilers and/or pressure vessels specified in the Schedule directly caused by explosion which shall mean the sudden and violent rending thereof by force or internal pressure or ignited flue gases causing violent bodily displacement of any part together with forcible ejection of the contents of the insured item.

The Limit of Liability of the Company under this extension shall not exceed the amount stated in the Schedule.

3. **Protective brickwork and refractories**

The policy is extended to cover the costs of direct/indirect loss damage or necessary removal or replacement of any refractories or protective brickwork associated with Insured Property arising from an indemnifiable event to the Insured Property provided that the indemnity given in the case of refractories will be the amount that the unexpired portion of life bears to the normal life and in the case of brickwork the normal costs to remove or replace the brickwork with the proviso that the sum insured includes the costs of protective brickwork and refractories.

4. **Contents of liquid storage containers**

The cover in terms of this policy is extended to include the costs of loss, recovery or any reprocessing costs following recovery of the liquid contents of any storage containers arising from an indemnifiable event with the proviso that any losses caused by evaporation pollution or naturally resulting trade losses, overfilling or inadvertent drainage are excluded. The limit of liability and the deductible are as stated in the schedule.

Deterioration of stock extension

Insuring clause

The insurance is in respect of loss or damage by deterioration or contamination of goods owned by or in the care custody or control of the Insured whilst contained for the sole purpose of storage within a controlled environment at the Insured's premises or premises listed in the schedule arising from a change in the controlled environment as the result of indemnifiable damage as defined in the Company's Standard Machinery Breakdown Policy having occurred to the plant and machinery insured thereon. Subject to terms, conditions and exclusions on the Company's Standard Machinery Breakdown Policy.

The sum insured

The sum Insured shall as the case may be reflect either

1. the amount at risk in any one cold room, freezer or unit in the controlled environment comprising the sum total of the value of all the stock/contents stored,
or
2. the amount of the turnover in any one period of insurance comprising the sum total of the value of all the stock/contents stored during this period together with a first loss sum insured in any one cold room, freezer or unit representing the maximum value at risk at any one time. At the end of the period of insurance the Insured shall declare the actual turnover achieved and the premium shall be adjusted up or down as the case may be taking into account any deposit premium.

The indemnity

The indemnity payable shall be

1. the value of the Insured Property immediately prior to storage plus reasonable charges incurred by the Insured for
 - (a) handling;
 - (b) costs incurred for storage up until the time of the loss.
2. the cost of containers or packaging damaged as a result of the loss.
3. the costs of disposal but not exceeding the Sum Insured set against each chamber or total number of chambers affected by the loss less the monetary excess.

The deductible

The amount specified in the Stock Inventory as the excess is payable by the Insured. If more than one controlled environment chamber is affected by loss or damage as insured in any one occurrence the excess shall be limited to the highest single excess applicable to such controlled environment chambers.

Specific conditions

1. It is a condition precedent to the liability of the Company under this extension that in the event of indemnifiable loss of or damage to the Plant detailed in the Machinery Breakdown Policy Schedule the insured shall make all reasonable efforts to obtain alternative storage facilities in order that any loss be avoided or diminished. The Company will indemnify the insured for all costs necessarily and reasonably incurred in complying with this condition subject to a maximum limit of 15% of the Sum Insured set against each storage chamber affected by the loss.
2. In the event of a claim arising or an occurrence that may give rise to a claim, the Insured shall give notice to the Company as soon as possible. In this respect time shall be regarded as being of the utmost importance.

Compliance with specific conditions 1 and 2 are a precedent to liability.

Failure of electricity supply extension

(if stated in the Schedule)

For the purpose of this extension deterioration or contamination of the contents of the Insured's chambers arising from accidental failure of the public supply of electricity at the terminal ends of the supply authorities' service feeders at the premises is included provided always that the insurance under this extension shall be subject to the following special conditions:

Special conditions

1. The liability of the Company shall in no case under this extension and the Policy exceed the sum insured by this Policy.
2. The insurance under this extension does not cover
 - (a) loss occasioned by the deliberate act of any authority, nor by the exercise by such authority of its power to withhold or restrict supply, planned power cuts or shutdowns.
 - (b) loss occasioned by drought or shortage of fuel at any power station or any shortage or reduced supplies of electricity by any authority.

Transit extension

(if stated in the Schedule)

The Policy is hereby extended to include Loss or Damage caused by deterioration or contamination to refrigerated goods whilst in transit arising solely from Mechanical or Electrical Breakdown of the Refrigeration Machinery attached to the carrying vehicle. Loss or damage resulting from impact puncture collision, overturning, engine failure or shortage of fuel of the carrying vehicle is specifically excluded. The Limit of Liability under this section shall not exceed that amount specified in the Schedule. Where the policy is based on turnover the Insured shall declare the actual turnover achieved and the premium shall be adjusted up or down as the case may be taking into account any deposit premium.

Stock in process extension

(if stated in the Schedule)

The Policy is hereby extended to include Loss or Damage caused by deterioration or contamination to goods/stock in process arising from an indemnifiable event as defined in the Company's Standard Machinery Breakdown Policy to plant and equipment insured thereon. The Limit of Liability under this section shall not exceed that amount specified in the Schedule.



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Engineering Insurance

Section 2. Business interruption section

Insuring clause

The Insurance is in respect of loss following interruption of or interference with the business in consequence of sudden and unforeseen physical damage occurring during the period of insurance to the plant and machinery stated in the schedule in respect of which payment has been made or liability admitted under the Machinery Breakdown Policy.

Liability shall be deemed to have been admitted if such payment is precluded solely because the Insured is required to bear the first portion of the loss.

The Company will indemnify the Insured in accordance with the provisions of the specification hereinafter set out.

Specific conditions

1. The Insurance under this section shall cease if the business is wound up or carried on by a liquidator or judicial manager or is permanently discontinued, except with the written agreement of the Company.
2. On the happening of any Damage in consequence of which a claim may be made under this section the Insured shall, with due diligence do and concur in doing and permit to be done all things which may be reasonably practicable to minimise or check any interruption of or interference with the business or to avoid or diminish the loss and in the event of a claim being made under this section shall, not later than thirty days after the expiry of the indemnity period, or within such further time as the Company may in writing allow, at their own expense deliver to the Company in writing a statement setting forth particulars of their claim together with details of all other insurances covering the loss or any part of it or consequential loss of any kind resulting therefrom. No claim under this section shall be payable unless the terms of this specific condition have been complied with and in the event of non-compliance therewith in any respect any payment on account of the claim already made shall be repaid to the Company forthwith.

Item 1 - Gross profit (difference basis)

The Insurance under this item is limited to loss of gross profit due to

1. reduction in turnover and
2. increase in cost of working;

and the amount payable as indemnity hereunder shall be

1. in respect of reduction in turnover the sum produced by applying the rate of gross profit to the amount by which the turnover during the indemnity period shall in consequence of the Damage fall short of the standard turnover.
2. in respect of increase in cost of working the additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the reduction in turnover which but for that expenditure would have taken place during the indemnity period in consequence of the Damage, but not exceeding the sum produced by applying the rate of gross profit to the amount of the reduction thereby avoided.

Less any sum saved during the indemnity period in respect of such of the charges and expenses of the business payable out of gross profit as may cease or be reduced in consequence of the Damage, provided that the amount payable shall be proportionately reduced if the sum insured in respect of gross profit is less than the sum produced by applying the rate of gross profit to the annual turnover where the maximum indemnity period is 12 months or less or the appropriate multiple of the annual turnover where the maximum indemnity period exceeds 12 months.

Item 1- Gross profit (additions basis)

The Insurance under this item is limited to loss of gross profit due to

1. reduction in turnover and
2. increase in cost of working;

and the amount payable as indemnity hereunder shall be

1. in respect of reduction in turnover the sum produced by applying the rate of gross profit to the amount by which the turnover during the indemnity period shall in consequence of the Damage fall short of the standard turnover.
2. in respect of increase in cost of working the additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the reduction in turnover which but for that expenditure would have taken place during the indemnity period in consequence of the Damage, but not exceeding the sum produced by applying the rate of gross profit to the amount of the reduction thereby avoided less any sum saved during the indemnity period in respect of such of the insured standing charges as may cease or be reduced in consequence of the Damage, provided that the amount payable shall be proportionately reduced if the sum insured in respect of gross profit is less than the sum produced by applying the rate of gross profit to the annual turnover where the maximum indemnity period is 12 months or less or the appropriate multiple of the annual turnover where the maximum indemnity period exceeds 12 months.

Memorandum

If any standing charges of the business are not insured under this section, then in computing the amount recoverable hereunder as increase in cost of working that proportion only of the additional expenditure shall be brought into account which the sum of the net profit and the insured standing charges bears to the sum of the net profit and all the standing charges.

Item 2 - Revenue

The Insurance under this item is limited to

1. loss of revenue and
2. increase in cost of working;

and the amount payable as indemnity hereunder shall be

1. in respect of loss of revenue the amount by which the revenue during the indemnity period shall in consequence of the Damage fall short of the standard revenue;
2. in respect of increase in cost of working the additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the loss of revenue which but for that expenditure would have taken place during the indemnity period in consequence of the Damage, but not exceeding the amount of loss of revenue thereby avoided;

less any sum saved during the indemnity period in respect of such of the charges and expenses of the business payable out of revenue as may cease or be reduced in consequence of the Damage, provided that the amount payable shall be proportionately reduced if the sum insured in respect of revenue is less than the annual revenue where the maximum period is 12 months or less or the appropriate multiple of the annual revenue where the maximum indemnity period exceeds 12 months.

Item 3 - Additional increase in cost of working

The Insurance under this item is limited to additional expenditure (not recoverable under other items) incurred with the consent of the Company during the indemnity period in consequence of the Damage for the purpose of maintaining the normal operation of the business.

Definitions

Indemnity period: The period beginning with the occurrence of the damage and ending not later than the period described against each item as detailed in the schedule during which the results of the business shall be affected in consequence of the Damage but the Company shall not be liable for the amount of the loss arising during the "Time Excess" as detailed in the Plant Inventory.

Revenue: The money paid or payable to the Insured for goods sold and for services rendered in the course of the business at the premises.

Gross profit (difference basis): The amount by which

1. the sum of the turnover and the amount of the closing stock shall exceed;
2. the sum of the amount of the opening stock and the amount of the uninsured costs.

The amount of the opening and closing stocks shall be arrived at in accordance with the Insured's normal accountancy methods, due provision being made for depreciation.

Uninsured costs: As specified in the Schedule (the words and expressions used shall have the meaning usually attached to them in the books and accounts of the Insured).

Gross profit (additions basis): The sum produced by adding to the net profit the amount of the insured standing charges, or if there is not net profit, the amount of the insured standing charges less such proportion of any net trading loss as the amount of the insured standing charges bears to all the standing charges of the business.

