
Comprehensive machinery (CM) insurance

Policy No.

This *policy of insurance* is made between

1. the *insuring party*

and

2. the *insurer*

The *insuring party* has submitted to the *insurer* a *proposal* requesting insurance cover to be provided under one or more *sections* of this *policy of insurance* and the *proposal* has been accepted by the *insurer*. The insurance cover provided by this *policy of insurance* is only in respect of and subject to the wording of those *sections* to which the *schedule* has been completed and which have been signed and dated by the *insurer*.

Subject to the *insuring party* having paid the agreed *premium* to the *insurer* and subject to the terms, provisions, conditions, warranties and exclusions contained herein or endorsed hereon the *insurer* shall indemnify the *insured* in the manner and to the extent stated in the following *section(s)* forming part of this *policy of insurance*:

Section 1 . Operational material damage (compulsory) yes

Section 2 . Operational business interruption yes no

The *insuring party* acknowledges that it has ensured and shall continue to ensure that all parties named as *insured* in any *section* of this *policy of insurance* disclose to it all information required to be provided to the *insurer* and shall at all times comply with any obligations which are placed upon the *insured* by any provision of this *policy of insurance*.

The due observance and fulfilment of the terms of this *policy of insurance* insofar as they relate to anything to be done or complied with by the *insuring party* and the *insured* and the truth of the statements and answers given by or on behalf of the *insured* in the *proposal* as well as any statements in the *schedules* to any *section* of this *policy of insurance* shall be a condition precedent to any liability on the part of the *insurer*.

No alteration of the terms of this *policy of insurance* which may be agreed as between the *insuring party* and the *insurer* shall require the agreement or consent of any other party constituting the *insured* under any *section*.

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This *policy of insurance* shall be construed in accordance with the laws of .

The *language of communication* under this *policy of insurance* shall be .

In witness whereof, the duly authorized agent of the *insurer* signs this agreement on its behalf.

Date

Insurer

This *policy of insurance* shall not be effective unless signed above and dated by the *insurer*. No *section* of this *policy of insurance* shall be effective unless the *schedule* is both signed and dated by the *insurer*.

Definitions applicable to all sections

The terms . written in *italics* . used in this *policy of insurance* shall have the following meanings unless they are defined differently in any *section* hereof or the context so requires.

<i>Act of default</i>	means a deliberate act regardless of whether the actual consequences of such an act were anticipated or not or a reckless failure to take the reasonably necessary precautions which a prudent <i>insured</i> would take to prevent loss or damage to the <i>property insured</i> or any deliberate act of material non-disclosure or breach of any warranty or condition of this <i>policy of insurance</i> .
<i>Act(s) of God</i>	means an occurrence due to natural causes, directly and exclusively without human intervention and which could not have been foreseen or if foreseen, could not have been resisted by any amount of human care or skill.
<i>Actual value</i>	means the cost which in the event of loss or damage to any item or part of the <i>property insured</i> would be necessary to replace it with one of the same age and capacity and similar make and quality, inclusive of all materials, wages, freight, customs, duties and dues.
<i>Additional insurance Cover</i>	means any additional insurance cover the <i>insured</i> may decide to take out in any <i>section</i> of this <i>policy of insurance</i> .
<i>Consequential loss</i>	means any financial loss of any kind or description whatsoever, including loss of profit, loss of opportunity, losses due to delay, lack of performance, loss of contract or penalties.
<i>Deductible</i>	means the amount to be deducted from any payment otherwise to be made by the <i>insurer</i> to the <i>insured</i> .
<i>Insured</i>	means all the parties named as the <i>insured</i> in a <i>section</i> of this <i>policy of insurance</i> and if the context so requires any one of them.
<i>Insurer</i>	means the party named as such in this <i>policy of insurance</i> .
<i>Insurer's agent</i>	means an individual, firm or company appointed by the <i>insurer</i> to act on its behalf.
<i>Insured party(ies)</i>	means the individual, firm, company, corporation or joint venture specified as an <i>insured</i> in this <i>policy of insurance</i> .
<i>Insuring party</i>	means the individual, firm, company, corporation, joint venture or combination of the above named as such in this <i>policy of insurance</i> that has entered into this <i>policy of insurance</i> on behalf of itself and any other party named as an <i>insured</i> in any <i>section</i> in this <i>policy of insurance</i> .
<i>Language of Communication</i>	means the language in which communication between the <i>insured</i> and the <i>insurer</i> under this <i>policy of insurance</i> shall take place.
<i>Malfunction</i>	means the failure of a data processing system, software program or built-in microprocessor to function properly or the production of wrong results.

