

MACHINERY BREAKDOWN

Defined Events

Any unforeseen and sudden physical damage to the machinery described in the schedule from any cause:

- 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 Your Premises

Exceptions

We shall not be liable to indemnify You, 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 We 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 You or any of his responsible employees at the time the contract was arranged and not disclosed to Us
6. damage to:
 - a. foundations and masonry unless specifically included in and described in the Schedule or Machinery
 - b. exchangeable and replaceable parts such as bits, drills, knives, saw blades
 - c. dies, moulds, patterns, blocks, stamps, punches, coatings or engravings on cylinders and rolls
 - d. 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
 - e. 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.

Basis of Indemnity

- a. In cases where damage to an Insured item can be repaired – We 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 You, We 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.
- 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 We 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. We will also pay any normal charges for the dismantling of the machinery destroyed, but the salvage will be taken into account.

- i. Any extra charges incurred for overtime, night-work on public holidays, express freight, are covered by this insurance only if specifically agreed in writing.
- ii. **The cost of any alteration, additions, improvements or overhauls shall not be recoverable under this policy.**
- iii. The costs of any provisional repairs will be borne by Us if such repairs constitute part of the final repairs, **and do not increase the total repair expenses.**
- iv. We 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.
- v. We may at its option repair, reinstate or replace any item lost or damage or pay the amount of the loss or damage in money.
- vi. 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.

Special Conditions

1. Alterations to working conditions

Notice of any intended alteration to or departure from normal working conditions which would affect the risk of damage to the machinery specified in the schedule must be given to Us. **If We cannot approve the alteration or departure from normal working conditions We may cancel the insurance in respect of the machinery concerned making an appropriate return of premium.**

2. Access

You shall allow Our authorised representatives to examine Your machinery at any reasonable time. **If during the inspection any new facts of a nature likely to render the risk more than usually hazardous are observed You must at Our request restore the risk to normal within a reasonable time. Failing which We may suspend cover in whole or in part until the risk is restored to normal**

3. Claims

On the happening of an event giving rise or likely to give rise to a claim You:

- a. shall exercise all means in his power to salvage Your items and ensure their preservation
- b. may proceed with the repair of the machinery,

provided that:

- i. he complies with 3 a, above
- ii the carrying out of the repair is without prejudice to any question of liability
- iii any damaged part requiring replacement is kept for inspection by Us.

4. Insured value

The sum insured for each item of machinery specified in the schedule must be equal to the installed new replacement value at all times.

5. Reinstatement of sum insured

In the event of Our payment of any sum or sums in discharge of Our liability in the terms of this insurance the sum insured shall automatically be reinstated for the remainder of the current period of insurance provided that You shall pay any additional premium required by Us calculated pro rata from the date the repaired item is again put to work.

6. Average

If at the time of the damage the sum insured is lower than the installed new replacement value then You will be considered to be his own insurer for the difference and will bear a rateable share of the loss accordingly. Every item of machinery will be separately subject to this condition.