Net profit: The net trading profit (exclusive of all capital receipts and accretions and all outlay properly chargeable to capital) resulting from the business of the insured at the premises after due provision has been made for all standing and other charges including depreciation, but before the deduction of any taxation chargeable on profits.

Insured standing charges: As specified in the Schedule.

Standard turnover

Standard revenue

The turnover (revenue) during the period in the twelve months immediately before the date of the Damage which corresponds with the indemnity period

Annual turnover

Annual revenue

The turnover (revenue) during the twelve months immediately before the date of the Damage

Rate of gross profit

The rate of gross profit earned on the turnover during the financial year immediately before the date of the Damage.

to which such adjustments shall be made as may be necessary to provide for the trend of the business and for variations in or other business circumstances affecting the business either before or after the Damage or which would have affected the business had the Damage not occurred, so that the figures thus adjusted shall represent as nearly as may be reasonably practicable the results which but for the Damage would have been obtained during the relative period after the Damage.

Note: If the Damage occurs before the completion of the first year's trading of the business at the premises, the value of the bracketed terms shall be calculated by using values proportionate to the results obtained during the period between the commencement of business and the date of the Damage.

Memorandum

If during the indemnity period goods shall be sold or services shall be rendered elsewhere than at the premises for the benefit of the business either by the Insured or by others on their behalf, the money paid or payable in respect of such sales or services shall be brought into account in arriving at the turnover or revenue during the indemnity period.

Extensions and clauses

Accountant's clause

Any particulars of details contained in the Insured's books of account or other business books or documents which may be required by the Company under this section for the purpose of investigating or verifying any claim hereunder, may be produced and certified by the insured's auditors or professional accountants and their certificate shall be prima facie evidence of the particulars and details to which it relates.

Accumulated stocks clause

In adjusting any loss, account shall be taken and an equitable allowance made if any shortage in turnover or revenue due to the Damage is postponed by reason of the turnover or revenue being temporarily maintained from accumulated stocks.

Departmental clause

If the business is conducted in departments or branches, the independent trading results of which are ascertainable, the provisions under Items 1 (gross profit) or 2 (revenue) relating to reduction in turnover/revenue and increase in cost of working, shall apply separately to each department or branch affected by the Damage except that if the sum insured by the relative item is less than the aggregate of the (annual revenue) (sums produced by applying the rate of gross profit) for each department or branch, whether or not affected by the Damage (to the relative annual turnover thereof) (proportionately increased if the number of months referred to in the definition of indemnity period exceeds twelve), the amount payable shall be proportionately reduced.

Deposit Premium clause

In consideration of the premium by Items 1 or 2 being provisional in that it is calculated on 75 percent of the sum insured, the premium is subject to adjustment on expiry of each period of insurance as follows:

In the event of the gross profit/revenue earned (proportionately increased if the number of months referred to in the definitions of indemnity period exceeds twelve) during the financial year most nearly concurrent with any period of insurance being less or greater than 75 percent of the sum insured thereon, a pro rata return or additional premium not exceeding $33\frac{1}{3}$ percent of the provisional premium paid for such period of insurance will be made in respect of the difference.

In the event of a claim being made under this section, the amount paid or payable thereon shall be regarded as actually earned.

Output (alternative basis) clause

At the option of the Insured the term output may be substituted for the term turnover and for the purpose of this section output shall mean the sale or transfer value, as shown in the Insured's books, of goods manufactured or processed by the Insured at the premises provided that

1. only the meaning of output or the meaning of turnover shall be operative in connection with any one event resulting in interruption.
2. if the meaning of output be used
 - (a) the accumulated stocks clause shall be inoperative;
 - (b) the memo at the end of the definitions shall read:

if during the indemnity period goods shall be manufactured or processed other than at the premises for the benefit of the business either by the Insured or by others on behalf of the Insured, the sale or transfer of such goods shall be brought into account in arriving at the output during the indemnity period.

Salvage sales clause

If the insured shall hold a salvage sale during the indemnity period clause (a) of Item 1 (gross profit) shall for the purposes of such claim read as follows:

1. In respect of reduction in turnover the sum produced by applying the rate of gross profit to the amount by which the turnover during the indemnity period (less the turnover for the period of the salvage sale) shall, in consequence of the Damage, fall short of the standard turnover, from which sum shall be deducted the gross profit actually earned during the period of the salvage sale.

Public utilities (if so stated in the Schedule)

Loss as insured resulting from interruption of or interference with the business in consequence of total or partial failure of the public supply of water, gas or electricity to the premises of the Insured shall be deemed to have resulted from Damage (as within defined) provided that this section does not cover loss resulting from damage directly or indirectly caused by

1. drought;
2. pollution of water;
3. shortage of fuel or water;
4. a fault on any part of the installation belonging to the premises;
5. the exercise of an authority empowered by law to supply water, gas or electricity of its power to withhold or restrict supply unless such withholding or restriction is directly attributable to Damage to property of such authority;
6. any event described in general exception 1 and 2.

For the purpose of this extension, it is understood that the Indemnity Period shall commence **24 hours** after the failure and end not later than **14 days** after such failure.

New and proto-type machinery clause

There shall be no insurance in force in terms of this section of the Policy in respect of

1. new plant and/or machinery until at least thirty consecutive days of trouble-free running have been completed by such plant and/or machinery.
2. proto-type plant and/or machinery until at least three consecutive months or that period which the Company may require to be completed of trouble-free running by such plant and/or machinery.

Or in the case of 1 and 2 above such other periods that may be agreed with the Company and endorsed hereon.

Wages extension (if so stated in the Schedule)

This extension is limited to loss incurred by the Insured by the payment of Wages for a period beginning with the occurrence of the Damage and ending not later than the number of weeks stated in the Schedule but excluding the amount of loss arising during the Time Excess as detailed in the Schedule.

The amount payable as indemnity shall be the actual amount which the Insured shall pay as Wages for such period to employees whose services cannot, in consequence of the Damage be utilised by the Insured at all, and an equitable part, based upon shortage in production, of the wages paid for such period to employees whose services cannot, in consequence of the Damage be utilised by the insured to the full.

Provided that if the sum insured in respect of Wages shall be less than the aggregate amount of the Wages that would have been paid during the specified number of weeks immediately following the Damage had the Damage not occurred, the amount payable shall be proportionately reduced.

For the purposes of this extension the term Wages shall mean wages and/or salaries other than those insured as a standing charge under Gross Profit.

“Hire of machinery” extension (if so stated in the Schedule)

The policy is extended in respect of Hiring Costs incurred by the Insured during the Period of Indemnity specified in the Schedule for the hire of similar substitute plant and equipment of equal performance and capacity consequent upon indemnifiable damage occurring to the Insured Property listed on the underlying Machinery Breakdown policy commencing after the number of days specified in the schedule as the Time Excess and ending not later than the period specified in the schedule as the Indemnity Period less any costs that may cease or be reduced in consequence of the indemnifiable loss or damage. Payment under this section of the Policy will be paid out proportionately over the period of the loss in the ratio that the Sum Insured bears to the Indemnity Period.

“Maximum demand charges” extension (if so stated in the Schedule)

Following indemnifiable damage to plant insured on the underlying machinery breakdown policy resulting in an increased electrical maximum demand charge during the Indemnity Period the policy is so extended to cover the difference between normal demand charges and the billed maximum demand charges subject to the limits specified in the increased cost of working section of the policy.



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Engineering Insurance

Section 3. Computer/Electronic Data processing equipment section

Specification - Section 1: Material damage

Insuring clause

The insurance is in respect of physical loss of or damage to Property belonging to or leased by the Insured as described in the schedule from any cause not hereinafter excluded whilst contained within the Insured's premises, in transit or at any other short term temporary premises.

Exceptions to section 1

The Company will not indemnify the insured in respect of:

1. Derangement unless accompanied by physical damage otherwise covered by this Policy.
2. Loss or damage to the Insured Property which is covered in terms of a maintenance or service agreement whether in force or not.
3. Loss or damage arising from faults or defects in the Insured Property known to the Insured or his responsible employees at the time this insurance was arranged or during the currency of the insurance and not disclosed to the Company, or any consequences thereof.
4. Wastage of material or the like or wearing away or wearing out of any part of the Insured Property caused by or naturally resulting from ordinary usage or working or other gradual deterioration or scratching of painted or polished surfaces.
5. Exchangeable or expendable parts such as (but not limited to) bulbs valves tubes fuses contacts if such parts are damaged as a result of physical loss or damage as provided for by the policy to other parts of the insured Property the Company shall indemnify the insured for the residual value prior to the loss of such exchangeable parts.
6. The cost of reproducing data whether recorded on cards, tapes, disks or otherwise, unless specifically provided for herein.
7. Loss of use of the Insured Property or other consequential loss, damage or liability of whatsoever nature other than losses specifically provided for herein.
8. Loss by theft or disappearance of the Insured Property
 - (a) from the premises specified or any other temporary premises unless
 - (i) occasioned by fraudulent means / impersonation or,
 - (ii) accompanied by visible forcible and violent entry or exit to or from any premises or;
 - (iii) entry to the premises specified is effected by use of a skeleton key or other similar device (excluding a duplicate key) provided that the Insured shall establish to the satisfaction of the Company that such a skeleton key or device was used.

Exclusion 8(a) does not apply to laptops / notebooks / palmtops.

- (b) in transit from a motor vehicle in the custody or control of the Insured or employee unless
 - (i) the insured property is obscured from view in a closed compartment within the vehicle;
 - (ii) when unattended the vehicle is closed and securely locked;
 - (iii) when held overnight in the vehicle the vehicle must be held within a secure protected environment;
 - (iv) by necessity and beyond the control of the driver the property is left unprotected following hijacking accident or breakdown of the vehicle.

In respect of b (i), (ii), (iii) and (iv) (where applicable) theft or disappearance must be occasioned by visible forcible and violent means.

Basis of indemnification

1. Partial loss

If the Insured Property suffers damage the basis of indemnification shall be the costs and expenses reasonably and necessarily incurred to restore the damaged property to its working condition immediately before the occurrence of the damage including the costs of dismantling re-erection as well as ordinary freight and customs dues provided that

- (a) the value of parts which can be used in any way whatsoever will be deducted.
- (b) the costs of any alteration, addition, improvement or overhaul carried out at the time of repair are not recoverable under this Policy.
- (c) if without the consent of the Company, temporary repairs are carried out by the Insured in the interests of safety or to minimise further loss or damage to the insured Property, the cost of such temporary repairs will be borne by the Company. In the event that the temporary repairs aggravate the loss or cause additional loss or damage to the Insured Property, any additional costs so incurred or consequences arising therefrom will be for the account of the insured.
- (d) where the damage is restricted to a part or parts of an insured item, the Company shall not be liable for an amount greater than the value of such part or parts which are lost or damaged as allowed for within the Sum Insured.