Definitions applicable to all sections

<i>Material change in risk</i>	means any change in the nature, exposure, location, execution and maintenance of the <i>property insured</i> that a reasonably prudent <i>insurer</i> would consider material to the acceptance of the risk under the terms and conditions of this <i>policy of insurance</i> .
<i>New replacement value</i>	means the costs which would be incurred to replace the <i>property insured</i> at the <i>premises</i> with new items of similar kind and quality at any time during the policy period.
<i>Period of insurance</i>	means the period during which cover is provided by this <i>policy of insurance</i> as specified in the <i>schedule</i> .
<i>Policy of insurance</i>	means the <i>proposal</i> , the definitions, the conditions, the exclusions, the <i>schedule</i> and the <i>sections</i> of this <i>policy of insurance</i> .
<i>Premises</i>	means the location(s) of the <i>property insured</i> .
<i>Premium</i>	means the <i>premium</i> payable under this <i>policy of insurance</i> calculated in accordance with its terms.
<i>Premium rate</i>	means the rate referred to as such in the <i>schedule</i> agreed between the <i>insuring party</i> and the <i>insurer</i> .
<i>Property insured</i>	means the <i>property insured</i> as specified in the <i>schedule</i> to this <i>policy of insurance</i> .
<i>Proposal</i>	means the written information submitted to the <i>insurer</i> by the <i>insuring party</i> seeking insurance cover under this <i>policy of insurance</i> .
<i>Representatives</i>	means the directors, officers or any other individuals that have the authority to exercise administrative or executive control over the execution of a contract or over an operation or business.
<i>Schedule</i>	means the <i>schedule</i> to the <i>section(s)</i> of this <i>policy of insurance</i> in which reference is made to it.
<i>Section</i>	means any <i>section</i> of this <i>policy of insurance</i> including the <i>schedule</i> thereto.
<i>Sum(s) insured</i>	means the amount of insurance cover specified in the <i>schedule</i> in respect of any particular item of <i>property insured</i> or <i>interest insured</i> or the total amount of insurance cover specified in the <i>schedule</i> as the context may require.
<i>Terrorism</i>	means an act, including but not limited to the use of force or violence and/or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organization(s) or government(s), committed for political, religious, ideological, or ethnic purposes or reasons including the intention to influence any government and/or to put the public, or any section of the public, in fear.

Exclusions applicable to all sections

1. Unless otherwise stated in any *section* of this *policy of insurance*, the *insurer* shall not indemnify the *insured* in respect of any loss or damage resulting from or aggravated by

1.1. war, invasion, act of foreign enemy, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, mutiny, conspiracy, strike, lockout, riot, civil commotion, military or usurped power, confiscation, nationalization, commandeering, requisition or destruction or damage by or under the order of any government de jure or de facto or by any public or local authority;

1.2. the acts of any person or persons acting on behalf of or in connection with any organization with activities directed towards the overthrowing or influencing of any government de jure or de facto by force or violence;

1.3. any act of *terrorism*;

1.4. ionizing radiation or radioactive contamination from any nuclear fuel or nuclear waste or from the combustion of nuclear fuel;

1.5. the radioactive, toxic, explosive or otherwise hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof;

1.6. any weapon of war employing atomic or nuclear fission and/or fusion or any other similar reaction or radioactive force or matter;

1.7. an *act of default* committed by the *insured* or its *representatives*.

In any action, suit or other proceeding in which the *insurer* alleges that by reason of the provisions of exclusions 1.1, 1.2 and 1.3 above any loss or damage is not covered by this *policy of insurance*, the burden of proving that such loss or damage is covered shall be upon the *insured*.

Conditions applicable to all sections

- 1. Payment of premium** 1. Notwithstanding the provisions of clause 3 the payment of the *premium* by the *insuring party* is a condition precedent to the *insurer's* liability towards any *insured party* under any *section* of this *policy of insurance*.
- 2. Reasonable Precautions** 1.2. The *insurer* shall not be liable to indemnify the *insured* or any *insured party* in respect of any occurrence happening prior to receipt of the *premium*.
- 2.1. The *insured* shall take at his own expense all reasonable precautions and comply with all reasonable recommendations made by the *insurer*, to prevent loss of or damage to the *property insured* or any liability arising under this *policy of insurance* and comply with all relevant statutory requirements and manufacturers' recommendations.
- 3. Multiple insured clause** 3.1. If in any *section* the *insured* comprises more than one party each operating as a separate and distinct entity, this *policy of insurance* shall, unless otherwise provided for in this *policy of insurance*, apply as if a separate policy had been issued to each of these parties provided always that the *insurer's* overall liability towards the parties that constitute the *insured* in any *section* shall not exceed the *sum insured* and any limits of indemnity specified in the *schedule* to that *section*.
- 3.2. Any payment made by the *insurer* to any *insured party* as a result of an occurrence of loss or damage shall reduce, by the amount of that payment, the *insurer's* liability towards all *insured parties* that constitute the *insured* arising from that occurrence under this *policy of insurance*.
- 4. Act of default** 4.1. In the event of an *act of default* being committed by an *insured party* or its *representatives* the *insurer* shall not be liable to pay any amount to the *insured party* under this *policy of insurance*.
- 4.2. An *act of default* committed by one *insured party* or its *representatives* shall not prejudice the entitlement to indemnity of any other *insured party* that has not itself (and whose *representatives* have not) committed an *act of default*.
- 4.3. In the event of the *insurer* refusing to indemnify an *insured party* as a result of any *act of default* no other *insured party* shall be entitled to indemnity in respect of the same loss or damage by assuming the rights or obligations of the *insured party* whose claim for indemnity the *insurer* has refused or is entitled to refuse.
- 4.4. In the event of an *act of default* the *insurer* shall be entitled to claim from the *insured party* any loss or damage it may have suffered including, without limitation, any sums it may have paid to any other *insured party* as a result of any loss or damage caused or contributed to by the *insured party* or its *representatives* committing an *act of default*.
- 5. Subrogation** 5.1. The *insurer* shall waive its rights of subrogation against all *insured parties* provided no *act of default* committed by any *insured party* or its *representatives* has caused any loss or damage to any other *insured party*.

Conditions applicable to all sections

5.2. The insured shall at the insurer's expense do and concur in doing and permit to be done all actions that may be necessary or required by the insurer in the interest of any rights or remedies or for the purpose of obtaining relief or indemnity to which the insurer is or would become entitled or which is or would be subrogated to him upon indemnification or rectification of any loss or damage under this *policy of insurance*, regardless of whether such action is or becomes necessary or required before or after the *insured's* indemnification by the *insurer*.

6. Risk inspections 6.1. The *insurer* or the *insurer's agent* shall have the right to inspect and examine the *property insured* at any reasonable time and the *insured* shall provide the *insurer* or the *insurer's agent* with all relevant details and information.

