



# **MACHINERY INSURANCE & LOSS OF PROFIT (Business Interruption) & DETERIORATION OF STOCK POLICY**

Whereas the Insured named in the Schedule hereto has made to the

New National Assurance Company Limited (Hereinafter called "the Insured") a written proposal by completing a questionnaire which, together with any other statements made in writing by the Insured for the purpose of this Policy, is deemed to be incorporated herein;

Now this Policy of Insurance witnesses that, subject to the Insured having paid to the Insurers the premium mentioned in the Schedule and subject to the terms, exclusions, provisions and conditions contained herein or endorsed hereon, the Insurers will indemnify the Insured in the manner and to the extent hereinafter provided.

## **Period of Insurance**

The period beginning with the commencement date of the Period of Insurance shown in the Schedule and ending with the expiry date and any subsequent period for which The Insurer has invited renewal and has accepted the Insured's premium.

## **SECTION 1 - MACHINERY BREAKDOWN**

### **Insuring Clause**

The Insurer(s) will indemnify the Insured in respect of unforeseen and sudden physical damage to the Insured Property described in the Schedule and/or Schedule of Insured Property from any cause not hereinafter excluded:

- (a) whilst it is operating or at rest;
- (b) whilst being dismantled removed repositioned cleaned inspected overhauled or in subsequent re-erection

within the Insured's Premises

This Policy cover shall apply to the insured items after successful completion of commissioning and performance acceptance tests and in respect of used equipment no sooner than 30 days after commissioning.

### **Indemnity**

The Insurers will indemnify the Insured in respect of such loss or damage, as hereinafter provided, by payment in cash, replacement or repair (at the Insurers' option) up to an amount not exceeding in any one year of insurance in respect of each of the items specified in the Schedule the sum set opposite thereto in accordance with the Basis of Indemnity clause and not exceeding in all the total sum insured expressed in the Schedule as insured hereby.

### **Exclusions**

The Insurers shall not be liable for:

1. the Deductible specified in the Schedule and/or Schedule of Insured Property in respect of each and every occurrence or series of occurrences arising out of one event.
2. damage due to:
  - (a) fire extinguishing of a fire direct lightning strikes explosion;
  - (b) theft collapse of buildings impact by animals or vehicles aircraft or other aerial devices or objects dropped there from;
  - (c) water;
  - (d) subsidence landslide storm flood hail snow inundation earthquake or earth tremor volcanic eruption or other convulsion of nature;
3. damage resulting from overloading or any tests or experiments requiring the imposition of abnormal conditions; damage due to misapplication of tools;
4. 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, cavitations, erosion, corrosion, rust, boiler scale but this exception shall not apply to other resultant indemnifiable damage to other parts of the Property Insured.
5. consequential loss or liability of any nature whatsoever other than specifically provided for elsewhere in this Policy.

6. expendable parts and tools (unless specifically detailed in the Schedule of Insured Property) such as but not limited to bits cutters knives blades dies patterned rollers sieves chains belts ropes conveyor bands jointing and packing material.  
  
If such parts or tools are damaged as a result of damage indemnifiable in terms of this Policy the Insurers shall indemnify the Insured for the residual value of such parts or tools.
7. Loss of or damage to refractory linings objects made of glass ceramics operating media lubricants fuels catalysts;
8. Loss or damage for which a supplier, contractor or repairer is responsible either by law or under contract;
9. Loss or damage caused by any faults or defects existing at the time of commencement of this Policy within the knowledge of the Insured or his representatives, whether such faults or defects should have been known to the Insurers or not;
10. Loss or damage arising out of the gross negligence or deliberate or reckless acts of the Insured or its representatives or employees;
11. Loss or damage to the property insured due to the failure to install start-up interlocks and/or surge protection and/or electrical supply monitoring and tripping equipment to protect the property insured against the loss or earth cables/single phasing/unplanned failure of electrical supply/power surges/under-voltage conditions

#### **Basis of Indemnification**

The Insurers reserve the option to repair replace or reinstate any damage indemnifiable in terms of this Section or pay cash in lieu thereof.