2. Total loss

The amount payable shall be the cost of reinstatement of property insured lost or destroyed to its condition when new, provided that

- (a) reinstatement shall mean replacement of any item lost destroyed or damaged beyond repair by new property of equal performance and/or capacity or if such be impossible its replacement by new property having the nearest higher performance and/or capacity to the item lost or damaged including any ordinary freight and erection costs, dues and customs duties, and the cost of removing (if applicable) the destroyed equipment less the value of any salvage.
- (b) reinstatement shall be carried out without delay and in the most economical manner.
- (c) where any property insured is damaged or lost in part only the Company's liability shall not exceed the cost of reinstatement had it been wholly lost.
- (d) no payment shall be made until reinstatement has been carried out. If reinstatement is not carried out the amount payable shall be the cost of indemnifying the insured provided such cost does not exceed the cost of reinstatement.

Memoranda to section 1

Memorandum 1 - Laptops / Portables / Programmes / Dongles

Unless otherwise stated

1. Computer Equipment belonging to the Insured as described in their assets register (list lodged/or to be lodged) with the Company at the commencement of this period of Insurance will exclude laptops, palmtops, portable units, programmes, dongle controlled software packages and general software.
2. the cover in respect of laptops palmtops and other similar portable units is applicable worldwide.
3. laptops palmtops and other similar portable units along with programmes (software) and dongle controlled software packages must be listed separately on the schedule.

Memorandum 2 - Tenants

This insurance will not be invalidated by any act or neglect on the part of a tenant of the Insured (where the Insured owns the building) or another tenant or the owner of the building (where the Insured is a tenant provided that the Insured notifies the insurer as soon as such an act or neglect comes to his knowledge and pays on demand the appropriate additional premium.

Memorandum 3 - Security and warranties

The insurance by this policy is deemed to include any security requirements or security warranties imposed by any other policy of insurance issued by this Company pertinent to the risk in respect of any premises containing Insured Property.

Memorandum 4 - Transit

Unless otherwise stated by endorsement any loss or damage occasioned during transit is limited to P100,000.

Memorandum 5 - Surge arrestor condition

No indemnity for loss or damage arising from lightning or power surge will be provided unless surge arrestors are installed on the insured premises on all data lines, power supply plugs to electrical distribution boards.

Memorandum 6 - Burglar alarm warranty

In respect of any premises stated in the schedule to be subject to this condition at which a burglar alarm must be installed, it is a condition precedent to the liability of the company warranted that

1. the burglar alarm installed at the premises shall be activated and be made fully operative whenever the premises are not open for business unless the principal, partner, director or employee of the insured is on the premises.
2. such alarm shall be maintained in proper working order but the insured shall be deemed to have discharged their liability therefore if they have maintained their obligations under a contract with the suppliers or service Engineers of the alarm system.
3. the insured shall maintain in force a contract with a security firm providing the services of an armed reaction unit to respond to burglar alarm incidences at the premises.

Specification - Section II: Consequential loss

Insuring clause

The insurance provided by this section of the Policy (if specified) shall include:

1. Increased cost of working

All additional costs and expenses necessarily and reasonably incurred by the Insured during the Indemnity Period for the sole purpose of preventing or minimising the interruption of or interference with the Business.

The indemnity period shall be that period during which the results of the business shall be affected in consequence of the loss or damage commencing the number of days shown in the Schedule under "Time Excess" after the occurrence of the loss or damage and ending not later than the period shown under "Indemnity Period".

Each and every occurrence giving rise to a claim for losses incurred during the time excess stated in the Schedule shall be the responsibility of the insured for any expenditure for which provision is made and of any expenditure by the Company in the exercise of any discretion it may have under this insurance. If the expenditure incurred by the Company shall include losses incurred during the time excess of which the insured is responsible, such amount shall be paid by the Insured to the Company forthwith.

Provided that the Company shall have the benefit of any saving in expenditure during the indemnity Period as a result of the loss or damage.

Any property insured by Section I (material damage) and cover provided for in Section II (Consequential Loss) part 2 are specifically excluded from the increased cost of working provided herein.

2. Reconstitution of data

All costs and expenses necessarily and reasonably incurred by the Insured for the reinstatement of data comprising the costs of time to reinstall and re-configure operating systems reinstall and render operational proven licensed software packages and to re-enter data lost as the result of indemnifiable loss.

The cost of software packages specially written or otherwise loss of data emanating from operation of the system including errors in programming incorrect entry the effects of magnetism erasure or destruction/corruption of data is excluded. It is conditional that the Insured shall back up data records no less frequently than seven days and retain duplicate records away from the insured's premises.

Provided that

The insurance stated in 1 and 2 above is consequent upon indemnifiable loss or damage being admitted as provided for in Section 1 of the Policy notwithstanding Exception 2 Section 1.

Specific exceptions to section II

1. Fines and damages

The Company shall not be liable to indemnify the insured in respect of fines or damages for breach of contract for late or non-completion of orders or any penalties of whatsoever nature.

2. Loss of profit

The Company shall not be liable to indemnify the Insured in respect of loss of profit or consequential loss of whatsoever nature unless specifically provided for herein.

Memoranda to Section II

1. Reinstatement

Notwithstanding anything to the contrary contained in this Policy, it is hereby declared and agreed that, in the event of any interruption, following loss or damage, being aggravated by

- (a) the Insured being unwilling to replace or reinstate property destroyed or damaged, or failing to carry out such replacement or reinstatement, within a reasonable time, or
- (b) additions, alterations or improvements being effected to the Insured property on the occasion of its repair the Insurers liability under this Section, shall be related solely to the business interruption which would have arisen in the absence of (a) and (b).

2. Prevention of Access

If during the Indemnity Period the business at the Premises be interrupted or interfered with in consequence of the Insured being prevented from having access to the Insured Property situated at the premises caused by damage to premises near or adjacent to those occupied by the Insured as described in the Schedule by fire, lightning, explosion, storm, tempest, flood, water inundation, earthquake, impact by vehicles, the Insurer shall indemnify the Insured for loss resulting from such interruption or interference in accordance with the provisions contained herein

provided always that

- (a) the Insured is not entitled to indemnity as provided for in this memorandum under any other policy or policies.
- (b) this Policy shall not be brought into contribution with any other policy or policies bearing a like memorandum.

3. Telkom Land Access Lines Extension (if stated in the Schedule)

Subject to the limits specified in the schedule Consequential Loss as provided for under 1 and 2 of Section II of the Policy arising from accidental failure of the Telkom Land Access Lines is included provided always that the insurance under this extension shall be subject to the following special conditions below:

4. Failure of Electricity Supply Extension (if stated in the Schedule)

Subject to the limits specified in the schedule Consequential Loss as provided for under 1 and 2 of Section II of the Policy arising from accidental failure of the public supply of electricity at the terminal ends of the supply authorities' service feeders at the premises is included provided always that the insurance under this extension shall be subject to the following special conditions below:

Special Conditions applicable to Memos 3 and 4

- (a) The liability of the Company shall not exceed the sum insured by this Policy.
- (b) The Indemnity Period in respect of increased cost of working shall commence 24 hours after the failure and end not later than 14 days after such failure.
- (c) The insurance provided in Memo 3 does not cover loss occasioned by the deliberate act of Telkom nor by the exercise by Telkom of its power to withhold or restrict access to its lines.
- (d) (i) The Insurance provided in Memo 4 does not cover loss occasioned by the deliberate act of any electrical supply authority of its power to restrict supply or
(ii) loss occasioned by drought or shortage of fuel at any power station.

5. Incompatibility of computer media

If so extended the indemnity shall include the costs of

- (a) modification of the Computer equipment, or
- (b) replacement of Computer Media together with the restoration of data or software on such media, whichever is the lesser amount to achieve compatibility in the event that the loss of Computer Equipment covered by Section 1 has resulted in undamaged Computer Media being incompatible with the replacement Computer Equipment.

Provided that the amount payable shall not exceed in respect of any one occurrence twenty per cent (20%) of the Sums Insured in respect of Sections 1 and 2 in the aggregate or P25,000 whichever is the lesser amount unless otherwise stated.

General Exclusion Applicable to Section I and II

The company will not indemnify the Insured for loss damage liability increased costs reinstatement of data or any other consequential loss of whatsoever nature arising out of or in connection with or precipitated by the action of any virus, Trojan, worm or other similar disruptive influence.

Special Exception

Viruses

The company shall not indemnify the Insured for loss or damage of whatsoever nature arising directly or indirectly out of or in connection with the action of any computer virus, Trojan or worms or any other similar invasive programmes.



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Engineering Insurance

Section 4. Medical practice all risks insurance section

Specification - Section 1: Material damage insurance clause

The insurance is in respect of physical loss of or damage to Medical Equipment belonging to or leased by the insured as described in the schedule from any cause not hereinafter excluded whilst

1. contained within the Insured's premises at work or at rest in transit or at any other short term temporary premises.
2. being dismantled removed, cleaned, inspected, overhauled or re-erected within the Insured's premises.

Exceptions to section 1

The Company will not indemnify the insured in respect of

1. the deductible stated in the schedule.
2. derangement unless accompanied by physical damage otherwise covered by this Policy.
3. loss or damage to the Insured Property which is covered in terms of an acceptable maintenance or service agreement whether in force or not.
4. loss or damage arising from faults or defects in the Insured Property known to the Insured or his responsible employees at the time this insurance was arranged or during the currency of the insurance and not disclosed to the Company, or any consequences thereof.
5. wastage of material or the like of wearing away or wearing out of any part of the Insured Property caused by or naturally resulting from ordinary usage or working or other gradual deterioration or scratching of painted or polished surfaces.
6. exchange or expendable parts such as (but not limited to) bulbs valves tubes X-ray tubes, cathode ray tubes, thermionic ray tubes fuses contacts. If such parts are damaged as a result of physical loss or damage as provided for the policy to other parts of the insured Property the Company shall indemnify the insured for the residual value prior to the loss of such exchangeable parts.
7. the cost of reproducing data whether recorded on cards, tapes, disks or otherwise, unless specifically provided for herein.
8. loss of use of the Insured Property or other consequential loss, damage or liability of whatsoever nature other than losses specifically provided for herein.
9. loss by theft or disappearance of the Insured Property
 - (a) from the premises specified or any other temporary premises unless
 - (i) occasioned by fraudulent means / impersonation, or
 - (ii) accompanied by visible forcible and violent entry or exit to or from any premises, or
 - (iii) entry to the premises specified is effected by use of a skeleton key or other similar device (excluding a duplicate key) provided that the Insured shall establish to the satisfaction of the Company that such a skeleton key or device was used.
 - (b) in transit from a motor vehicle in the custody or control of the Insured or employee unless
 - (i) the insured property is obscured from view in a closed compartment within the vehicle.
 - (ii) when unattended the vehicle is closed and securely locked.
 - (iii) when held overnight in the vehicle the vehicle must be held within a secure protected environment.
 - (iv) by necessity and beyond the control of the driver the property is left unprotected following hijacking accident or breakdown of the vehicle.