7. Material change in the risk 7.1. As soon as is reasonably possible, any party named as the *insured* in any section of this *policy of insurance* shall notify the *insuring party* of any *material change in risk* of which it is aware or ought reasonably to be aware and shall take or cause to be taken at its own expense any additional precautions that may be necessary to prevent loss or damage occurring to the *property insured* as a result of such *material change in risk*.

7.2. The *insuring party* shall immediately notify the *insurer* in writing upon receipt of any notice from the *insured*.

7.3. The *insurer* shall not be liable for any loss of or damage to *property insured* which would not have resulted had there not been a *material change in risk* unless the *insurer* has agreed to the *material change in risk* in which case the scope of cover and *premium* shall, if necessary, be adjusted by the *insurer* to reflect the *material change in risk*.

8. Claims notification and the insured's obligations following an occurrence 8.1. In the event of any occurrence which might give rise to a claim under this *policy of insurance*, the *insured* shall

8.1.1. notify the *insurer* in writing as soon as reasonably possible, indicating the nature and extent of the loss or damage;

8.1.2. take all such measures as may be reasonable for the purpose of minimizing loss or damage;

8.1.3. ensure that all rights against carriers, bailees or other third parties are properly preserved and exercised;

8.1.4. do and concur in doing and permit to be done all such things as may be practicable to establish the cause and extent of the loss or damage;

8.1.5. preserve all parts affected and make them available for inspection by the *insurer's agent* as long as the *insurer* may require;

8.1.6. inform the police authorities of loss or damage due to fire, theft or burglary or actions by any malicious person and render all reasonable assistance to the police authorities;

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8.1.7. furnish any information and documentary evidence that the *insurer* may require together with, if required, a statutory declaration of the truth of the claim.

8.2. If the *insured* or anyone acting on its behalf hinders or obstructs the *insurer* in any way or does not comply with any reasonable recommendations the *insurer* may make following the notification of any loss or damage, all benefits claimed under any *section* of this *policy of insurance* shall be forfeited.

8.3. The *insurer* shall reimburse the *insured* for any charges properly and reasonably incurred in pursuance of its duties in relation to clauses 8.1.2 and 8.1.3 above in addition to any loss recoverable under any *section* of this *policy of insurance*.

8.4. Upon notifying the *insurer* the *insured* may repair any minor damage or replace any parts of the *property insured* that have sustained minor damage. In all other cases the *insurer's agent* shall be given the opportunity to inspect the loss or damage before any repairs are effected and if the *insurer's agent* does not carry out the inspection within a period of time which could be considered reasonable under the circumstances, the *insured* shall be entitled to proceed with the repair or replacement.

8.5. The liability of the *insurer* under this *policy of insurance* in respect of any lost or damaged part or parts of the *property insured* shall cease if such part or parts are not repaired or replaced in accordance with the relevant technical standards.

9. Fraudulent claims

9.1. If an *insured party* makes any claim that is fraudulent or any false declaration or statement in support thereof, this *policy of insurance* between the *insurer* and the *insured party* making such a claim shall become void and the *insurer* shall not be liable to make any payment hereunder to that party.

9.2. For the avoidance of doubt, the *insuring party* shall not be entitled to any return of *premium* in the event that the *policy of insurance* is treated as void.

10. Disclaimer of liability

10.1. If the *insurer* disclaims liability in respect of any claim and if conciliation is not commenced within three months of such a disclaimer, all benefits under this *policy of insurance* in respect of that claim shall be forfeited.

11. Other insurances

11.1. If at the time any claim is made under this *policy of insurance* there is any other insurance covering the same loss or damage, the *insurer* shall not be liable to pay more than the rateable proportion of any claim for such loss or damage.

12. Entire agreement

12.1. This *policy of insurance* shall form the entire agreement between the *insurer* and the *insuring party* and any party claiming as an *insured* and supersedes and replaces all prior communications, representations, warranties, undertakings and agreements between the parties whether oral or written.

Conditions applicable to all sections

13. Dispute Resolution

13.1. If any dispute arises as to the *insurer's* liability under this *policy of insurance*, either the *insured* or the *insurer* may give notice to the other that it wishes the dispute to be referred to conciliation in accordance with and subject to the International Chamber of Commerce (I.C.C.) Rules of Conciliation or any modification thereof that is in force at that time.

13.2. If the matter cannot be resolved by conciliation either the *insured* or the *insurer* may, within 28 days of either party deciding that the conciliation has failed, require that the matter shall finally be settled under the I.C.C. Rules of Arbitration by a panel of 3 (three) arbitrators in accordance with these rules.

13.3. Dispute resolution shall be conducted in the *language of communication*.

14. Termination of Policy

14.1. This *policy of insurance* may be terminated at the request of the *insuring party* at any time or at the request of the *insurer* at any time subject to the *insured* being given 30 days. notice to that effect, and in either case the *insurer* shall be liable to repay on demand a rateable proportion of the *premium* for the unexpired period from the date of termination less any reasonable inspection charges the *insurer* may have incurred for the time this *policy of insurance* has been in force.

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1. Indemnification 1.1. The *insurer* shall indemnify the *insured* for any sudden physical loss of or damage to the *property insured* which the *insured* could not reasonably have foreseen and which occurs at the *premises* at any time during the *period of insurance* due to any cause not specifically excluded and which results in *property insured* needing to be repaired or replaced.

1.2. The indemnity for each item specified in the *schedule* shall not exceed the amount set opposite thereto or any limit of indemnity that may be applicable.

2. Property insured 2.1. The *property insured* under this *section* is all permanent and temporary installations, mechanical, electrical and electronic equipment, buildings including contents, stock, goods in process, owned, operated, or held in the care, custody or control of the *insured* unless specifically excluded in this *section*.

