

## MACHINERY BREAKDOWN

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### DEFINED EVENTS

The insurance is in respect of unforeseen and sudden physical damage to the Machinery described in the Schedule from any cause not hereinafter excluded:

- (a) Whilst it is at work or at rest;
- (b) Whilst being dismantled for the purpose of cleaning, inspection and overhaul or removal to another position or in course of these operations themselves or subsequent re-erection.

Within the Insured's Premises

### EXCEPTIONS

The Company shall not be liable to indemnify the irrespective of the original cause in respect of:

1. The amount specified in the Schedule as the first amount payable;
2. Damage due to fire direct lightning explosion extinguishing of a fire or subsequent demolition impact by animals or road vehicles aircraft or other aerial devices or articles dropped there from sonic shock waves, thefts or attempts thereat collapse of buildings, storm flood, inundation escape of water from water-containing apparatus, earthquake subsidence, landslide, avalanche, hurricane, cyclone, volcanic eruption or similar natural catastrophes;
3. Damage due to the imposition of abnormal conditions directly or indirectly resulting from testing intentional overloading or experiments;
4. Damage for which a supplier contractor or repairer is legally responsible by contract or otherwise. If such responsibility is denied and the loss is otherwise insured by this Policy the Company will pay for the loss and in accordance with General Condition 7(b) will be entitled to indemnity subsequently obtained from the supplier, contractor or repairer;
5. Damage due to faults or defects known to the Insured or any of his responsible employees at the time the contract was arranged and not disclosed to the Company;
6. Damage to:
  - (i) Foundations and masonry unless specifically included in and described in the Schedule or Machinery;
  - (ii) Exchangeable and replaceable parts such as bits, drills, knives, saw blades;
  - (iii) Dies, moulds, patterns, blocks, stamps, punches, coatings or engravings on cylinders and rolls;
  - (iv) parts which by their use and/or nature suffer a high rate of wear or depreciation such as crushing, hammering or grinding surfaces, wear plates, screens and sieves, flexible pipes, joining and packing materials, filter cloths, wheels, ropes, belts, straps, elevator and conveyor belts or bands, cables other than electrical conductors, brushes, batteries, tyres, refractory materials, fire bars, burner jets;
  - (v) operating materials such as fuels, chemicals, filter substances, heat transfer media, cleansing agents, lubricants, oils, catalysts;
7. repair or replacement necessitated by wear, corrosion, erosion, deposits of scale, sludge or other sediment or any other direct consequences of progressive or continuous influence from working or atmospheric or chemical action, rust or scratching of painted or polished surfaces;
8. Damage to materials in course of process unless specifically included;
9. Consequential loss or liability except as otherwise proved.

### SUM INSURED

It is a requirement of this insurance that the Sum Insured shall be equal to the cost of replacement of the Insured Machinery by new machinery of the same kind and same capacity, which shall mean its replacement costs including, e.g. freight, dues and customs duties, if any, and erection costs. If the Sum Insured is less than the amount required to be insured, the Company will pay only in such proportion as the Sum Insured bears to the amount required to be insured. Every item, if more than one, shall be subject to this condition separately.

### BASIS OF LOSS SETTLEMENT

- (a) In cases where damage to an Insured item can be repaired – the Company will pay expenses necessarily incurred to restore the damaged machine to its former state of serviceability plus the cost of dismantling and re-erection incurred for the purpose of effecting the repairs as well as ordinary freight to and from a repair shop, customs duties and dues, if any, to the extent such expenses have been included in the Sum Insured. If the repairs are executed at a workshop owned by the Insured, the Company will pay the cost of materials and wages incurred for the purpose of the repairs plus a reasonable percentage to cover overhead charges.
- (b) No deduction shall be made for depreciation in respect of parts replaced, but the value of any salvage will be taken into account.

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(c) If the cost of repairs as detailed herein above equals or exceeds the actual value of the Machinery Insured immediately before the occurrence of the damage, the settlement shall be made on the basis provided for in (d) below.

(d) In cases where an Insured Item is destroyed the Company will pay the actual value of the item immediately before the occurrence of the loss, including costs for ordinary freight, erection and customs duties, if any, provided such expenses have been included in the Sum Insured, such actual value to be calculated by deducting proper depreciation from the replacement value of the item. The Company will also pay any normal charges for the dismantling of the machinery destroyed, but the salvage will be taken into account.

Any extra charges incurred for overtime, night-work on public holidays, express freight, are covered by this insurance only if especially agreed in writing.

The cost of any alteration, additions, improvements or overhauls shall not be recoverable under this Policy.

The costs of any provisional repairs will be borne by the Company if such repairs constitute part of the final repairs, and do not increase the total repair expenses.

The Company will make payments only after being satisfied by production of the necessary bills and documents that the repairs have been affected or replacement has taken place, as the case may be.

The Company may at its option repair, reinstate or replace any item lost or damaged or pay the amount of the loss or damage in money.

The amount of liability shall not exceed in respect of each or any of the items specified in the Schedule the sum set opposite thereto respectively.

### **EXTENSIONS:**

#### **1. Hire Costs**

With the prior consent of the Company, the Company will pay up to a maximum of R5,000 for the reasonable and necessary cost of hiring an alternative item of similar make and model to the insured item during the period of repair or replacement caused by an insured peril.