The amount payable as indemnity shall be calculated as follows :

- a. In cases where damage to an insured item can be repaired the Insurers shall 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 Insurers shall pay the cost of materials and wages incurred for the purpose of the repairs plus a reasonable percentage to cover overhead charges.  
  
No deduction shall be made for depreciation in respect of parts (other than expendable parts and parts with a short life expectancy in respect of which indemnity shall be limited to residual value) replaced, but the value of any salvage shall be taken into account.
- b. In cases where an insured item is destroyed or repair costs exceed market value the Insurers shall pay the actual value of the item immediately before the occurrence of the loss, including charges for ordinary freight, cost of 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 Insurers shall also pay any normal charges for the dismantling of the machinery

destroyed, but the salvage shall be taken into account. The value of damaged parts which can be used in any way whatsoever shall be deducted.

- c. Costs of alterations additions improvements and overhauls carried out on the occasion of a repair are payable by the Insured.
- d. If a temporary repair is carried out without the consent of the Insurers the cost thereof and all consequences arising therefrom are to be borne by the Insured unless such repairs constitute part of the final repairs to be carried and do not increase the total repair cost or such action minimises any indemnifiable damage under this Policy.
- e. Where the damage is restricted to a part or parts of an insured item the Insurers shall in no event be liable for an amount greater than the value of such part or parts allowed for in the Sum Insured plus dismantling re-erection and freight expenses

### **Definition of New Replacement Property**

Current day purchase price of new Property of the same type equal performance and/or capacity to the insured Machinery plus ordinary freight, customs, duties, taxes, dues, installation and commissioning costs

### **Definition of Market Value**

Current day purchase price of second-hand/used Property of equal performance and/or capacity to the insured Machinery lost or damaged and substantially of similar condition. Where no similar insured property is available the Market Value shall be calculated by deducting from the nearest equivalent Property an amount representing 10% (ten percent) per year subject always to a minimum indemnity of 25% (twenty-five percent) of the current day installed reinstatement Value of the nearest equivalent Property

### **Specific Memoranda**

#### **1. Average**

If the New Replacement Value of the Insured Property shall at the inception of this insurance or any renewal hereof, be greater than the Sum Insured the Insured shall be considered their own insurer for the difference and bear a rateable share of the loss accordingly.

#### **2. Sum Insured**

shall mean the value declared to Insurers representing the New Replacement Value of the Insured Property inclusive of VAT, as at the first day of the Period of Insurance immediately anterior to Damage.

## **SECTION 2 – BUSINESS INTERRUPTION FOLLOWING MACHINERY BREAKDOWN**

(If stated in the schedule to be insured)

### **Insuring Clause**

The Insurers hereby agree with the Insured that if during the period of insurance or any renewal thereof the business carried on by the Insured at the premises specified in the schedule(s) is interrupted or interfered with directly in consequence of an Accident (as defined) of any machinery described in the list of machinery and plant insured, then the Insurers shall in respect of each subject matter Insured indemnify the Insured against the amount of loss as hereinafter defined resulting from such interruption or interference

Provided that the liability of the Insurers in no case exceeds in respect of each subject matter insured in any one year of insurance the sum expressed in the schedule(s) to be insured thereon or in the whole the total sum insured hereby or such other sum or sums as may hereinafter be substituted there for by endorsement signed by or on behalf of the Insurers

In witness whereof the Undersigned being duly authorized by the Insurers and on behalf of the Insurers has (have) hereunto set his (their) hand(s)

### **Exclusions**

This Policy shall not cover any loss resulting from interruption of or interference with the business directly or indirectly attributable to any of the following causes:

