

Machinery Breakdown Insurance Policy

SPECIFICATION

INDEMNITY CLAUSE

BREAKDOWN shall mean sudden and unforeseen physical damage to the machinery described in the Schedule from any cause whilst

1. working or at rest
2. being dismantled moved or re-erected for the purpose fo cleaning inspection repair or installation in another position

within the Premises.

BASIS OF INDEMNIFICATION

At the option of the Company the reasonable cost of reinstatement replacement or repair of the damaged machinery and the amount payable as indemnity shall be

- a) in cases where the damages can be repaired the basis of indemnification shall be the cost of restoration to working order based on the customary daily rates of wages in the district together with normal freight and erection and customs dues plus.
- b) any extra costs incurred in respect of express delivery (including airfreight) overtime Sunday and holiday rates of wages in connection with repair or replacement of Insured Machinery following a Breakdown subject however to a limit of fifty percent of the amount which the repair or replacement would have cost if these extra expenses had not been incurred Such amount shall be in addition to the Sum Insured stated in the schedule.
- c) the value of damaged parts which can be used in any way whatsoever will be deducted.
- d) in cases where the Insured Item is totally destroyed the basis of indemnification shall be the market value of the Item immediately before the Breakdown together with the cost of removing the damaged machinery but less the value of the remains. The Insured Item shall be regarded as totally destroyed if the repair costs as defined above equal or exceed its market value immediately before the Breakdown subject to a minimum residual value of twenty-five per cent of the new replacement value.
- e) if a temporary repair is carried out without the consent of the Company other than in the interests of safety or to minimize further loss or damage the cost thereof and all consequences arising therefrom are payable by the Insured.
- f) where the damage is restricted to part or parts of an Insured Item the Company 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.

EXCEPTIONS

The Company shall not be liable irrespective of the original cause for

1. the amount of the Excess stated in the Policy Schedule.
2. damage due to
 - a) fire extinguishing of a fire direct lightning or explosion.
 - b) water which escapes from any container.
 - c) theft collapse of buildings impact by animals vehicles aircraft or other aerial devices or objects dropped therefrom.
 - d) subsidence, landslide, storm, flood, hail, snow, inundation, earthquake, earth tremor, volcanic eruption or other convulsion of nature.
3. damage resulting from experiments intentional overloads or tests requiring the imposition of abnormal conditions.
4. repair or replacement necessitated by wear corrosion deposits of scale sludge or other sediment or any other direct consequences of progressive or continuous influences of working atmospheric or chemical action rust or scratching of painted or polished surfaces but the Company shall be liable for other resultant indemnifiable damage.
5. damage due to the misapplication of tools.
6. expendable parts and tools such as (but not limited to) bits cutters knives saw blades dies pattern rollers sieves chains belts ropes conveyor bands jointing and packing material. If such parts or tools are damaged as a result of an indemnifiable Breakdown to other parts of the Insured Machinery the Company shall indemnify the Insured for the residual value of such parts or tools.
7. damage to refractories unless they are damaged as a result of an indemnifiable Breakdown to other parts of Insured Machinery or are required to be demolished removed or re-erected in making good other indemnifiable damage.

Provided that the Company's liability hereunder shall not exceed the residual value of such refractories.

8. damage to the foundations of any Insured Machinery unless they are specifically detailed in the Schedule.
9. damage to material in the course of process.
10. cost of alterations improvements or overhauls carried out on the occasion of a repair.
11. consequential loss or liability of any nature whatsoever other than specifically provided for elsewhere in the Policy.

MEMORANDA

MEMO 1

This Insurance is extended to include physical damage to the Machinery described in the Schedule from any cause whilst temporarily removed from the Insured's Premises for the purpose of cleaning overhaul repair or other similar purposes to any other premises in the Republic of South Africa and in transit which term shall include loading and offloading thereto or therefrom by road or rail conveyance.

MEMO 2

This insurance is extended to include the renewal of refrigerant in refrigeration equipment resultant from an indemnifiable loss.