In respect of (b) (i), (ii), (iii) and (iv) (where applicable) theft or disappearance must be occasioned by visible forcible and violent means.

Basis of Indemnification

1. Partial Loss

If the Insured Property suffers damage the basis of indemnification shall be the costs and expenses reasonably and necessarily incurred to restore the damaged property to its working condition immediately before the occurrence of the damage including the costs of dismantling re-erection as well as ordinary freight and customs dues provided that

- (a) the value of parts which can be used in any way whatsoever will be deducted.
- (b) the costs of any alteration, addition, improvement or overhaul carried out at the time of repair are not recoverable under this Policy.

- (c) if without the consent of the Company, temporary repairs are carried out by the Insured in the interests of safety or to minimise further loss or damage to the insured Property, the cost of such temporary repairs will be borne by the Company. In the event that the temporary repairs aggravate the loss or cause additional loss or damage to the Insured Property, any additional costs so incurred or consequences arising therefrom will be for the account of the insured;
- (d) where the damage is restricted to a part or parts of an insured item, the Company shall not be liable for any amount greater than the value of such part or parts which are lost or damaged as allowed for within the Sum Insured.
- (e) The insured item shall be regarded as totally destroyed (i) if repair costs (as defined) equal or exceed the new replacement value in respect of items under two years of age or (ii) if repair costs (as defined) equal or exceed the market value in respect of items older than two years.

The market value shall be calculated on the basis that for each year of life (or part thereof) the present day new replacement value of an identical machine/unit is reduced proportionately over a period of 10 years subject always to a minimum residual indemnification of 25% should the condition of average not apply.

2. Total Loss

The amount payable shall be the cost of reinstatement of property insured lost or destroyed to its condition when new provided that

- (a) reinstatement shall mean replacement of any item lost, destroyed or damaged beyond repair within the first two years of purchase when new by new property of equal performance and/or capacity or if such be impossible its replacement by new property having the nearest higher performance and/or capacity to the item lost or damaged including any ordinary freight and erection costs, dues and customs duties, and the cost of removing (if applicable) the destroyed equipment less the value of any salvage.
- (b) reinstatement shall be carried out without delay and in the most economical manner.
- (c) where any property insured is damaged or lost in part only the Company's liability shall not exceed the cost of reinstatement had it been wholly lost.
- (d) no payment shall be made until reinstatement has been carried out. If reinstatement is not carried out the amount payable shall be the cost of indemnity the insured provided such cost does not exceed the cost of reinstatement.
- (e) where property insured is older than two years when damaged or lost, repair, replacement or reinstatement will not exceed the market value. The local market value of the Medical Equipment immediately before the loss being the value of similar equipment of equal age size output or capacity.

Memoranda to Section 1

Memorandum 1 - Tenants

This insurance will not be invalidated by any act or neglect on the part of a tenant of the Insured (where the Insured owns the building) or another tenant or the owner of the building (where the Insured is a tenant) provided that the Insured notifies the insurer as soon as such an act or neglect comes to his knowledge and pays on demand the appropriate additional premium.

Memorandum 2 - Security and Warranties

The insurance by this policy is deemed to include any security requirements or security warranties imposed by any other policy of insurance issued by this Company pertinent to the risk in respect of any premises containing Insured Property.

Memorandum 3 - Transit

Unless otherwise stated by endorsement any loss or damage occasioned during transit is limited to P100,000.

Specification - Section II : Consequential loss - Loss of Income following Medical equipment breakdown

Insuring clause

The insurance provided by this section of the Policy (if specified) shall include:

1. Increased cost of working

All additional costs and expenses necessarily and reasonably incurred by the Insured during the Indemnity Period for the sole purpose of preventing or minimising the interruption of or interference with the Business.

The indemnity period shall be that period during which the results of the business shall be affected in consequence of the loss or damage commencing the number of days shown in the Schedule under "Time Excess" after the occurrence of the loss or damage and ending not later than the period shown under "Indemnity Period"

Each and every occurrence giving rise to a claim for losses incurred during the time excess stated in the Schedule shall be the responsibility of the insured for any expenditure for which provision is made and of any expenditure by the Company in the exercise of any discretion it may have under this insurance. If the expenditure incurred by the Company shall include losses incurred during the time excess of which the insured is responsible, such amount shall be paid by the Insured to the Company forthwith.

Provided that the Company shall have the benefit of any saving in expenditure during the indemnity Period as a result of the loss or damage.

Any property insured by Section I (material damage) and cover provided for in Section II (Consequential Loss) part 2 are specifically excluded from the increased cost of working provided herein.

2. Reconstitution of Data

All costs and expenses necessarily and reasonably incurred by the Insured for the reinstatement of data comprising the costs of time to reinstall and reconfigure operating systems reinstall and render operational proven licensed software packages and to re-enter data lost as the result of indemnifiable loss.

The cost of software packages specially written or otherwise loss of data emanating from operation of the system including errors in programming incorrect entry the effects of magnetism erasure or destruction/corruption of data is excluded. It is conditional that the Insured shall back up data records no less frequently than seven days and retain duplicate records away from the insured's premises.

Provided that

the insurance stated in 1 and 2 above is consequent upon indemnifiable loss or damage being admitted as provided for in Section 1 of the Policy notwithstanding Exception 2 Section 1.

Specific Exceptions to Section II

1. Fines and Damages

The Company shall not be liable to indemnify the insured in respect of fines or damages for breach of contract for late or non-completion of orders or any penalties of whatsoever nature.

2. Loss of Profit

The Company shall not be liable to indemnify the Insured in respect of loss of profit or consequential loss of whatsoever nature unless specifically provided for herein.

Memoranda to section II

1. Reinstatement

Notwithstanding anything to the contrary contained in this Policy, it is hereby declared and agreed that: In the event of any interruption, following loss or damage, being aggravated by

- (a) the Insured being unwilling to replace or reinstate property destroyed or damaged, or failing to carry out such replacement or reinstatement, within a reasonable time, or
- (b) additions, alterations or improvements being effected to the Insured property on the occasion of its repair the Insurers liability under this Section, shall be related solely to the business interruption which would have arisen in the absence of (a) and (b).

2. Prevention of access

If during the Indemnity Period the business at the Premises be interrupted or interfered with in consequence of the Insured being prevented from having access to the Insured Property situated at the premises caused by damage to premises near or adjacent to those occupied by the Insured as described in the Schedule by fire lightning explosion storm tempest flood water inundation earthquake impact by vehicles the Insurer shall indemnify the Insured for loss resulting from such interruption or interference in accordance with the provisions contained herein provided always that

- (a) the Insured is not entitled to indemnity as provided for in this memorandum under any other policy or policies.
- (b) this Policy shall not be brought into contribution with any other policy or policies bearing a like memorandum.

3. Telkom land access lines extension (if stated in the Schedule)

Subject to the limits specified in the schedule Consequential Loss as provided for under 1 and 2 of Section II of the Policy arising from accidental failure of the Telkom Land Access Lines is included provided always that the insurance under this extension shall be subject to the following special conditions below.

4. Failure of electricity supply extension (if stated in the Schedule)

Subject to the limits specified in the schedule Consequential Loss as provided for under 1 and 2 of Section II of the Policy arising from accidental failure of the public supply of electricity at the terminal ends of the supply authorities' service feeders at the premises is included provided always that the insurance under this extension shall be subject to the following special conditions below.

Special conditions applicable to memos 3 and 4

- (a) The liability of the Company shall not exceed the sum insured by this Policy.
- (b) The Indemnity Period in respect of increased cost of working shall commence 24 hours after the failure and end not later than 14 days after such failure.
- (c) The insurance provided in Memo 3 does not cover loss occasioned by the deliberate act of Telkom nor by the exercise by Telkom of its power to withhold or restrict access to its lines.
- (d)
 - (i) The Insurance provided in Memo 4 does not cover loss occasioned by the deliberate act of any electrical supply authority of its power to restrict supply or
 - (ii) loss occasioned by drought or shortage of fuel at any power station.

5. Incompatibility of computer media/medical equipment

If so extended the indemnity shall include the costs of

- (a) modification of the Computer/Medical equipment, or
- (b) replacement of Computer Media together with the restoration of data or software on such media whichever is the lesser amount to achieve compatibility in the event that the loss of Computer/Medical Equipment covered by Section I has resulted in undamaged Computer Media incompatible with the replacement Computer/Medical Equipment.

Provided that the amount payable shall not exceed in respect of any one occurrence twenty per cent (20%) of the Sums Insured in respect of Sections 1 and 2 in the aggregate or P25,000 which ever is the lesser amount unless otherwise stated.

General exclusion applicable to section I and II

The Company will not indemnify the Insured for loss damage liability increased costs reinstatement of data or any other consequential loss of whatsoever nature arising out of or in connection with or precipitated by the action of any virus Trojan worm or other similar disruptive influence.

Section III - Loss of revenue / Loss of income following medical equipment breakdown insuring clause

The Insurance is in respect of loss following interruption of or interference with the business in consequence of sudden and unforeseen physical, electrical or mechanical breakdown occurring during the period of insurance to the medical equipment stated in the schedule in respect of which payment has been made or liability admitted under the Medical Equipment Breakdown section of the policy.

Liability shall be deemed to have been admitted if such payment is precluded solely because the Insured is required to bear the first portion of the loss.

The Company will indemnify the Insured in accordance with the provisions of the specification hereinafter set out.

Specific conditions

1. The Insurance under this section shall cease if the business is wound up or carried on by a liquidator or judicial manager or is permanently discontinued, except with the written agreement of the Company.
2. On the happening of any Damage in consequence of which a claim may be made under this section the Insured shall, with due diligence do and concur in doing and permit to be done all things which may be reasonably practicable to minimise or check any interruption of or interference with the business or to avoid or diminish the loss and in the event of a claim being made under this section shall, not later than thirty days after the expiry of the indemnity period or within such further time as the company may in writing allow, at their own expense deliver to the Company in writing a statement setting forth particulars of their claim together with details of all other insurances covering the loss or any part of it or consequential loss of any kind resulting therefrom. No claim under this section shall be payable unless of this specific condition have been complied with and in the event of non-compliance therewith in any respect any payment on account of the claim already made shall be repaid to the Company forthwith.

Basis of loss settlement

The Insurance under any item covering REVENUE / INCOME is limited to:

1. In respect of Loss of Gross Revenue / Income - The amount by which the Gross Revenue / Income during the indemnity Period shall, in consequence of the Damage, fall short of the Standard Gross Revenue / Income.