1. All exclusions under Section 1 of this policy
2. Shortage, destruction, deterioration of or damage to raw materials, semi-finished or finished products other materials required for proper operation, even if the consequence of material damage to an item indicated in the list of machinery and plant insured is involved;
3. Solidification of the contents of a tank, furnace, cupola or any other container or the consequences thereof
4. Any restrictions on reconstruction of operation imposed by any public authority;
5. Any extension of the repair period due to maintenance, overhaul, improvements, alterations, additions undertaken at the time of a repair or loss or damage to the buildings or fittings and fixtures
6. The insured not being in a financial position or having insufficient capital for repairing or replacing destroyed or damaged machinery immediately after the insured incident;
7. Loss of or damage to any property nor consequential loss of any nature following loss or damage to machinery, mechanical installations or other items which are not insured or specifically listed in the Schedule;

8. Loss of business due to causes such as perils not insured hereunder, suspension, lapse or cancellation of a lease, license or order, etc. which occurs after the date when the machinery affected by an accident is again in operating conditions and the business could have been resumed, if said lease, license or order etc. had not lapsed or had not been suspended or cancelled.

### **Basis of Insurance**

The cover provided under this policy shall be limited to loss of gross profit/gross rental/net revenue due to a reduction in turnover/rental/revenue or an increase in cost of working and the amount payable as indemnity hereunder shall be:

In respect of reduction in turnover/rental/revenue:  
the sum produced by applying the rate of gross profit/gross rental/net revenue to the amount by which the turnover/rental/revenue during the indemnity period, in consequence of the accident, falls short of the standard turnover/rental/revenue.

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/rental/revenue which but for that expenditure would have taken place during the indemnity period in consequence of the accident, 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 the gross profit as may cease or be reduced in consequence of the accident,

Provided that if the sum insured hereunder is less than the sum produced by applying the rate of gross profit to the annual turnover, the amount payable is proportionately reduced.

### **Definitions**

**Gross profit (difference basis)** The amount by which the sum of the turnover and the amount of the closing stock shall exceed 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.

**Gross profit (additions basis)** The sum produced by adding to the net profit the amount of the insured standing charges or, if there is no 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.

### **Specified Working Expenses**

The variable expenses of the business which are not insured by this policy:

1. Turnover and purchase taxes
2. Purchases (less discounts received)

3. Carriage, packing and freight

**Standing Charges**

Operating costs which continue when production fails to commence such as but not limited to salaries, costs which are contractually payable for services and interest on debt (but not repayment of capital debt)

**Turnover**

The money (less discounts allowed) paid or payable to the insured for goods sold and delivered and for services rendered in the course of the business at the premises

**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 rentals**

The money paid or payable to the insured by tenants in respect of rental of the premises and for services rendered.

**Standard turnover/Standard revenue/Standard gross rentals**

The turnover (revenue)(gross rentals) during that period in the 12 months immediately before the date of the Accident which corresponds with the indemnity period

**Indemnity Period and Time Excess**

The period not exceeding the indemnity period limit stated in the list of machinery and plant insured commencing with the occurrence of the accident during which the results of the business are affected in consequence of such accident, provided always that the insurers are not liable for the amount of loss arising during the time excess, such time excess to commence as from the beginning of the interruption of or interference with the business resulting in a claim under this policy.

**Accident**

Unforeseen and sudden physical loss or damage occurring to the Insured Property which is indemnifiable in terms of the Policy Section 1: Machinery Breakdown

**Memoranda and Endorsements**

**Memo 1 – Benefits from other premises**

If during the indemnity period goods are sold or services are rendered elsewhere than at the premises for the benefit of the business either by the insured or by others acting on his behalf, the money paid or payable in respect of such sales or services shall be taken into account in arriving at the turnover achieved during the indemnity period.

**Memo 2 – Premium Adjustment**

The Insured shall declare the actual Gross Profit no later than six months after the expiry of any policy year that the gross profit earned during the accounting period of twelve months most nearly concurrent with any period of insurance, as certified by the insured's

auditors. If the actual Gross Profit was less than the sum insured thereon, a pro rata return of premium not exceeding 15% of the premium paid on the sum insured for such period of insurance shall be made in respect of the difference.