3. Additional insurance cover If specified in the *schedule*, the following *additional insurance cover* will be provided subject to the terms contained herein:

3.1. Capital additions

3.1.1. The *insurer* shall indemnify the *insured* in respect of loss of or damage to:

3.1.1.1. any buildings, machinery and other equipment acquired or operated by or held in the care, custody or control of the *insured* after the inception of this *policy of insurance* and not included in the *schedule*;

3.1.1.2. any additions or extensions to *property insured* which have been carried out after the inception of this *policy of insurance*

collectively referred to as .capital additions.

3.1.2. Any increase in the *new replacement value* as a result of such capital additions shall not exceed the percentage of the total *sum insured* specified in the *schedule*.

3.1.3. This *additional insurance cover* is also subject to the *insuring party* advising the *insurer* within three months of the particulars of any such capital additions and the payment of any additional *premium* the *insurer* may require.

3.2. Expediting expenses

3.2.1. The *insurer* shall indemnify the *insured* up to the limit of indemnity specified in the *schedule* in respect of reasonable extra costs for overtime, night-work, work on public holidays, express freight (except airfreight) incurred to rectify loss of or damage to *property insured*.

3.3. Fire-fighting expenses

3.3.1. The *insurer* shall indemnify the *insured* in respect of fire-fighting expenses necessarily and reasonably incurred by the *insured* to prevent or minimize the

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extent of any loss of or damage to the *property insured* indemnifiable under this *policy of insurance*, including the cost of materials expended, costs incurred in refilling fire-extinguishing appliances and replacing used sprinkler heads, wages of personnel specifically engaged for such tasks and all fire-fighting costs claimed against the *insured* from a public authority or public fire brigade provided always that the amount payable under this *additional insurance cover* shall not exceed the limit of indemnity specified in the *schedule*.

3.3.2. Payment by *insurers* of any amount under this *additional insurance cover* shall be subject to the proof of costs incurred as *insurers* may reasonably require.

3.4. Hazardous substances

3.4.1. The *insurer* shall indemnify the *insured* in respect of the additional expenses incurred for cleanup, repair, replacement or disposal of any damaged, contaminated or polluted *property insured* following an occurrence of loss or damage, subject to the limit of indemnity specified in the *schedule*.

3.5. Professional fees

3.5.1. The *insurer* shall indemnify the *insured* in respect of professional fees and related costs necessarily incurred to reinstate loss of or damage to *property insured* but not for preparing claims.

3.5.2. The amount payable for such fees shall not exceed those authorized under the scales of the respective institutions or bodies regulating such charges or the limit of indemnity specified in the *schedule*, whichever is the lower.

3.6. Removal of debris

3.6.1. The *insurer* shall indemnify the *insured* up to the limit of indemnity specified in the *schedule* in respect of the costs and expenses necessarily incurred to remove and dispose of debris, to dismantle, demolish, shore or prop up *property insured* in any circumstances giving rise to indemnifiable loss or damage under this *section*.

4. Sum insured

4.1. It is a requirement of this *policy of insurance* that the *sum(s) insured* specified in the *schedule* in respect of the *property insured* shall not be less than the *new replacement value* of such property.

4.2. In the event of any indemnification under this *section* the *sum insured* shall be automatically reinstated.

5. Premium

5.1. A deposit *premium* shall be paid at the inception of this *section* and shall be calculated by multiplying the total *sum insured* by the *premium rate*.

5.2. If during the *period of insurance* the *sum insured* is increased or decreased the *premium* shall be adjusted accordingly for the remaining period.

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6. Period of insurance

6.1. Unless agreed otherwise the *period of insurance* shall be one year from the inception date specified in the *schedule*.

6.2. Inception and expiry shall both take effect as of 12 noon on the dates specified in the *schedule*.

6.3. The *period of insurance* shall be renewed automatically for one further year unless the *insurer* or the *insuring party* give 30 days. written notice of termination, such termination to take effect on the expiry date.

7. Temporary removal

7.1 The *insurer* shall indemnify the *insured* in respect of any loss of or damage to *property insured* (other than stock and or goods in process and or finished goods, and or raw materials and or supplies if insured hereby) temporarily removed for cleaning, renovation, repair or maintenance to any other location whilst in transit thereto or therefrom by road, rail or inland waterway.

8. Deductible

8.1. In respect of each and every occurrence of loss of or damage to items of *property insured* the *insurer* shall not be liable for the respective *deductible* specified in the *schedule*, provided that if more than one item is lost or damaged as a result of any one occurrence, the *insured* shall not be called upon to bear more than the highest single *deductible* applicable to any lost or damaged item.

8.2. Any loss of or damage to the *property insured* under this *section* arising during any one period of 72 consecutive hours caused by *acts of God* of the same type covered by this *section* shall be deemed to have been caused by a single occurrence and shall therefore be subject to one *deductible*.

8.3. For the purposes of the foregoing the commencement of any such 72-hour period shall be decided upon by and at the discretion of the *insured*, it being understood and agreed that there shall be no overlapping of any two or more such 72-hour periods in the event of damage occurring over a more extended period of time.