2. In respect of increased Cost of Working - The additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the loss of Gross Revenue / Income which but for that expenditure would have taken place during the Indemnity Period in consequence of the Damage but not exceeding the amount of there deduction in Gross Revenue / Income thereby avoided and the amount payable as indemnity hereunder shall be
 - (a) in respect of reduction in turnover the sum produced by applying the rate of gross profit to the amount by which the turnover during the indemnity period shall in consequence of the Damage fall short of the standard turnover.
 - (b) in respect of increase in cost of working the additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the reduction in turnover which but for that expenditure would have taken place during the indemnity period in consequence of the Damage, but not exceeding the sum produced by applying the rate of gross profit to the amount of the reduction thereby avoided.

Less any sum saved during the Indemnity Period (eg Re-bookings of patients) in respect of such of the working expenses and standing charges of the business as may cease or be reduced in consequence of the Damage. Provided that if the sum insured, by the sum insured, by this item be less than the Annual Gross Revenue / Income the amount payable shall be proportionately reduced.

Definitions

Gross revenue / Income

The money paid or payable to the Insured in respect of work done and services rendered in the course of the business at the premises.

Standard gross revenue / Income

The Gross Revenue / Income during the period in the 12 months immediately before the date of the Damage which corresponds with he Indemnity Period.

Annual gross revenue / Income

The Gross Revenue / Income during the 12 months immediately before the date of the Damage to which such adjustments shall be made as may be necessary to provide for the trend of business and for variations in or SPECIAL CIRCUMSTANCES affecting the business either before or after the Damage of which would have affected the business had the Damage not occurred so that the figures thus adjusted shall represent as nearly as may be reasonably practicable the actual results after the Damage.

Indemnity period

The period beginning with the occurrence of the damage and ending not later than the period described against each item as detailed in the schedule during which the results of the business shall be affected in consequence of the Damage but the Company shall not be liable for the amount of the loss arising during the "Time Excess" as detailed in the Plant Inventory.

Special memoranda

Memo 1: If during the Indemnity Period work shall be done or services shall be rendered elsewhere than at the premises for the benefit of the business either by the Insured or by other on their behalf the money paid or payable in respect of such work or services shall be brought into account in arriving at the Gross Revenue Income during the Indemnity Period.

Memo 2: In the event of any interruption, following the Damage being aggravated by

- (a) obsolescence of any medical equipment or spare parts.
- (b) the Insured being unwilling to replace or reinstate property destroyed or damaged, or failing to carry out such replacement or reinstatement, within a reasonable time.
- (c) additions, alteration or improvements being effected to the Insured Property on the occasion of its repair.

The Insurers liability under this Section, shall be related solely to the business interruption which would have arisen in the absence of such obsolescence, unwillingness, failure or additions, alterations and improvements by the Insured.

Memo 3: **Public Utilities** (if so stated in the Schedule)

Loss as insured resulting from interruption of or interference with the business in consequence of total or partial failure of the public supply of water, gas or electricity to the premises of the Insured shall be deemed to have resulted from Damage (as within defined) provided that this section does not cover loss resulting from damage directly or indirectly caused by

- (a) drought;
- (b) pollution of water;
- (c) shortage of fuel or water;
- (d) a fault on any part of the installation belonging to the premises;
- (e) the exercise of an authority empowered by law to supply water, gas or electricity of its power to withhold or restrict supply unless such withholding or restriction is directly attributable to Damage to property of such authority;
- (f) any event described in general exception 1 and 2.

For the purpose of this extension, it is understood that the Indemnity Period shall commence 24 hours after the failure and end not later than 14 days after such failure.

Special exceptions on the memoranda

1. The Insurers shall not be liable for any costs or Extra Expenses incurred as a result of
 - (a) interruption of/or interference with the business due to additions, alterations or improvements being effected to the damaged item of the Insured property on the occasion of its repair.
 - (b) re-recording or recompiling data except where specifically insured in terms of this policy.

2. **New and proto-type machinery clause**

There shall be no insurance in force in terms of this section of the Policy in respect of

- (a) new medical equipment, plant and/or machinery until at least thirty consecutive days of trouble-free running have been completed by such plant and/or machinery.
- (b) proto-type medical equipment, plant and/or machinery until at least three consecutive months or that period which the Company may require to be completed of trouble-free running by such plant and/or machinery.

Or in the case of (a) and (b) above such other periods that may be agreed with the Company and endorsed hereon.

3. **Wages extension** (if so stated in the Schedule)

This extension is limited to loss incurred by the Insured by the payment of Wages for a period beginning with the occurrence of the Damage and ending not later than the number of weeks stated in the Schedule but excluding the amount of loss arising during the Time Excess as detailed in the Schedule.

The amount payable as indemnity shall be the actual amount which the Insured shall pay as Wages for such period to employees whose service cannot, in consequence of the Damage be utilised by the Insured at all, and an equitable part, based upon shortage in production, of the wages paid for such period to employees whose services cannot, in consequence of the damage be utilised by the insured to the full.

Provided that if the sum insured in respect of Wages shall be less than the aggregate amount of the Wages that would have been paid during the specified number of weeks immediately following the Damage had the Damage not occurred, the amount payable shall be proportionately reduced.

For the purposes of this extension the term Wages shall mean wages and/or salaries other than those insured as a standing charge under Gross Profit.



ZURICH[®]

Engineering Insurance

Section 5.

Plant all risks section

Specification - Sections I, II and III

Section I - Material damage - Own plant (Own use or hired out)

Insuring clause

The insurance is in respect of Physical Loss of or Damage to the Insured Property as described in the schedule occurring within the Territorial Limits from any cause not hereinafter excluded.

Section II - Hiring costs consequent upon indemnifiable loss or damage as insured under section I or section III insuring clause (A)

Insuring clause

The insurance granted by this section of the Policy is in respect of Hiring Costs incurred by the insured during the Period of Indemnity specified in the schedule for the hire of similar substitute plant and equipment of equal performance and capacity consequent upon indemnifiable damage occurring to the Insured Property listed under Section I of the policy or insured in terms of Section III Insurance Clause (A).

Section III - Legal liability (Material damage only) and continuing hire charges

In respect of

- (a) Plant hired during the normal course of the business and
- (b) Plant hired in following indemnifiable loss under Section I.

Insuring clause (A)

The insurance granted by this section of the Policy is in respect of the Insured's Legal Liability under the terms of the Hiring Agreement entered into to pay compensation for loss or damage to the Plant hired in but always subject to the limits terms conditions and exclusions of the policy.

Insuring clause (B)

The insurance granted by this section of the Policy is in respect of the Insured's liability under the terms of the Hiring Agreement entered into to pay continuing Hire Charges following loss or damage to the Plant Hired in indemnifiable under Section III (A).

In addition to Section III (A) and (B) the Company will where legal proceedings have been defended with the Company's written consent pay all legal expenses that the Insured may be liable for.

Exceptions to section I and III (A)

The Company will not indemnify the Insured in respect of

1. (a) the amount specified in the schedule as the excess at any one site.
If at any site more than one item of Plant described in the schedule suffers physical loss or damage in any one occurrence the excess shall be the highest single excess applicable to such items.
- (b) a double excess will be applicable on all theft and/or hi-jack claims.
- (c) an excess of 20% of claim with a minimum of P15,000 will be applicable to all malicious damage claims i.r.o. mobile plant.

If the Plant is fitted with a approved tracking device and the tracking device is operational and in a good working condition, if theft took place within a area that is covered by the tracking company, then the additional excess for theft/hi-jacking will be waived.

2. Loss or damage caused by any initial and or uninterrupted train of events arising solely from electrical/mechanical breakdown or failure of Insured Property.
Should
 - (a) other extraneous loss or damage arise to Insured Property as a result of such electrical/mechanical breakdown or failure then such loss or damage is not excluded.
 - (b) otherwise indemnifiable loss or damage give rise to electrical/mechanical breakdown or failure then such breakdown is not excluded.
3. Loss of damage to Insured Property comprising
 - (a) exchangeable or expendable units parts attachments and tools of limited life span such as but not restricted to bits drills blades crushing surfaces sieves screens cutting heads ropes cables belts batteries tyres or other components regularly replaced unless caused as a consequence of other indemnifiable loss or damage whereupon the Company will pay an amount representing the depreciated residual value of such excluded items.
 - (b) bits drills strings whilst being used as a tool of trade for under surface drilling raise or blind hole box boring machinery unless agreed by endorsement.
4. Loss or damage to operating media unless as a consequence of indemnifiable loss or damage to the insured items.
5. Loss or damage arising from wear and tear gradual deterioration rust or other atmospheric action caused by or naturally resulting from ordinary usage or working but other indemnifiable loss or damage arising from the aforementioned is not excluded.
6. Loss or damage to waterborne vessels or craft or plant thereon.
7. Loss or damage arising from faults or defects in the Insured Property known to the Insured or his responsible employees at the time this insurance was arranged or during the currency of the insurance and not disclosed to the Company, or any consequences thereof.
8. Loss or damage arising from Tandem or Multi-Lifting Operations unless specifically agreed to by the Company.
9. Damage discovered during routine servicing unless associated with a specific incident, or loss of any insured Property by disappearance or shortage when such loss is revealed upon the making of a routine inventory or stocktaking.
10. Loss or damage occurring whilst any item of Insured Property is undergoing tests of any kind deliberately overloaded or is being used in a manner or for any purpose other than that for which it is designed.
11. Loss or damage whilst underground unless otherwise agreed by endorsement.
12. Consequential loss or liability of any nature whatsoever loss of use or depreciation other than as specifically provided elsewhere within the Policy. Liquidated damages or penalties for delay or detention or in connection with guarantees of performance or efficiency.
13. Loss or damage arising from detention, confiscation, destruction or requisition by Customs or other officials or Authorities.
14. Loss or damage to goods on the hook.

Basis of Indemnification Section I and III (A)

1. Partial loss

If the Insured Property suffers damage the basis of indemnification shall be the costs and expenses reasonably and necessarily incurred to restore the damaged Property to its working condition immediately before the occurrence of the damage including the costs of dismantling re-erection as well as ordinary freight and customs dues provided that

- (a) the value of damaged parts which can be used in any way whatsoever will be deducted.
- (b) the costs of any alteration addition improvement or overhaul carried out at the time of repair are not recoverable under this Policy.
- (c) if without the consent of the Company temporary repairs are carried out by the Insured in the interests of safety or to minimise further loss or damage to the Insured Property the cost of such temporary repairs will be borne by the Company. In the event that the temporary repairs aggravate the loss or cause additional loss or damage to the Insured Property any additional costs so incurred or consequences arising therefrom will be for the account of the Insured.
- (d) where the damage is restricted to a part or parts of an insured item, the Company shall not be liable for an amount greater than the value of such part or parts which are lost or damaged as allowed for within the Sum Insured.