**Memo 3 – Overhauls**

In calculating the loss, due allowance shall be made for the time spent on any overhauls, inspections or modifications carried out during any period of interruption.

**Memo 4 – Benefits after Re-commissioning**

If during a period of six months immediately following the re-commissioning of insured machinery after an accident, the insured derives benefits from deferred sales or from increased production and/or profits as a consequence of an interruption, such benefits shall be taken into account in determining the indemnity payable under this Policy.

**Memo 5 – Reinstatement of Sum Insured**

For the period following the occurrence of an accident up to the end of the policy period the sum insured shall be reinstated by payment of an additional premium on a pro rata basis, such premium to be calculated from that part of the sum insured which corresponds to the indemnity paid; the agreed sum insured shall remain unaltered.

**Memo 6 – Material Damage Cover for Machinery Insured**

It is declared and agreed that Section 2 – Business Interruption shall only operate if the machinery described in the list of machinery and plant insured is insured against machinery breakdown during the period of insurance of this policy.

The Insurers shall not be liable for any losses under this Section of the Policy arising out of loss or damage to new acquisitions (whether new or previously used) unless such machines have operated trouble free under load conditions for 90 days after installation and commissioning

**Special Adjustment Clause**

**Rate of Gross Profit:** The rate of gross profit earned on the turnover during the financial year immediately before the date of the accident

**Standard Turnover:** The Turnover during that period in twelve months immediately before the date of the accident which corresponds to the indemnity period

**Annual Turnover:** The Turnover which the insured would have been able to obtain but for the accident during the twelve months immediately before either the date when the business is no longer affected or when the indemnity period ends, whichever occurs first

To which such adjustments are made as may be necessary to provide for the trend of the business either before or after the accident or which would have affected the business had the accident not occurred, so that the figures thus adjusted represent as nearly as may be reasonably practicable the results which but for the accident would have been obtained during the relative period after the accident.



### **SECTION 3 - DETERIORATION OF STOCK EXTENSION**

(If stated in the schedule to be insured)

The Machinery Insurance Section is extended to include damage by deterioration or contamination of stock owned by or for which the Insured is responsible whilst contained within refrigerators cold rooms or a temperature controlled environment as a direct consequence of:

1. An indemnifiable event as defined to insured machinery described in the Section 1 of the Policy
2. The escape of refrigerant following an indemnifiable event as defined to insured machinery described in the Machinery Insurance Schedule.
3. Accidental and visible damage to the permanent structure of the cold chamber (If insured under Section 1 of the Policy) which immediately prevents the maintenance of temperature or gas concentration to a level commensurate with satisfactory storage of the insured stock.

#### **Indemnity**

The amount payable shall be the replacement cost price less any amount realized from sale of the damaged insured stock and such charges or expenses of the business as shall cease or be reduced and additional reasonable charges incurred by the insured for:

- a) The cost of disposal
- b) The cost of packaging damaged as a result of an Insured event

but not exceeding the Limit of Indemnity stated in the Policy Schedule for this extension of cover

#### **Sum insured**

The Sum Insured shall be stated as the maximum replacement cost price that shall be stored (inclusive of packaging) at any time

#### **Average**

If the value of the insured stock is greater than the sum insured thereon then the Insured shall be considered his own insurer for the difference and shall bear a ratable proportion of the loss.

#### **Special Exceptions**

This extension does not cover loss or damage due to:

- a) The deliberate act of the insured
- b) Faulty packing or storage
- c) Inherent defect or disease
- d) Seepage of gas (unless as a result of accident)
- e) Theft or malicious damage

#### **Special Provisions**

The Insurer will not indemnify the Insured for any loss or damage unless:-

1. The insured machinery is maintained in good order and maintenance records are provided for inspection
2. The conditions in the controlled environment are monitored continuously and logged in accordance with legislation
3. Alarms are installed to alert the Insured of any deviation in the temperature (or other parameters) of the controlled environment

### **GENERAL EXCEPTIONS**

(Applicable to all Sections of the Policy)

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) (a) 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 martial law or state of siege;  
(b) 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 clause (i),(ii),(iii),(iv),(v) or (vi) above.