9. Exclusions

The following shall be excluded from the cover provided by this *section*:

9.1. Property excluded

9.1.1. property in the process of being constructed or erected;

9.1.2. mechanical, electrical and electronic equipment prior to the successful completion of their performance acceptance tests;

9.1.3. goods in process if loss or damage arises from the process of manufacture, testing, repairing, cleaning, restoring, alteration, renovation or servicing;

9.1.4. motor vehicles licensed for public roads, railway locomotives, rolling stock, floating equipment, ships, vessels, aircraft, spacecraft;

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9.1.5. money, stamps, deeds, evidence of debt or title, works of art, rare books, jewellery, precious metals, precious stones and gems, securities, valuable documents;

9.1.6. land, including topsoil, backfill, drainage and culverts, roads, runways, railway lines, dams, reservoirs, water, canals, drilling rigs, wells, pipelines, transmission and distribution lines, tunnels, bridges, docks, piers, wharves, any property underground, offshore property;

9.1.7. flora and fauna;

9.1.8. all property on the *premises* of nuclear power stations;

9.1.9. nuclear reactors, reactor buildings and plant and equipment therein on any premises other than nuclear power stations;

9.1.10. all property on any *premises* (including but not limited to the *premises* referred to above) used or having been used for

9.1.10.1. the generation of nuclear energy or

9.1.10.2. the production, use or storage of nuclear material;

9.1.11. property of the *insured* which has been transferred into the possession of others, under leasing or rental agreements, hire, purchase, credit or other suspensive sale agreements.

9.2. Perils excluded

The *insurer* shall not be liable for loss or damage resulting from

9.2.1. any faults or defects existing at the time of commencement of this *policy of insurance* of which the *insured* or his *representatives* were or ought reasonably to have been aware, irrespective of whether such faults or defects were known to the *insurer* or not;

9.2.2. release, discharge, or dispersal of toxic or hazardous substances, contaminants or pollutants, proximate or remote, except as specified under item 3.4 of this *section*;

9.2.3. lack of incoming supplies including but not limited to electricity, fuel, water, gas, steam or refrigerant.

The *insurer* shall not be liable for

9.2.4. loss or damage for which a manufacturer, supplier, contractor or repairer is responsible either by law or ordinance or under any contract or agreement;

9.2.5. any increase in the cost of replacement or repair due to enforcement of any ordinance or law;

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9.2.6. wear and tear, rust, corrosion, erosion, cavitation, boiler scale, incrustation, deterioration, settling, gradual cracking, gradually developing deformation or distortion, gradual deterioration due to atmospheric conditions or due to other causes,

but this exclusion shall be limited to the items immediately affected and shall not exclude liability for loss or damage to other parts of the *property insured* as a consequence thereof;

9.2.7. loss or disappearance which is discovered only during an inventory or stocktaking or which is not traceable to a specific occurrence of loss or damage otherwise indemnifiable under this *section*;

9.2.8. shrinkage, evaporation, loss of weight, consequences of exposure to light, change in flavour, cooler, texture or finish affecting raw material, goods in process or finished goods unless such change in condition is a direct consequence of an occurrence of loss or damage otherwise indemnifiable under this *section*;

9.2.9. loss or damage attributable to extremes or changes of temperature or humidity or to non-existing, non-functionable or inadequate heating, air-conditioning or cooling equipment including operating error, condensation, excessive moisture, dampness, seepage, disease, deterioration, decay, mildew, mould, fungus, wet or dry rot, insect larvae or vermin of any kind, infestation unless resulting from a cause not otherwise excluded;

9.2.10. any *malfunction* of hardware, software or embedded chips as well as any loss, damage, destruction, distortion, erasure, corruption or alteration of electronic data (including but not limited to computer virus, worms, Trojan Horses); but this shall not exclude liability for loss of or damage to other parts of the *property insured* as a consequence thereof;

9.2.11. costs arising from false or unauthorized programming, punching, labelling or inserting, inadvertent cancelling of information or discarding of data media and from loss of information caused by magnetic fields;

9.2.12. costs of maintenance, upgrade or improvement, normal upkeep;

9.2.13. *consequential loss* or any costs to reduce it;

9.2.14. loss of or damage to hired equipment for which the lessor is responsible either by law or ordinance or under any contract or agreement;

9.2.15. any costs rendered necessary to replace, repair or rectify *property insured* which is defective due to any fault, defect, error or omission in design, plan, specification, material, manufacture or workmanship, but should *property insured* . other than mechanical, electrical and electronic equipment . containing any such defect become lost or damaged, the costs excluded are those which the *insured* would have incurred to replace, repair or rectify the original defect if such defect had been discovered before the occurrence of loss or damage.

Mechanical, electrical and electronic equipment shall be considered covered for losses resulting from any of the causes mentioned in this clause.

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10. Conditions for loss settlement

10.1. In the event of any loss or damage the basis of loss settlement under this *section* shall be as follows:

10.1.1. for stock, goods in process, finished goods, raw materials and supplies the costs required to replace the damaged material at the same *premises* by material of a similar kind and quality to that immediately before the loss;

10.1.2. for plans, drawings, records, data and programs for electronic and electromechanical data-processing equipment the cost of reproducing the same from duplicates or from originals;

10.1.3. for mechanical, electrical and electronic equipment older than 5 years to be calculated from the date of manufacture and for mobile equipment of any age:

10.1.3.1. for damage which can be repaired the costs necessarily incurred to restore the damaged item 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 that such expenses have been included in the *sum insured*. If the repairs are carried out at a workshop owned by the *insured*, the *insurer* 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 replaced.

10.1.3.2. If the cost of repairs equals or exceeds the *actual value* of the damaged property immediately before the occurrence of loss or damage, that property shall be regarded as a total loss.

10.1.3.3. In the event of a total loss the *insurer* shall pay the *actual value* of the *property insured* immediately before the occurrence, including charges for ordinary freight, cost of erection and customs duties, if any, provided such expenses have been included in the *sum insured*.

10.1.3.4. The *insurer* shall also pay any reasonable costs to dismantle damaged equipment.

10.1.4. for all other property the *new replacement value* or the cost of restoring the property to a condition equal to but no better or more extensive than its condition when new, whichever is the lower.