MEMO 3

This Insurance is extended to include the renewal of oil in switchgear transformers and engines resultant from an indemnifiable loss.

MEMO 4

Should the value of Machinery described in the Schedule of Insured Machinery exceed the sums set opposite thereto respectively whether by devaluation or revaluation of the South African currency against the currency of the Country or origin or any other cause during the course of the Period of Insurance the said Sum Insured shall be deemed to be increased by an amount not exceeding twenty five per cent.

Provided always that

- a) the sum insured in respect of each item of Machinery shall be reviewed at the commencement of each Period of Insurance.
- b) the Premium payable under the Policy shall be adjusted on the completion of the Period of Insurance to take into account escalation during the calendar year most nearly concurrent with the Period of Insurance and the premium due shall be calculated on the basis of fifty per cent of the difference between premium calculated on the Policy Sum Insured and the escalated Sum Insured.

MEMO 5

This Policy extends to include reasonable costs and expenses incurred by the Insured in producing and certifying any particulars or details contained in their books of account or other business books or documents or other such proof information or evidence as may be required by the Company subject to an amount not exceeding Ten Thousand Rand.

MEMO 6

The Sum Insured shall not be reduced by the amount of any claim paid or payable by the Company subject to the Insured paying to the Company the pro-rata additional premium on the amount of such claim from the date of the loss or damage to the end of the Period of Insurance in respect of all claims settled by the Company for Twenty Five Thousand Rand or more after the deduction of the Deductible.

SEE GENERAL EXCEPTIONS

Notwithstanding any provision of this Policy including any special exclusion or extension or other provision not included herein which would otherwise override a General Exception this Policy does not indemnify

1. WAR RIOT AND TERRORISM

This Policy does not indemnify

A. loss or damage to property related to or caused by

- i) civil commotion labour disturbances riot strikes lockout or public disorder or any act or activity which is calculated or directed to bring about any of the foregoing.
- 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 organization 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 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 A i) ii) iii) iv) v) or vi) above.

If the Company alleges that by reason of clauses A i) ii) iii) iv) v) vi) or vii) of this Exception loss or damage is not indemnified by the Policy the burden of proving the contrary shall rest on the Insured.

- B. This policy does not indemnify 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 indemnify 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 1c 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 organization 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 Company alleges that by reason of clause 1c of this exception loss or damage is not indemnified by this policy the burden of proving the contrary shall rest on the Insured.

2. NUCLEAR

- i) This policy does not indemnify
 - a. loss or destruction of or damage to any property whatsoever or any loss or expense whatsoever resulting or arising therefrom or any consequential loss.
 - b. any legal liability of whatsoever nature.

directly or indirectly caused by or contributed to by or arising from ionizing 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.

- ii) 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 EXCLUSION

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.

- 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 consequential loss.
- c. any legal liability of whatsoever nature directly or indirectly caused by or contributed to by or consisting of or arising from the incapacity or failure of any computer
- a. to treat any date as the correct date or true calendar date or correctly or appropriately to recognize 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 common with any such date or
- b. to capture save retain or to process any information or code as a result of this 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
- c. 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.
- d. 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 unauthorized 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 insured property by fire explosion lightning earthquake or by the special perils referred to in B below or indemnified by the Glass Employer's Liability Stated Benefits Group Personal Accident or Motor section is 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) so described and specifically insured.
 - e. In any structure not completely roofed).
 - f. Being retaining walls.

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

These special perils do not indemnify 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 Computer Loss General Exception and this Special Extension.