If the Insurers allege that by reason of clause (i),(ii),(iii),(iv),(v),(vi) or (vii) of this Exception, loss or damage is not covered by this Policy, the burden of proving the contrary shall rest on the Insured.

- (B) This Policy does not cover loss or damage caused directly or indirectly by or through or in consequence of any occurrence for which a fund has been established in terms

of the War Damage Insurance and Compensation Act, 1976 (No. 85 of 1976) or any similar Act operative in any of the territories to which this Policy applies.

- (C) Notwithstanding any provision of this Policy including any exclusion, exception or extension or other provision not included herein which would otherwise override a general exception this policy does not cover loss of or damage to property or expense of whatsoever nature directly or indirectly caused by, arising out of or in connection with any act of terrorism regardless of any other cause or event contributing concurrently or in any sequence to the loss, damage or expense.

For the purpose of this General Exception 1. (C), an act of terrorism includes, without limitation, the use of violence or force or the threat thereof whether as an act harmful to human life or not, by any person or group of persons, whether acting alone or on behalf of or in connection with any organisation or government or any other person or body of persons, committed for political, religious, personal or ideological reasons or purposes including any act committed with the intention to influence any government or for the purpose of inspiring fear in the public or any section thereof.

If the Insurers allege that, by reason of clause 1. (C) of this General Exception, loss or damage is not covered by this Policy, the burden of proving the contrary shall rest on the Insured

2. This Policy does not cover any legal liability, loss, damage, cost or expense whatsoever or any consequential loss directly or indirectly caused by or contributed to by or arising from:
- i) ionising radiations or contamination by radio-activity from any nuclear fuel or from any nuclear waste from the combustion or use of nuclear fuel;
  - ii) nuclear material, nuclear fission or fusion, nuclear radiation;
  - ii) nuclear explosives or any nuclear weapon;
  - iv) nuclear waste in any form;

regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

For the purpose of this Exception only, combustion shall include any self-sustaining process of nuclear fission.

This exception shall not apply to Radioactive Isotopes used by or on behalf of the Insured.

3. The Insurers shall not indemnify the Insured for the amount of the specified Deductibles.
4. Notwithstanding any provision of this Policy including any specific exclusion or extension or other provision not included herein which would otherwise override a General Exception, this Policy does not cover:
- (a) loss or destruction of or damage to any property whatsoever (including a computer) or any loss or expense whatsoever resulting or arising therefrom;
  - (b) any legal liability of whatsoever nature;

(c) any consequential loss;

directly or indirectly caused by or contributed to by or consisting of or arising from the incapacity or failure of any computer, correctly or at all

- i) to treat any date as the correct date or true calendar date, or correctly or appropriately to recognise manipulate interpret process store receive or to respond to any data or information, or to carry out any command or instruction, in regard to or in connection with any such date or
- ii) to capture save retain or to process any information or code as a result of the operation of any command which has been programmed into any computer, being a command which causes the loss of data or the inability to capture save retain or correctly to process such data in regard to or in connection with any such date or
- iii) to capture save retain or to process any information or code due to programme errors, incorrect entry or the inadvertent cancellation or corruption of data and or programmes or
- iv) to capture save retain or to process any data as a result of the action of any computer virus, or other corrupting, harmful or otherwise unauthorised code or instruction including any Trojan horse, time or logic bomb or worm or any other destructive code, media or programme or interference.

A computer includes any computer, data processing equipment, microchip, integrated circuit or similar device in computer or non-computer equipment or any computer software, tools, operating system or any computer hardware or peripherals and the information or data electronically or otherwise stored in or on any of the above, whether the property of the Insured or not.