2. Total Loss

In the event that the Insured Property is totally lost or destroyed the amount payable shall be the cost of removing the damaged property (limited to removal costs of 15% of the claim) less the value of the remains plus

- (a) the cost of replacing or reinstating on the same site property of equal performance capacity and age but not superior to or more extensive than the insured item insofar as is practicable, or
- (b) the local open market value of the insured item immediately before the damage took place such value to be calculated by deducting reasonable equitable depreciation from the installed new replacement value of the item (always subject to a minimum value of 25% of the installed New Replacement Value but subject proportionally where applicable in terms of Condition 11) whichever is the lower.

The insured item shall be regarded as totally destroyed if the repair costs (as defined under partial loss) equal or exceed the value as defined in 2 (b) above immediately before the accident.

Memo to basis of indemnification section I and III (A) (Average)

1. Should the basis of insurance on this policy be related to a Market Value Sum Insured then should the Insured Property be of greater Market Value at the time of any loss than the Sum Insured hereon then the Insured shall be considered as being their own Insurer for the difference and shall bear a rateable proportion of the loss accordingly.
2. Should the basis of insurance be related to First Loss or Agreed Value Sums Insured then payment in the event of loss or damage will only be made up to such sums insured or the Market Value whichever is the lower unless special arrangement by endorsement has been made.

In all cases of Sums Insured reflecting anything other than New Replacement Value any reference to payment in settlement of a minimum % value of the installed New Replacement Value is deleted.

Section II

Consequent upon indemnifiable loss or damage (but for the application of the excess) being admitted under Section I or Section III (A) of the Policy the amount payable as indemnity under Section II of the Policy shall be the additional expenditure necessarily and reasonably incurred by the Insured from the date of the loss for the costs of hiring similar equivalent substitute plant for the period commencing after the number of days specified in the schedule as the Time Excess and ending not later than the period specified in the schedule as the Indemnity Period less any costs that may cease or be reduced in consequence of the indemnifiable loss or damage. Payment under this section of the Policy will be paid out proportionately over the period of the loss in the ratio that the Sum Insured bears to the Indemnity Period and will cease 1 day after completion of repairs or 7 days after any cash settlement in lieu of repairs or replacement or the end of the indemnity period whichever is the earlier. Any costs in this regard arising from extended outage caused by alteration addition improvement or overhaul carried out at the time of repair are excluded. The sum insured stated in the Schedule will be regarded as a first loss sum insured.

Section III (B)

Consequent upon indemnifiable loss or damage (but for the application of the excess) being admitted under Section III (A) of the Policy, the amount payable is limited to the Insured's liability in terms of the Hiring Agreement to pay continuing hire charges for the period commencing after the number of days specified in the schedule as the Time Excess and ending not later than the period specified in the schedule as the Indemnity Period. Payment under this section of the Policy will be paid out proportionately over the period of the loss in the ratio that the Sum Insured bears to the Indemnity Period. The sum insured stated in the Schedule will be regarded as a first loss sum insured.

Memorandum 1

Where the policy is based on Plant Hired In/Out and the premium is

1. based on the value of the Plant Hired In/Out there is no adjustment.
2. based on (a) fees charged for the hiring in of plant, or
(b) fees received for the hiring out of plant,

the premium shall be regarded as a deposit premium. At the end of the period of insurance the premium will be adjusted up or down in accordance with the declaration save for any minimum deposit premium.

As a consequence of 2(b) unless otherwise agreed to by endorsement the cover afforded by the policy is restricted to loss or damage arising to the Plant Hired Out whilst under the control of the hirer or in transit to/from the hirer.

Memorandum 2

The insurance granted under Section I, II, and III of the Policy shall not be applicable to vehicles used in general road transportation other than dump trucks, water carriers and other similar site vehicles owned hired or leased by the Insured unless agreed to by endorsement.

Memorandum 3 - Credit shortfall extension (if so stated in the Schedule)

If any total loss settlement under Section I is less than the amount owing to the financier under a current instalment sale or lease agreement, the Company will pay the insured an additional amount equal to the shortfall less

1. any arrears instalments or rentals including interest payable on such arrears.
2. all refunds of premium for cancellation of any insurance cover relating to the Insured Property.
3. the increased instalments or rentals that would have been paid had there been no residual capital value at the end of the finance period, calculated to the month in which the claim is settled.
4. the first amount payable under Section I.

Provided always that

- (a) the amounts payable shall not exceed the maximum indemnity less the first amount payable under Section I.
- (b) this endorsement shall not apply to an agreement whereby the amount of any single instalment other than the final residual amount after the initial payment differs by more than 10 percent from any other instalment.
- (c) if such shortfalls is as a result of a re-advance under an instalment sale or refinancing in terms of a lease the insurance by this extension shall be void.

Provided that the company be notified, at inception of the policy or any renewal thereof, of the property insured and the amounts of any credit shortfall per item. Consequent upon this the sum(s) insured should be representative of the insured value plus the amount of credit shortfall per item (inclusive of VAT) these figures should be adjusted annually.

Memorandum 4 - No claim bonus (if so stated in the Schedule)

Should there be no amounts payable by the insurers in respect of claims on the property insured during the first year and subsequent years of insurance then the premium will be discounted in the following manner until a maximum discount of 35% is reached.

Year One	The full premium applies.
Year Two	The full premium less 15% of the full premium applies.
Year Three	The full premium less 20% of the full premium applies.
Year Four	The full premium less 25% of the full premium applies.
Year Five	The full premium less 30% of the full premium applies.
Year Six	The full premium less 35% of the full premium applies.

This extension shall apply collectively to all items owned by the insured and listed on the policy and not to individual items.

Should additional items be added to the policy after inception of the policy then the same scale of discounts to the premiums will apply from year one in respect of such additional items.

Should any amounts be payable by the insurers at any time then the premiums at the following renewal will revert to year one.

Memorandum 5 - Hiring costs option (if so stated in the Schedule)

The basis of indemnification under Section II of the policy is as stated but with the following available options 1 or 2 of indemnification necessarily and reasonably incurred up to the amounts specified. Option 1 is only available for plant that can be repaired.

Should similar equivalent substitute plant be unavailable then with the insurers consent

1. the insured hiring costs may be paid out proportionally not exceeding the daily limit up to but not exceeding the amounts necessary to honour any outstanding normal lease or hire instalments shortfall on the affected item during the period of repair (less 1, 2, 3 and 4 of Memo 3 where applicable)
or
2. the insured may hire in higher capacity substitute plant at a higher daily cost until such time as the sum insured is exhausted.

In both 1 and 2 above the following proviso applies:

Payment will cease 1 day after completion of repairs, all costs incurred being within the indemnity period.

Memorandum 6 - Repatriation clause

Losses occurring outside South Africa.

Should indemnifiable loss or damage occur to Insured Property beyond the borders of South Africa the amount payable by the Company will not exceed the costs that would have arisen had the loss occurred within the borders of South Africa unless otherwise stated.

Memorandum 7 - Recovery costs

If the insured property suffers damage costs and expenses reasonably and necessarily incurred to recover the damage property will be limited to 15% of the sum insured of the item with a maximum of P50,000 any one loss.



ZURICH[®]

Engineering Insurance

Section 6.

Transit and erection

Insuring clause

The Insurance is in respect of Physical Loss of or Damage to Engineering Plant and Machinery (the Property Insured) as described arising out of the performance of the Operations all as specified in the schedule within the Territorial Limits from any cause not herein after excluded.

The Operations

Dismantling:

Disconnection dismantling or stripping into component form including packing of the Insured Property prior to movement.

Positioning / Resiting:

Movement of the Insured Property.

Storage:

Storage of the Insured Property (Period limit 1 month unless otherwise agreed).

All at the site specified

Transit:

(1) Full All Risks including loading and off-loading, or
(2) fire, collision and overturning only,
including and arising out of (1) and (2) any unplanned deviation of route and associated storage (storage limit 1 month).

Erection:

Erection (as defined in Memo 1) of the Insured Property at the designated site.

Testing:

Restricted to new equipment only.

Maintenance:

Maintenance or Guarantee period (as defined in Memo 2) commencing upon completion of Erection of the Insured Property. Limited to 12 months.

Repair:

Repair modification or overhaul of the Insured Property.

Demonstration:

Demonstration of the Insured Property at the situation designated.

Exhibition:

Exhibition or Display of the Property Insured at the situation designated.

Employers Property:

Property adjacent to the Insured Property in terms of Memo 3 (surrounding property).

Third Party Liability:

Liability to Third Parties.

The Exceptions

The Insurers will not indemnify the insured in respect of:

1. Loss or damage arising from faults or defects in the Insured Property known to the Insured or his responsible employees at the time this insurance was arranged or during the currency of the insurance and not disclosed to the Company, or any consequences thereof.
2. Unexplained losses or shortfalls revealed only by a routine stocktaking or inventory.
3. (a) The cost of repairing replacing reinstating or making good that part of the Property Insured which is itself defective in material workmanship design plan or specification. If any such defect gives rise to loss or damage which but for this exception is insured under this Policy the Insurers shall in respect of such damage be liable for costs additional to the costs that would have been incurred in rectifying such defects had the resultant damage not occurred.
(b) Redesign, improvement, betterment or alteration on the occasion of repair, replacement, reinstatement or making good the loss or damage.
4. Normal wear and tear gradual deterioration due to atmospheric conditions or otherwise rust erosion corrosion or oxidisation unless caused as a direct result of loss or damage which is otherwise insured by this Policy.
5. Consequential loss of whatsoever nature other than as provided for elsewhere in the Policy liquidated damages or penalties for delay or detention or in connection with guarantees of performance or efficiency.
6. Where applicable, loss of or damage to any item of new property due to its own explosion breakdown or derangement occurring after 30 days (not necessarily consecutive) on which the property has operated under load conditions prior to the commencement of the proving/maintenance period. The 30-day limit shall be exclusive of any period during which pneumatic, hydrostatic, electrical, insulation, continuity or polarity tests and the individual operation of auxiliaries have been carried out.
7. Loss damage or liability arising from electrical/mechanical breakdown or explosion of any item of used property or plant.
8. Loss of or damage to the Insured Property or part thereof occurring during any guarantee or maintenance period other than from that cover afforded by Memo 2. (if so stated in the Schedule.)
9. Loss of or damage to refractories arising from the application or withdrawal of heat.