10.2. If, in the event of loss or damage, it is found that the *sum insured* is less than the amount required to be insured, then the amount recoverable by the *insured* under this *section* shall be reduced in such proportion as the *sum insured* bears to the amount required to be insured.

10.3. The costs of any alterations, additions, improvements or overhauls shall not be recoverable under this *policy of insurance*,

10.4. The cost of any provisional repairs shall be borne by the *insurer* if such repairs constitute part of the final repairs and do not increase the total cost of repairs.

10.5. The amount payable by the *insurer* in accordance with the above-mentioned provisions shall be reduced by the value of any salvage.

Section 1 . Operational material damage

11. Preventive maintenance

11.1. It is a condition of this *policy of insurance* that any plant, machinery or equipment forming *property insured* is maintained in accordance with the recommendations of the suppliers or manufacturers of such plant, machinery or equipment.

11.2. Such maintenance shall include safety checks, preventive maintenance, rectification of loss or damage or faults arising from normal operation or wear and tear as well as from ageing, and shall also include the repair or replacement of components, modules or parts.

Section 2 . Operational business interruption

- 1. Indemnification**
- 1.1. The *insurer* shall indemnify the *insured* for a loss of the *interest insured* unless specifically excluded if at any time during the *period of insurance* the *property insured* under the operational material damage *section* suffers loss or damage indemnifiable under the operational material damage *section* or which would have been indemnifiable under the operational material damage *section* but for the application of a *deductible*, thereby causing an interruption of or interference with the *business insured*.
- 1.2. The indemnity for the loss of *interest insured* shall be in respect of:
- 1.2.1. *gross profit*, the loss actually sustained during the indemnity period resulting from a reduction in *turnover* including any *increased cost of working* or
- 1.2.2. *specified standing charges*, the amount actually not earned during the indemnity period resulting from a reduction in *turnover* including any *increased cost of working*.
- 1.3. The indemnity shall not exceed the *sum insured* for the *maximum indemnity period*.
- 2. Sum insured**
- 2.1. The *sum insured* shall be
- 2.1.1. the annual *gross profit* specified in the *schedule* or
- 2.1.2. the annual *specified standing charges*.
- 2.2. Should the indemnity period exceed twelve months, the *gross profit* or the *specified standing charges* shall be the pro rata amount for that period.
- 3. Period of insurance**
- 3.1. The *period of insurance* shall be the period specified in the *schedule*.
- 3.2. Should at any time after the commencement of this *policy of insurance*
- 3.2.1. the business be wound up or carried on by a liquidator or receiver or administrator or be permanently discontinued,
- 3.2.2. the *insured's* interest cease otherwise than by death,
- then the cover under this *section* shall cease on the respective date unless specifically agreed by the *insurer* in writing.
- 4. Indemnity period**
- 4.1. The indemnity period shall be the period during which the *interest insured* is affected by an interruption of or interference with the *business insured* beginning on the date of the occurrence of loss or damage and not exceeding the *maximum indemnity period* specified in the *schedule*.

Section 2 . Operational business interruption

5. Premium

5.1. A deposit *premium* shall be paid at the inception of this *policy of insurance* and shall be calculated by multiplying the *sum insured* by the *premium rate*.

5.2. If the *insured* declares at the latest six months after the expiry of any *period of insurance* that the *gross profit* earned during the accounting period of twelve months most closely concurrent with any *period of insurance*, as certified by the *insured's* auditors, was less than the *sum insured* thereon, a pro rata return of *premium* not exceeding one-third of the *premium* paid on such *sum insured* for such *period of insurance* shall be made in respect of the difference.

5.3. If any loss or damage has occurred giving rise to any payment under this *section* then the amount of any such payment before application of the time excess or monetary deductible shall be added to the *gross profit* as certified by the *insured's* auditors and any return of *premium* shall be based on the difference between such sum and the *sum insured*.

6. Time excess and monetary deductible

6.1. In any one occurrence of loss or damage the *insurer* shall not be liable for the amount obtained by multiplying the average daily value of the loss of *interest insured* sustained during the indemnity period by the number of days specified in the *schedule* as the time excess or for the amount of any *monetary deductible* specified in the *schedule*, whichever is higher.

7. Exclusions

The following shall be excluded from the cover provided by this *section*:

7.1. loss of *interest insured* due to an interruption of or interference with the *business insured* resulting from

7.1.1. loss or damage covered under the operational material damage *section* by way of endorsement, unless expressly specified as covered in the *schedule*;

7.1.2. earthquake, volcanic eruption or tsunami, unless expressly specified as covered in the *schedule*;

7.1.3. any restrictions imposed by public authority;

7.1.4. *consequential loss* which occurs after the date when the items lost, destroyed or damaged are in operating condition again and the *business insured* could have been resumed;

7.1.5. loss or damage due to abnormal conditions directly or indirectly resulting from testing, intentional overloading or experiments;

7.1.6. shortage, destruction, deterioration of or damage to raw materials, semi-finished or finished products or other materials required for proper operation, even if the consequence of material damage to an item indicated in the list of *property insured* is involved, unless agreed by endorsement;

7.1.7. erasure, loss, distortion or corruption of information on computer systems or other records or software programs unless resulting from an occurrence of loss or damage indemnifiable under the operational material damage *section*.

7.2. the amount of any fines or damages for breach of contract, for late or non-completion of orders, or for penalties of whatever nature.

Section 2 . Operational business interruption

8. Claims notification and the insured's special obligations following an occurrence

8.1. The *insured* shall be obliged to keep for the *period of insurance* complete records of the *business insured*, including without limitation - inventories, production and balance sheets for the three preceding years. All records shall be held in safe keeping and, as a precaution against their being simultaneously destroyed, the *insured* shall keep separate sets of such records.