Special Extension to the above General Exception

A Loss or destruction of or damage to the Property Insured by fire, explosion, lightning, earthquake or by the special perils referred to in B below are not excluded by this General Exception.

B The special perils that are not excluded for the purpose of this Special Extension are damage caused by:

1. storm, wind, water, hail or snow excluding damage to property

- (a) arising from its undergoing any process necessarily involving the use or application of water;
- (b) caused by tidal wave originating from earthquake or volcanic eruption;
- (c) in the underground workings of any mine

- (d) in the open (other than buildings }  
structures and plant designed to exist or }  
operate in the open); }  
(e) in any structure not completely roofed; }
- Unless so described  
and specifically insured  
as a separate item

(f) being retaining walls; }  
}

2. aircraft and other aerial devices or articles dropped therefrom;
3. impact by animals, trees, aerals, satellite dishes or vehicles excluding damage to such animals, trees, aerals, satellite dishes or vehicles or property in or on such vehicles.

These special perils do not cover wear and tear or gradual deterioration.

- C. The above General Exception also does not apply to consequential loss as insured by any Business Interruption indemnity provided by this policy to the extent that such consequential loss results from damage to insured property by the perils referred to in A above.
- D. This Special Extension will not insure any loss destruction, damage or consequential loss if it would not have been insured in the absence of this General Exception and this Special Extension.

This Special Extension shall not apply to any Public Liability Indemnity.

5. This Insurance does not cover any liability whatsoever arising out of any Performance Warranties and/or Guarantees, liquidated damages, fines or Penalty Clauses except to the extent that such liability would have attached in the absence of such Warranties, Guarantees, fines or Penalty Clauses;
6. This Insurance does not cover any liability whatsoever arising out of any claim hereunder as a result of any dishonest, malicious or illegal acts of any party to the Insured.
7. This Policy does not cover loss or damage to property liability or consequential loss directly or indirectly arising out of confiscation, commandeering, requisition or destruction by order of any government or public authority.
8. The Insurers shall not be liable to pay interest on indemnity payments withheld other than interest for default.
9. This Policy does not cover loss or damage to property liability or consequential loss directly or indirectly arising out of:
  - a) the deliberate act of any authority, nor by the exercise by such authority of it's power to withhold or restrict supply, planned 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.

In any action, suit or other proceeding where the Insurers allege that, by reason of the provision of this exclusion any loss or damage is not covered by this Policy, the burden of proving that such loss or damage is covered shall be upon the Insured.

## GENERAL CONDITIONS

1. The due observance and fulfillment of the terms of this Policy, in so far as they relate to anything to be done or complied with by the Insured, and the truth of the statements and answers in the questionnaire and proposal made by the Insured shall be a condition precedent to any liability of the Insurers.
2. The Schedule shall be deemed to be incorporated in and form part of this Policy and the expression "this Policy", wherever used in this contract, shall be read as including the Schedule. Any word or expression to which a specific meaning has been attached in any part of this Policy or of the Schedule shall bear such meaning wherever it may appear.
3. The Insured shall at his own expense take all reasonable precautions and comply with all reasonable recommendations of the Insurers to prevent loss or damage and comply with statutory requirements and manufacturers' recommendations.
4.
  - a. Representatives of the Insurers shall at any reasonable time have the right to inspect and examine the risk and the Insured shall provide the representatives of the Insurers with all details and information necessary for the assessment of the risk.
  - b. The Insured shall immediately notify the Insurers either by teletype (fax, email) or by telephone confirmed in writing of any material change in the risk and cause at his own expense such additional precautions to be taken as circumstances may require to ensure safe operation of the insured items, and the scope of cover and/or premium shall if necessary, be adjusted accordingly.
  - c. Dismantling and reassembling in connection with any examinations shall be carried out by the Insured on such date or dates as the Insurers and the Insured mutually agree upon for the making of such examinations.