Basis of indemnification

1. Partial loss

If the Insured Property suffers damage the basis of indemnification shall be the costs and expenses reasonably and necessarily incurred to restore the damaged property to its working condition immediately before the occurrence of the damage including the costs of dismantling re-erection as well as ordinary freight and customs dues provided that

- (a) the value of parts which can be used in any way whatsoever will be deducted.
- (b) the costs of any alteration, addition, improvement or overhaul carried out at the time of repair are not recoverable under this Policy.
- (c) if without the consent of the Company, temporary repairs are carried out by the Insured in the interests of safety or to minimise further loss or damage to the insured Property, the cost of such temporary repairs will be borne by the Company. In the event that the temporary repairs aggravate the loss or cause additional loss or damage to the Insured Property, any additional costs so incurred or consequences arising therefrom will be for the account of the insured.
- (d) where the damage is restricted to a part or parts of an insured item, the Company shall not be liable for an amount greater than the value of such part or parts which are lost or damaged as allowed for within the Sum Insured.

2. Total loss

The amount payable shall be the cost of reinstatement of property insured lost or destroyed to its condition when new provided that

- (a) reinstatement shall mean replacement of any item lost destroyed or damaged beyond repair by new property of equal performance and/or capacity or if such be impossible its replacement by new property having the nearest higher performance and/or capacity to the item lost or damaged including any ordinary freight and erection costs, dues and customs duties, and the cost of removing (if applicable) the destroyed equipment less the value of any salvage.
- (b) reinstatement shall be carried out without delay and in the most economical manner.
- (c) where any property insured is damaged or lost in part only the Company's liability shall not exceed the cost of reinstatement had it been wholly lost.
- (d) no payment shall be made until reinstatement has been carried out. If reinstatement is not carried out the amount payable shall be the cost of indemnifying the insured provided such cost does not exceed the cost of reinstatement.

Basis of Indemnification: Buildings and structures

In the case of fixed permanent structures and buildings forming part of the contract or being Insured Employers Property the Insurers will in the event of loss or damage which forms a valid claim under this policy have the option to repair, replace, reinstate or pay cash in lieu thereof.

Basis of indemnification: Machinery

In the case of machinery forming part of the contract or being Insured, Employers Property.

1. Partial loss

If the insured machinery suffers damage the basis of indemnification shall be the costs and expenses reasonably and necessarily incurred to restore the damaged machinery to its working condition immediately before the occurrence of the damage including the costs of gaining access dismantling re-erection as well as ordinary freight and customs dues provided that

- (a) the value of parts which can be used in any way whatsoever will be deducted.
- (b) the costs of any alteration addition improvement or overhaul carried out at the time of repair or replacement are not recoverable under this Policy.
- (c) if without the consent of the Company temporary repairs are carried out by the Insured in the interests of safety or to minimise further loss or damage to the Insured Property the cost of such temporary repairs will be borne by the Company. In the event that the temporary repairs aggravate the loss or cause additional loss or damage to the Insured Property any additional costs so incurred or consequences arising therefrom will be for the account of the Insured.
- (d) where the damage is restricted to a part or parts of an insured item the Company shall not be liable for an amount greater than the value of such part or parts which are lost or damaged as allowed for within the Sum Insured.

2. Total Loss

In the event that the plant or machinery is totally destroyed the amount payable shall be the cost of removing the damaged machinery less the value of the remains, plus

- (a) the cost of replacing or reinstating on the same site machinery of equal size output or capacity but not superior to or more extensive than the insured item insofar as is practicable, or
 - (b) (i) the local market value of the machinery immediately before the loss being the value of similar machinery of equal age size output or capacity.
 - (ii) where similar machinery is not available the amount payable shall be the installed new replacement value of the nearest higher equivalent machinery depreciated by normally accepted industrial rates of depreciation prevailing in the local market,
- whichever is the lower of (a) or (b) (i) and (ii).

The insured item shall be regarded as totally destroyed if the repair costs (as defined under 1 Partial Loss) equal or exceed the values as defined in 2(b) (i) or (ii) (whichever is applicable) immediately before the loss. No depreciation will be applied to machinery under 3 years of age. In any event the Sum Insured in the schedule or free form endorsement plus any other Insured supplementary costs will not be exceeded.

Memo to basis of indemnification 2 Total loss

Should the basis of Insurance between the Insured and the Company comprise mutually agreed and accepted amounts of indemnity stated by free form endorsement then the amounts claimable under 1 Partial Loss, will be as stated and 2 Total Loss, will be the mutually agreed and accepted amounts stated in the free form endorsement.

Memo – Market value

For each year of life or part thereof the present day new replacement value of the Insured Property of equal size output performance or capacity or if such be unobtainable the nearest higher size output performance or capacity property to carry out the same function reduced proportionately over a period of 20 years always subject to a residual indemnification of 20%.

Memorandum 1 - Erection (if so stated in the Schedule)

From time of commencement of erection at the place designated until

1. in the case of new property; the completion of erection or installation including (where applicable) all intermediate testing followed by a final testing/commissioning period of 30 days or part thereof (accumulative) or handover/takeover by the Principal, whichever is the earlier date.
2. in the case of used property as above in 1 but intermediate or final testing/commissioning of used property is excluded.

Memorandum 2 - Maintenance (if so stated in the Schedule)

Accidental loss of or damage to Insured Property or Plant occurring after the completion of erection (as defined) and arising from or occasioned by

1. any defective workmanship or the use of any defective materials which may have occurred during erection prior to the commencement of maintenance.
 2. negligence of the Insured or his employees in the course of any operations carried out by the Insured or his employees in pursuance of the insured's obligations under the contract for erection,
- and occurring during the Maintenance Period shown in the Schedule.

Provided that under this definition there will be no insurance in respect of Used Property or Plant unless agreed to by endorsement.

Memorandum 3 - Employers property ((surrounding property) if stated in the Schedule)

Property (other than contract works or construction plant and equipment used or intended for use on the insured contract) being worked on which is the responsibility contractually or otherwise or in the care custody and control of the contractor and arising from or in connection with the insured contract provided that this indemnity shall only operate to the extent that indemnity is not obtained under any other policy of insurance effected for the benefit of the insured.

Memorandum 4 - Declaration (Contracts)

The premium specified in the schedule shall be regarded as a deposit premium. With regard to

1. one off contracts the premium is calculated by applying an agreed rate to the estimated contract value.
2. (a) annual policies the premium is calculated by applying an agreed rate to the estimated annual turnover, or
- (b) when the annual policy is based on fees the premium is calculated by applying an agreed rate to the estimated annual fees to be generated.

The premium shall at the end of the period of insurance either short term or annual be adjusted in the following manner:

1. By the submission of the actual value of the contract.
2. (a) By the actual contractual turnover expended during the period.
- (b) By the actual fees generated during the period.

Which will be applied in all cases to the agreed rates designated for the section applicable and the premium adjusted accordingly with payment being made by or due to the Insured as the case may be.

Memorandum 5 - Cancellation

Condition 12 is replaced by the following which is applicable only to Annually Renewable policies

Unless otherwise agreed this policy or any portion thereof may be cancelled by the insurers or the insured by giving 30 days notice in writing to the other party.

Upon non-renewal or cancellation of this policy, the indemnity shall continue in force, unless the insured advises to the contrary, for any contract in process or for which tenders have been awarded prior to the renewal date or the expiry of the period of notice and shall continue in force until completion of such contract(s) (including any maintenance or defects liability period as may be described in the contract or in this policy) provided that any contract that is awarded be commenced before expiry of 90 days after the termination of the period of notice or renewal date and on completion of such contracts after cancellation or non renewal the premium shall be further adjustable on the appropriate values as provided for in Memorandum 4.

Memorandum 6 - Third Party liability extension (if so stated in the Schedule)

The indemnity

1. All amounts which the insured is or may become legally liable to pay as compensation or damages or costs and expenses arising out of or in connection with
 - (a) accidental death of or injury to or illness or disease of any person;
 - (b) accidental loss of or damage to property;arising directly out of and happening in connection with the performance of the insured contract and occurring during the period of insurance.
2. All costs and expenses incurred with the consent of the insurers in connection with the defence, settlement or investigation of any claim under this insurance.

Limit of indemnity

The maximum liability of the insurers in respect of each claim or all claims of a series consequent on or attributable to one source or original cause shall not exceed the limit of indemnity stated in the specification.

Memoranda

1. War risks

In respect of this section, general exception 1 is deleted and replaced by:

- (a) This section does not cover injury damage or liability for any consequence of war, invasion, act of foreign enemy, hostilities, (whether war be declared or not) civil war, rebellion, mutiny, revolution, insurrection or usurped power.

2. Additional insureds

The insurers shall where required by the insured also indemnify in like manner to the insured, as if a separate insurance had been issued in respect of each of any such

- (a) person(s) with whom the insured enter into an agreement in connection with the contract but only to the extent that it is a requirement of such agreement.
- (b) partner, director or employee of the insured.
- (c) personal representatives of the insured and of any person treated as the insured.
- (d) official or member or employee of any social, canteen, medical, civil defence, security, sports, welfare, first aid, fire, ambulance or similar service or organization in respect of any activities or business thereof.
- (e) occupier of residential property owned or leased by the insured.

Provided that all persons so treated as the insured shall, as though they were the insured, observe, fulfill and be subject to the terms of this insurance insofar as they can reasonably apply to such persons.

3. Cross liabilities

Where the insured comprises more than one person this insurance shall apply to each such insured person separately and not jointly and as if a separate policy had been issued in respect of each of such insured persons.

4. Legal defence costs extension (if included in the schedule)

Notwithstanding the exceptions or anything else herein contained to the contrary, the insurers shall indemnify the insured (not necessarily consequent upon death or injury to any person or loss or damage to any property) against costs and expenses incurred with the consent of the insurers in the defence of any legal action brought against the insured arising from an alleged contravention of any statute or duty at common law, provided that

- (a) in the case of an appeal the insurers will not indemnify the insured unless a senior council approved by the insurers advises that such appeal should in his opinion succeed.
- (b) the insurers will not indemnify the insured in respect of any fine or penalty imposed by any magistrate or judge nor any loss consequent thereto.
- (c) the liability of the insurers in respect to any one occurrence shall not exceed the amount stated in the schedule.

5. Arrest/assault/defamation extension (if included in the schedule)

Notwithstanding the exceptions or anything else herein contained to the contrary, this insurance is extended to include any legal liability of the insured (not necessarily consequent upon death or injury to any person or loss or damage to any property)

- (a) arising from malicious or wrongful arrest or alleged malicious or wrongful arrest of any person.
- (b) arising from malicious or wrongful assault or alleged malicious or wrongful assault on any person.
- (c) in respect of defamation or alleged defamation whether negligence is imputed or not.

The liability of the insurers in respect of any one occurrence shall not exceed the amount stated in the schedule for each of (a), (b) and (c) above.

6. Emergency medical expenses extension

The insurers shall indemnify the insured in respect of costs and expenses incurred by the insured for such medical treatment as may be reasonable at the time of an occurrence causing injury to any person who may be connected with a claim for indemnity in terms of this insurance.