8.2. In the event of any occurrence of loss or damage which might cause an interruption of or interference with the *business insured*

8.2.1. the *insured* shall immediately notify the *insurer* and send it written confirmation thereof within forty-eight hours of the occurrence;

8.2.2. the *insurer* and the *insurer's agents* shall have unlimited access to the *premises* to establish the possible cause and extent of the loss or damage, its effect on the *interest insured*, to examine the possibilities for minimizing the interruption of or interference with the *business insured*, and if necessary to make reasonable recommendations for the avoidance or minimization of such interruption or interference;

8.2.3. the *insurer* and the *insurer's agents* shall have the right to enter any building where the loss has happened and may take possession of or require that any of the damaged *property insured* be rendered to them and may keep possession of and deal with such damaged *property insured* for all reasonable purposes and in any reasonable manner. This condition shall be evidence of the leave and licence of the *insured* to the *insurer* so to do.

8.3. If the *insured* or anyone acting on his behalf hinders or obstructs the *insurer* in any way or does not comply with any recommendations the *insurer* may make pursuant to clause 8.2.2 above, all benefits under this *section* shall be forfeited.

8.4. In the event of a claim being made under this *section*, the *insured* shall at his own expense deliver to the *insurer* not later than thirty days after the interruption of or interference with the *business insured* or within such further periods as the *insurer* may allow in writing a written statement setting forth particulars of the claim.

8.5. The *insured* shall at his own expense produce and furnish to the *insurer* such books of account and other business books or other evidence as may reasonably be required by the *insurer* 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.

Section 2 . Operational business interruption

9. Conditions for loss settlement

In the event of an interruption of or interference with the *business insured* the basis of loss settlement under this *section* shall be as follows:

9.1. Loss of *gross profit*

9.1.1. In respect of loss of *gross profit*, the *insurer* shall pay the amount obtained by multiplying the *rate of gross profit* with the amount by which the actual *turnover* during the indemnity period falls short of the *turnover* which would have been achieved had the loss or damage not occurred.

9.1.2. If the annual *sum insured* hereunder is less than the amount obtained by multiplying the *rate of gross profit* by the *annual turnover* or, if the indemnity period exceeds twelve months, the *turnover* calculated for the equivalent period, the amount payable shall be reduced proportionately.

9.2. *Specified standing charges*

9.2.1. In respect of *specified standing charges*, the *insurer* shall pay the amount obtained by multiplying the percentage by which the actual *turnover* during the indemnity period falls short of the *turnover* which would have been achieved had the interruption of or interference with the *business insured* not occurred by the amount of *specified standing charges* incurred during the interruption or interference.

9.2.2. If the *sum insured* hereunder is less than the amount obtained by multiplying the *rate of gross profit* by the *annual turnover* or, if the indemnity period exceeds twelve months, the pro rata *turnover* for that period, the amount payable shall be reduced proportionately.

9.3. *Increased cost of working*

9.3.1. In respect of *increased cost of working*, the *insurer* shall pay the additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the reduction in *turnover* which, without such expenditure, would have occurred during the indemnity period after expiry of the time excess.

9.3.2. The indemnity shall not exceed the amount of loss of *interest insured* thereby avoided.

9.4. Calculation of *rate of gross profit* and *annual turnover*

9.4.1. In calculating the *rate of gross profit* and *annual turnover*, the following aspects shall be taken into consideration:

9.4.1.1. the trend of the *business insured*;

9.4.1.2. the results of the *business insured* during the financial year preceding the date of the loss or damage or, in the event of the loss or damage occurring during the first year of commercial operation, the *turnover* during the following financial year;

9.4.1.3. any circumstances affecting the *business insured* either before or after loss or damage or which would have affected the *business insured* had the loss or damage not occurred;

Section 2 . Operational business interruption

9.4.1.4. any benefits from deferred sales or from increased production and/or profits as a consequence of an interruption of or interference with the *business insured* which the *insured* may receive during a period of six months immediately following the re-commissioning of insured plant and/or machinery after a loss or damage;

9.4.1.5. allowance for the time spent on any overhauls, inspections or modifications carried out during the period the *business insured* was affected by any interruption or interference;

9.4.1.6. any money paid or payable in respect of goods which are sold or services which are rendered elsewhere than at the *premises* for the benefit of the *business insured* either by the *insured* or by another party acting on his behalf;

9.4.1.7. any amount saved during the indemnity period in respect of any charges and expenses of the business payable out of the *gross profit* that may cease or be reduced in consequence of loss or damage.

9.4.2. The final figures shall represent as closely as may be deemed reasonable the results which the *business insured* would have achieved had the interruption of or interference with the *business insured* not occurred.

10. Payment of indemnity

10.1. Subject to clause 10.3 below the *insurer* shall pay the *insured* any amount due under this *section* one month after final determination of the amount due.

10.2. The *insured* may, one month after the *insurer* has been duly notified of the loss of *interest insured* and has acknowledged its liability, claim as advance payment(s) the minimum amount(s) the *insurer* agrees are payable.

10.3. The *insurer* shall be entitled to postpone payment beyond the period set out in 10.1 above if

10.3.1. there are doubts as to the *insured's* right to receive payment, in which case payment shall not become due until such time as the necessary proof is furnished by the *insured* or the *insurer* accepts liability;

10.3.2. as a result of any loss or damage or any interference with or interruption of the *business insured*, police or criminal investigations have been initiated against the *insured*, in which case payment will not become due until the completion of such investigations, provided always that if the *insured* is convicted of any offence in respect of any claim for indemnity under this *policy of insurance*, the insurance cover under this *section* shall be void.