No material alteration shall be made or admitted by the Insured whereby the risk is increased, unless the continuance of the cover provided under this Policy is confirmed in writing by the Insurers.

5. In the event of any occurrence which might give rise to a claim under this Policy, the Insured shall
  - a. immediately notify the Insurers either by teletype (fax, email) or by telephone confirmed in writing, giving an indication as to the nature and extent of the loss or damage;
  - b. take all reasonable steps within his power to minimize the extent of the loss or damage;
  - c. preserve the parts affected and make them available for inspection by a representative or surveyor of the Insurers;
  - d. furnish all such information and documentary evidence as the Insurers may require.
  - e. discontinue the use of any damaged machinery unless the insurers authorize otherwise, and the insurers shall not be liable in respect of any further interruption or interference arising out of the continued use of and damaged machinery without their having given their consent to such use until said machinery has been repaired to the satisfaction of the insurers.

The Insurers shall on no account be liable for loss or damage of which no notice has been received by the Insurers within 14 days of its occurrence. Upon notification being given to the Insurers under this condition, the Insured may carry out repairs of any minor damage or replace items which have sustained any minor damage; in all other cases a representative of the Insurers shall have the opportunity of inspecting the loss or damage before any repairs or alterations are effected, If a representative of the Insurers does not carry out the inspection within a period of time which could be considered adequate under the circumstances, the Insured shall be entitled to proceed with the repairs or replacement.

The liability of the Insurers under this Policy in respect of any insured item shall cease if said item is kept in operation after a claim without being repaired to the satisfaction of the Insurers, or if temporary repairs are carried out without the Insurers' consent.

6. The Insured shall at the expense of the Insurers do and concur in doing and permit to be done all such acts and things as may be necessary or required by the Insurers in the interest of any rights or remedies: or of obtaining relief or indemnity from parties (other than those insured under this Policy) to which the Insurers are or would become entitled or which is or would be subrogated to them upon their paying for or making good any loss or damage under this Policy, whether such acts and things are or become necessary or required before or after the Insured's indemnification by the Insurers,
7. If any difference arises as to the amount to be paid under this Policy (liability being otherwise admitted). Such difference shall be referred to the decision of an arbitrator to be appointed in writing by the parties in difference or, if they cannot agree upon a single arbitrator, to the decision of two arbitrators, one to be appointed in writing by each of the parties, within one calendar month after having been required in writing so to do by either of the parties, or, in case the arbitrators do not agree, of an umpire to be appointed in writing by the arbitrators before the latter enter upon the reference. The umpire shall sit with the arbitrators and preside at their meetings. The making of an award shall be a condition precedent to any right of action against the Insurers,
8. The Insurers shall be entitled to withhold indemnification
  - a. if there are doubts regarding the Insured's right to receive the indemnity, pending receipt by the Insurers of the necessary proof;
  - b. if in connection with the claim an examination by the police or an inquiry under criminal law has been instituted against the Insured, pending completion of such examination or inquiry.
9.
  - a. If the proposal or declaration of the Insured is untrue in any material respect, or if any claim made is fraudulent or substantially exaggerated, or if any false declaration or statement is made in support thereof, then this Policy shall be void and the Insurers shall not be liable to make any payment hereunder.
  - b. In the event of the Insurers disclaiming liability in respect of any claim and if an action or suit is not commenced within three months after such disclaimer or (in the case of arbitration taking place in pursuance of Condition 7 of this Policy) within three months after the arbitrators or umpire have made their award, all benefit under this Policy in respect of such claim shall be forfeited.