7. Tenants liability

Exceptions 2(a), 4 and 5 below shall not apply in respect of premises occupied by the insured as tenant (but not as the owner) thereof for the purposes of the insured contract.

Exceptions

The insurers will not indemnify the insured for

1. liability of the insured for death illness or bodily injury or disease sustained by any person under contract of service or apprenticeship with such insured arising out of and in the course of his employment by such insured.
2. liability caused by the ownership or possession by or use under the control of the insured of
 - (a) any motor vehicle or trailer. This exception shall not apply to liability
 - (i) arising out of or in connection with the ownership possession use or operation of any vehicle or trailer as a tool or anything carried therein or thereon attached thereto or used in connection therewith or anything manufactured by or contained therein.
 - (ii) arising beyond the limits of any carriageway or thoroughfare or in connection with the loading or unloading of any vehicle or trailer or the bringing to or taking away a load from any vehicle or trailer.
 - (iii) arising out of or in connection with any vehicle or trailer (including contents) not owned by, hired or leased to the insured whilst on any premises provided by the insured for the purpose of moving or parking such vehicle or trailer.
 - (iv) arising out of or in connection with any detached trailer other than any trailer that has become accidentally detached from a motorised vehicle on a public road.
 - (v) arising out of or in connection with the insured as passenger of any motor vehicle or trailer.
 - (b) any aircraft or watercraft (other than watercraft which are not self-propelled or are less than three (3) tonnes nett mass whilst on inland water ways) other than arising out of the travelling of the insured as passenger in any aircraft or watercraft.
3. liability compulsorily insured under any legislation relating to the use of motor vehicles or trailers.
4. the value or diminution in value of or the cost of repair, reinstatement or replacement of property
 - (a) belonging to or leased by or hired to the insured or movable property which is the subject of bailment for reward to the insured other than
 - (i) property, premises, structures (including contents), plant and equipment temporarily occupied or used by the insured in connection with the contract.
 - (ii) property of directors, employees, tenants or visitors.
 - (iii) property for which the insured provides temporary storage facilities.
 - (iv) property for which liability is assumed by the insured under any agreement entered into with or for which indemnity is given to South African Transport Services, central or local or municipal or provincial or quasi-government authority entity or statutory body.
 - (v) any vehicle or trailer (including contents and accessories of any vehicle or trailer) for which the insured provides or allows parking.

- (b) caused by the intentional removal of lateral support to such property. This exception shall not apply to liability arising out of shock or vibration or negligence of the contractor.
 - (c) being that property on which the insured is working or has worked to the extent that loss or damage to such property results directly from such work. This exception shall be limited to that work which is defective in material or workmanship or design by the insured and which is the cause of loss or damage to property.
5. liability in respect of any payment under any contractual penalty or contractual liquidated damages clause to the extent that such clause increases the insureds liability beyond that which would have existed in the absence of such clause. This exception shall not apply to contracts or agreements entered into in connection with the insured contract or any indemnity required by any municipal or public authority for the purpose of issuing an excavation or similar permit.
 6. the cost of making good faulty workmanship materials or design in any part of the property insured.

Removal of support public liability extension

(if so extended by endorsement)

The indemnity

1. All amounts which the insured is or may become legally liable to pay as compensation or damages of costs and expenses arising out of or in connection with
 - (a) death of or injury to or illness or disease of any person;
 - (b) loss or damage to property;arising out of or in connection with shock or vibration or the removal or weakening of or interference with support to property in the vicinity of the contract site and arising out of or in connection with the insured contract performed within the territorial limits and occurring during the period of insurance.
2. All costs and expenses incurred with the consent of the insurers in connection with the defence settlement or investigation of any claim under this insurance.

Limit of indemnity

The maximum liability of the insurers in respect of each claim or all claims of a series consequent on or attributable to one source or original cause shall not exceed the limit of indemnity stated in the schedule.

Subject otherwise to the terms conditions and exclusions of the policy.



ZURICH[®]

Engineering Insurance

Section 7

Works damage

Insuring clause

The insurance is in respect of physical loss of or damage to the insured Property described in the Schedule arising from impact or collision caused by falling, toppling, dropping, swinging, overturning or collision whilst contained anywhere within the insured's premises.

Schedule

The insured property (if so stated)

Section (I) Plant and Machinery belonging to the Insured (as per the Schedule).

Section (II) Property in the course of manufacture owned by or in the care-custody or control of the Insured.

Section (III) Property whilst being worked upon for the purpose of repair refurbishment or alteration in the care custody or control of the Insured.

In respect of Sections (II) and (III) the cover is restricted to loss or damage as insured occurring, in the case of Section II, during the period of manufacture and in the case of Section III, during the period of repair alteration or refurbishment only.

Specific exclusions

1. Loss or damage occurring to Insured Property during storage after completion of manufacture repair alteration or refurbishment (Section II and III) is excluded unless agreed to by endorsement where upon the cover and conditions will revert to that applicable to Section I.
2. Irrespective of the proximate cause of the damage the indemnity granted by this Policy shall not apply to nor include damage directly or indirectly caused by or arising out of
 - (a) fire extinguishing of a fire explosion direct/indirect lightning strikes.
 - (b) convulsions of nature such as subsidence, landslide, rockfall, storm, flood inundation, hail, snow, earthquake or earthtremor (whether as a result of mining operations or not) or volcanic eruption.
 - (c) theft, collapse of buildings, impact by animals/vehicles/aircraft or other aerial or space devices or objects dropped therefrom, sonic shockwaves.
 - (d) water or water which escapes from water-containing apparatus, leakage or discharge from any sprinkler or other extinguishing agent.
 - (e) Loss or damage arising from faults or defects in the Insured Property known to the Insured or his responsible employees at the time this insurance was arranged or during the currency of the insurance and not disclosed to the Company or any consequences thereof.
3. Damage resulting from deliberate overloading tests or experiments requiring the imposition of abnormal conditions or damage caused due to the misapplication of tools or equipment or damage caused by risks inherent in any trade or manufacturing process.
4.
 - (a) Repair or replacement due to inherent defects, normal wearing away of the material of the Property Insured, slowly developing deformation, distortion or other gradual deterioration but resultant insured events are not excluded hereby.
 - (b) Loss of or damage to refractories exchangeable or expendable parts and tools such as but not limited to bits, cutters, knives, blades, dies, patterned rollers, sieves, chains, belts, ropes, conveyor belts, jointing and packing material, fuses, electrical contacts at which sparking or arcing occurs, heating elements, collecting brushes, but if as the result of other indemnifiable damage provided for by the Policy the above items are damaged then the Company shall indemnify the insured for any remaining residual value.
5. Consequential loss delay or interruption of the business or liability of any nature whatsoever other than losses specifically provided for herein.
6. Damage to any machinery due to Mechanical or Electrical Breakdown.

Basis of Indemnification

1. Partial loss - Section I, II and III

If the insured Property suffers damage the basis of indemnification shall be the costs and expenses reasonably and necessarily incurred to restore the damaged property to its condition immediately before the occurrence of the damage including the costs of dismantling/re-erection as well as ordinary freight and customs dues provided that

- (a) the value of damaged parts which can be used in any way whatsoever will be deducted.
- (b) the costs of any alteration addition improvement or overhaul carried out at the time of repair are not recoverable under this Policy.
- (c) if without the consent of the Company temporary repairs are carried out by the Insured in the interests of safety or to minimise further loss or damage to the Insured Property, the cost of such temporary repairs will be borne by the Company. In the event that the temporary repairs aggravate the loss or cause additional loss or damage to the Insured Property, any additional costs so incurred or consequences arising therefrom will be for the account of the Insured.
- (d) where the damage is restricted to a part or parts of an insured item, the Company shall not be liable for an amount greater than the value of such part or parts which are lost or damaged as allowed for within the Sum Insured.

2. Total Loss

In the event that the plant or machinery is totally destroyed the amount payable shall be the cost of removing the damaged machinery less the value of the remains plus

- (a) the cost of replacing or reinstating on the same site machinery of equal size output or capacity but not superior to or more extensive than the insured item insofar as is practicable, or
- (b) (i) the local market value of the machinery immediately before the loss being the value of similar machinery of equal age size output or capacity;
(ii) where similar machinery is not available the amount payable shall be the installed new replacement value of the nearest higher equivalent machinery depreciated by normally accepted industrial rates of depreciation prevailing in the local market;

whichever is the lower of (a) or (b) (i) and (ii).

The insured item shall be regarded as totally destroyed if the repair costs (as defined under 1 Partial Loss) equal or exceed the values as defined in 2(b) (i) or (ii) (whichever is applicable) immediately before the loss. No depreciation will be applied to machinery under 3 years of age. In any event the Sum Insured in the schedule or free form endorsement plus any other Insured supplementary costs will not be exceeded.

Memorandum to basis of indemnification (2) Total loss

Should the basis of Insurance between the Insured and the Company comprise mutually agreed and accepted amounts of indemnity stated by free form endorsement then the amounts claimable under 1 Partial Loss, will be as stated and 2 Total Loss, will be the mutually agreed and accepted amounts stated in the free form endorsement.

Memorandum - Market value

For each year of life or part thereof the present day new replacement value of the Insured Property of equal size output performance or capacity or if such be unobtainable the nearest higher size output performance or capacity property to carry out the same function reduced proportionately over a period of 20 years always subject to a residual indemnification of 20%.

Basis of Declaration and Premium Adjustment

Section I

The Sum Insured should represent the new replacement value of the Plant and Machinery insured under this section of the Policy at the commencement of the period of insurance. To this value should be applied the agreed rate and the premium determined. The Sum Insured will be reviewed at the commencement of subsequent periods of insurance.

Section II

The Sum Insured should represent a reasonable expectation of the Insured's manufacturing turnover under this section of the Policy at the commencement of the period of insurance. To this turnover should be applied the agreed rate and a deposit premium determined. At the end of the period of insurance the Insured shall declare to the Company within 60 days the actual manufacturing turnover and the premium adjusted accordingly as the case may be. (Subject to any Minimum Deposit Premium.) Premium for subsequent periods of insurance will be determined in like manner.

The manufacturing turnover should include all costs, free issue materials and the like that subscribe to the manufacturing turnover.

Section III

The Sum Insured should represent a reasonable expectation of

1. the value of the goods that will be under the care custody and control of the Insured during the period of insurance as far as is practicable, or
2. the fees generated for the service given by the Insured during the period of insurance.

Whichever is agreed with the Company prior to the commencement of the insurance.

In both cases the value in 1 or 2 shall be applied to the respective rates agreed upon and a deposit premium determined. At the end of the period of insurance the Insured shall declare to the Company within 60 days the actual amounts in 1 or 2 whichever applies and the premium adjusted accordingly as the case may be. (Subject to any Minimum Deposit Premium.) Premium for subsequent periods of insurance will be determined in like manner.