10.4. The *insurer* shall not be liable to pay interest on indemnity withheld other than interest for default.

Section 2 . Operational business interruption

11. Definitions

<i>Annual turnover</i>	means the <i>turnover</i> which, had the interruption of or interference with the <i>business insured</i> not occurred, would have been achieved during the twelve months preceding either the date when the <i>business insured</i> is no longer affected or when the indemnity period ends, whichever is the earlier.
<i>Business insured</i>	means the commercial operation of the <i>property insured</i> specified in the <i>schedule</i> to this <i>section</i> .
<i>Debt service charges</i>	means the amount of the annual payment(s) of interest and if specified the principal on borrowings due by the <i>insured</i> .
<i>Gross profit</i>	means the amount by which the value of the <i>turnover</i> and the value of the closing stock exceed the value of the opening stock and the amount of the <i>specified working expenses</i> . The value of the opening and closing stocks shall be calculated in accordance with the <i>insured's</i> normal accounting methods, due provisions being made for depreciation.
<i>Increased cost of Working</i>	means the additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the loss of <i>interest insured</i> which, without such expenditure, would have taken place.
<i>Interest insured</i>	means either the <i>gross profit</i> including any <i>increased cost of working</i> or the <i>specified standing charges</i> including any <i>increased cost of working</i> .
<i>Monetary deductible</i>	means the amount to be deducted from any payment otherwise to be made by the <i>insurer</i> .
<i>Maximum indemnity Period</i>	means the maximum period(s) stated in the <i>schedule</i> in respect of which cover is afforded for the <i>interest insured</i> by this operational business interruption <i>section</i> .
<i>Rate of gross profit</i>	means the percentage of <i>gross profit</i> which, had the interruption of or interference with the <i>business insured</i> not occurred, would have been earned on the <i>annual turnover</i> .
<i>Specified standing Charges</i>	means any fixed costs specified in the <i>schedule</i> which continue to be payable in full during the indemnity period
<i>Specified working Expenses</i>	means any costs incurred for the acquisition of goods, raw materials or auxiliaries as well as for supplies unless required for the upkeep of operations and any costs for packaging, carriage, freight, intermediate storage, <i>turnover tax</i> , purchase tax, licence fees and royalties, insofar as such costs are dependent on <i>turnover</i> .
<i>Turnover</i>	means the amount of money (less discounts allowed) paid or payable to the <i>insured</i> for goods, products or services sold, delivered or rendered in the course of the <i>business insured</i> .

Schedule

Line of business	Policy No.	Currency
▶	▶	▶

Insured location(s)¹	
Name ▶	Address ▶
Description ▶	

¹ If more than one location is insured, the name, address and description have to be listed on a separate sheet.

Business insured
Type of commercial operation ▶

Name and address of insurer	Name and address of insuring party
Name ▶	Name ▶
Street ▶	Street ▶
Postal code and city ▶	Postal code and city ▶

Name and address of insurer	Name and address of insuring party
Name ▶	Name ▶
Street ▶	Street ▶
Postal code and city ▶	Postal code and city ▶

▶ Space for EDP field identifier.

Period of insurance inception date	Place of jurisdiction	expiry date	Place of jurisdiction
▶		▶	
	12 noon	12 noon	

<i>Section</i>	<i>Total sum insured</i>	<i>Total deposit premium</i>
▶	▶	▶
Section 1 (page 1 to) Section 2		
Total		

Section 1 - Operational material damage

Page 1 of pages

Type of cover	Cover provided	<i>Sum insured</i>	Limit per occurrence
▶	▶	▶	▶
Basic cover	<i>Property insured</i> – mechanical, electrical and electronic equipment – buildings – stock, goods in process, finished goods, raw materials, supplies – other contents and other property	_____	_____
<i>Additional insurance covers</i> ¹	Capital additions ... % Expediting expenses ... Fire-fighting expenses ... Hazardous substances ... Professional fees ... Removal of debris	_____ _____ _____ _____ _____ _____	_____ _____ _____ _____ _____ _____ %
<i>Acts of God</i> ²	Earthquake, volcanic eruption, tsunami Hurricane, cyclone, typhoon	_____ _____	
Total <i>sum insured</i> for this location			

¹ A right to indemnification can only be derived for coverage for which the table has been duly completed.

² If no limit is specified cover shall be granted up to the total *sum insured*.

<i>Deductible</i> in respect of	<i>Deductible</i> each and every loss
▶	▶
Natural hazards Other causes	

The following endorsements are attached to and form part of this *policy of insurance*:

Premium rate (applied to the total *sum insured* for this location): ‰

Deposit *premium* for this location:

▶ Space for EDP field identifier.

Section 2 - Operational business interruption

<i>Interest insured</i> in respect of loss or damage insured under section 1	<i>Sum insured</i>	<i>Premium rate</i> ‰	<i>Premium</i>
▶	▶		▶
<i>Gross profit</i> including <i>increased cost of working</i> or <i>Specified standing charges</i> including <i>increased cost of working</i> - <i>Debt service charges</i> - <i>Other charges</i>			

Limits of indemnity and <i>maximum indemnity periods</i> (months)	Limit of indemnity	<i>Maximum indemnity period</i>
▶	▶	▶
<i>Interest insured</i> Earthquake ¹ , tsunami, volcanic eruption Maximum demand charges ¹ Additional expenditure ¹ Decontamination ¹		

¹ if endorsed.

<i>Deductible</i> in respect of	Time excess (working days)	<i>Monetary deductible</i>
▶	▶	▶
<i>Interest insured</i> Earthquake ¹ , tsunami, volcanic eruption Additional expenditure ¹ Decontamination ¹		

¹ if endorsed.

The following endorsements are attached to and form part of this *policy of insurance*:

Loss of the *interest insured* caused by loss or damage covered by way of endorsement under section 1 are covered under this section.

Premium for section 2:

Date

Insurer

▶ Space for EDP field identifier.