10. If at the time any claim arises under this Policy there is any other insurance covering the same loss or damage, the Insurers shall not be liable to pay or contribute more than their ratable portion of any claim for such loss or damage.
11. The insured shall be obliged to keep complete records. All records, e.g. inventories, production and balance sheets, for the three preceding years shall be held in safe keeping or, as a precaution against their being simultaneously destroyed, the Insured shall keep separate sets of such records.
12. This policy may be terminated at the request of the Insured at any time. In which case the Insurers will retain the customary short period rate for the time the policy has been in force. This policy may be equally be terminated at the option of the Insurers by seven day's notice to that effect being given to the Insured, in which case the Insurers will be liable to repay on demand a ratable proportion of the premium for the unexpired term from the date of cancellation less any reasonable inspection charges the Insurers may have incurred.
13. The Insurers shall not be liable to pay interest other than interest for default.
14. The Insurers shall on no account be liable for Business Interruption claims not intimated within 30 days after the occurrence of the incident and a formulated claim being made under this policy not later than thirty days after the expiry of the indemnity period or within such further times as the insurers may allow in writing, the insured shall at his own expense deliver to the insurers a written statement setting forth particulars of his claim together with details of all other policies covering the accident or any part of it or consequential loss of any kind resulting there from, and the insured shall at its own expense also produce and furnish to the insurers such books of account and other business books, e.g. invoices, balance sheets and other documents, proofs, information, explanation and other evidence as may reasonably be required by the insurers for the purpose of investigating or verifying the claim, together with – if required – a statutory declaration of the truth of the claim and of any matters connected therewith.
15. In the event of an accident to any insured machinery likely to give rise to a claim hereunder the insurers shall have the right to take over and control all necessary repairs or replacements.
16. In the event of any occurrence in respect of which a claim is or may be made under this policy the insurers and every person authorized by the insurers may, without thereby incurring any liability and without diminishing the right of the insurers to rely upon any condition of this Policy, enter any building where the loss has happened and may take possession of or require that any of the machinery for all reasonable purposes and in any reasonable manner. This condition shall be evidence of the leave and license of the insured to the insurers so to do. If the insured or anyone acting on its behalf does not comply with the requirements of the insurers during any of the above mentioned acts, then all benefit under this policy shall be forfeited.



## 17. Cancellation

The Policy may be cancelled by the Insurer retrospectively to inception in the event of the non-payment of any premium due to the Insurer or by either the Insurer or Insured subject to a notice period of 30 days provided that

- 17.1 if the Insurer gives notice of cancellation the Insurer shall refund the pro-rata proportion of the premium for the unexpired Period of Insurance less the full annual premium in respect of any item or subsequent insured consequential loss which is or was the subject of an indemnifiable claim provided always that the Insured will not be entitled to a refund exceeding 30% of the annual premium based on the pro-rata premium to the renewal date taking into account the difference between the sum insured and actual amount achieved in respect of the Business Interruption Section for the period of insurance
- 17.2 if the Insured is paying the premium in installments or by monthly debit order and the debit order has been dishonored by the bank or the premium is not received by the Insurer within 14 days of the due date of the premium, then all cover under and in terms of this Policy will cease as from midnight on the last day of that month for which the Insurer has received payment.
- 17.3 The Insured shall be liable to pay the remainder of the full annual premium in respect of any item which is or was the subject of a claim and agrees that the Insurer shall be entitled to offset such outstanding premium against the indemnity payment if the policy is cancelled prior to the payment of the claim
- 17.4 If the Insured gives notice of cancellation the Insurer shall refund the pro-rata proportion of the premium for the unexpired period of Insurance less a cancellation fee equal to fifteen percent of the annual premium and the full annual premium in respect of any item which is or was the subject of an indemnifiable claim
- 17.5 If this Policy is cancelled the onus shall be on the Insured to immediately cancel any automatic means of payment that may have been used to pay the premium prior to cancellation.

The Insured shall be required to declare the actual amount of Gross Profit/Turnover/ Revenue achieved on the proposed date of cancellation and the premium

## 18. Value Added Tax

All amounts stated in the Policy (including aggregate deductible stop losses sums insured limits claims deductibles and premiums) are deemed to be VAT inclusive amounts meaning inter alia that:

- a) The deductible will be subtracted from the VAT inclusive claim
- b) Claims statistics will reflect the VAT inclusive amounts