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

CONDITIONS

1. This Policy and Schedule shall be read together as one contract and any word or expression to which a specific meaning has been attached shall bear such specific meaning wherever it may appear.
2. The Sum Insured for each item described in the Schedule shall at all times be equal to the cost of replacement by a new item of the same specification and performance when purchased as an individual item including freight charges erection costs customs dues and taxes.
If any item shall at the time of any Breakdown be of greater value as calculated above than the Sum Insured then the insured shall be considered as being his own insurer for the difference and shall bear a rateable proportion of any loss or damage.
The limit of indemnity payable under this Policy in respect of any one item is the Sum Insured as stated in the Schedule against such item.
3. On the happening of any event giving rise or likely to give rise to a claim coming to the knowledge of the Insured the Insured shall
 - a. give notice thereof to the Company as soon as possible.
 - b. take all precautions to prevent any further loss or damage. The Company shall not be liable in respect of any further damage arising out of the continued use of damaged machinery until such machinery shall have been repaired to the satisfaction of the Company.
 - c. take all precautions to preserve any things which might prove necessary or useful by way of evidence in connection with any claim so far as may be reasonably practicable no alteration or repair shall be made without the consent of the Company.
 - d. when called upon to do so deliver to the Company or its representative a statement in writing of all particulars and details reasonably practicable of the machinery affected and the value thereof and the damage thereto and furnish all such vouchers proofs explanations and other evidence as may be reasonably required by the Company together with a statutory declaration if required in verification of the statement.
 - e. the Insured shall at the expense of the Company do or permit to be done all such acts and things as may be necessary or reasonably required by the Company for the purpose of enforcing any rights or remedies or obtaining relief or indemnity from other parties to which the Company shall be or would become entitled or subrogated upon its paying for or making good any loss under this Policy whether such acts and things shall become necessary or required before or after indemnification by the Company.
4. If any claim be in any respect fraudulent or if any fraudulent means or devices be used by the Insured or anyone acting on his behalf to obtain any benefit under this Policy or if any Breakdown be occasioned with the connivance of the Insured all benefit under this Policy shall be forfeited.

CONDITIONS (Continued)

5. If at the time of any indemnifiable Breakdown there shall be any other insurance for such damage or any part thereof effected by or on behalf of the Insured the Company shall not be liable for more than its rateable proportion of such damage.
6. The Company's officials or representatives shall have at all reasonable times to inspect and examine the machinery. Dismantling and re-assembling in connection with such examination shall be carried out by the Insured on such date as agreed by the Company and the Insured.
7. The insured shall take all precautions to keep the machinery in good working order and enforce the observance by all persons of all proper safeguards against damage to the machinery and to ensure that statutory and other regulations relating to the operation and inspection of the machinery are obeyed.
8. The Insured shall notify the Company of any defects or conditions of working which affect the risk of Breakdown and shall cause such additional precautions to be taken as the circumstances require. The Company shall not be liable for any Breakdown caused by a departure from normal working conditions having the Insured's approval and which creates an aggravated risk unless the Company shall have given prior consent.
9. If at any time after commencement of this insurance
 - a. the business of the Insured be wound up or carried on by a liquidator or receiver or permanently discontinued.
 - b. the Insured's interest shall cease otherwise than by death.
 - c. any alteration be made whereby the risk of Breakdown is increasedThis policy shall be voided unless its continuance be admitted by an endorsement signed by and on behalf of the Company.
10. The Company may by giving thirty days notice in writing to the Insured cancel this Policy and shall pay on demand the proportion of the premium corresponding to the unexpired risk under the Policy. The Insured may likewise terminate this Policy by giving thirty days notice in writing to the Company in which event the last premium paid less the customary short period charge will be refunded on demand.
11. If any difference shall arise as to the amount to be paid under this Policy (liability being otherwise admitted) such difference shall be referred to arbitration in accordance with the laws in force at the time. The making of an award shall be a condition precedent to any right of action.
12. In the event of the Company disclaiming liability in respect of any claim and an action or suit not being commenced within twelve months after such disclaimer or in the case of arbitration taking place in pursuance of Condition 11 within twelve months after the arbitration award shall have been made all benefit in respect of such claim shall be forfeited.

13.

- 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 securing reimbursement in respect of the Insured Property damaged and the Insured shall at the Company's expense furnish all 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.