
MACHINERY ALL RISKS INSURANCE POLICY

WHEREAS the Insured by a proposal and declaration which shall be the basis of this Policy and is deemed to be incorporated herein has applied to the Insurers for the insurance provided by this Policy and has paid or agreed to pay the premium as consideration for such insurance

The Insurers agree subject to the terms exceptions limits and conditions specified herein or endorsed hereon that if during any Period of Insurance the Machinery described in the Schedule be lost or damaged whilst at the situation specified herein from any cause the Insurers will indemnify the Insured against such loss or damage except as herein contained.

EXCEPTIONS

This Policy does not cover

1. mechanical or electrical failure or overheating of the Machinery.

Mechanical or electrical failure means damage resulting from defective material design construction or erection vibration maladjustment misalignment loosening of parts stress fatigue centrifugal force water hammer self heating defective or inadequate lubrication excessive electrical current or voltage failure of insulation short circuits open circuits or arcing.

Nothing contained in this exception shall be construed as excluding from the cover provided by this Policy damage directly due to impact or collision with anything external to the Machinery damaged by mechanical or electrical failure or overheating whether or not such impact or collision is due to that failure or overheating.

2. loss or damage due to
 - (a) testing involving the imposition of abnormal conditions intentional overloading or experiments.
 - (b) faults or defects known to the Insured or any of his responsible employees at the time the contract was arranged and not disclosed to the Insurers.
 - (c) any process of heat treatment welding grinding cutting drilling shaping or the application of tools to the Machinery other than for the purpose of lifting or moving it.
3. loss or damage for which a supplier contractor or repairer is legally responsible by contract or otherwise.

If such responsibility is denied and the loss or damage is otherwise insured by this Policy the Insurers will pay for the loss or damage and in accordance with Condition 4(e) will be entitled to any indemnity subsequently obtained from the supplier contractor or repairer.
4. theft or conversion of any item of Machinery by the hirer of such Machinery or his employees or agents.
5. loss of or damage to
 - (a) foundations and masonry unless specifically included and described in the Schedule
 - (b) operating materials such as fuel chemicals filter substances heat transfer media cleansing agents lubricants oil catalysts
 - (c) materials in course of process
 - (d) tyres by the application of brakes or by punctures cuts or bursts
 - (e) 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 jointing and packing materials filter cloths ropes belts straps elevator and conveyor belts or bands cables (other than electrical conductors) brushes batteries refractory materials fire bars burner jets exchangeable and replaceable parts such as bits drills knives saw blades dies moulds pattern blocks stamps punches coatings or engravings on cylinders and rolls unless the loss or damage is due to fire lightning explosion extinguishing of a fire or subsequent demolition aircraft or other aerial devices or articles dropped therefrom collapse of buildings flood inundation escape of water from water containing apparatus earthquake subsidence landslide avalanche hurricane cyclone volcanic eruption or similar natural catastrophes theft or any attempt thereat of a complete item of Machinery impact or collision with anything external to the item of machinery in which such parts are incorporated.

6. repair or replacement necessitated by wear corrosion erosion deposits of scale sludge or other sediment or any other direct consequence of progressive or continuous influences of working or atmospheric or chemical action rust or scratching of painted or polished surfaces but the Insurers shall be liable for other damage insured by this Policy and resulting from such causes.
7. consequential loss liquidated damages or penalties for delay or detention or in connection with guarantees of performance or efficiency.
8. (a) any 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
 - (i) directly or indirectly caused by or contributed to by or arising from
 - (a) ionising radiations or contaminations by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel. Solely for the purpose of this exception combustion shall include any self-sustaining process of nuclear fission
 - (b) nuclear weapons material
 - (c) war invasion act of foreign enemy hostilities or warlike operations (whether war be declared or not) civil war
 - (d) mutiny civil commotion assuming the proportion of or amounting to a popular rising military rising insurrection rebellion revolution military or usurped power
 - (e) the act of any person acting on behalf of or in connection with any organisation with activities directed towards the overthrow by force of the Government de jure or de facto or to the influencing of it by terrorism or violence
 - (f) (i) permanent or temporary dispossession resulting from confiscation nationalisation commandeering or requisition by any lawfully constituted authority
(ii) permanent or temporary dispossession of any building resulting from the unlawful occupation of such building by any person
provided that the Insurers are not relieved of any liability to the Insured in respect of physical damage to the Machinery occurring before dispossession or during temporary dispossession which is otherwise covered by this Policy.
 - (ii) caused by or contributed to by or arising from
 - (a) the act of any person taking part together with others in any disturbance of the public peace (whether in connection with a strike or lockout or not) not being an occurrence mentioned in (c) (d) and (e) above and the action of any lawfully constituted authority in suppressing or attempt to suppress any such disturbance or in minimising the consequences of any such disturbance.
 - (b) the wilful act of any striker or locked-out worker done in furtherance of a strike or in resistance to a lock-out and the action of any lawfully constituted authority in preventing or attempting to prevent any such act or in minimising the consequences of any such act.
9. loss of and/or damage to or liability arising out of the ownership or possession of or under the control of the Insured or any person acting on behalf of the Insured of

- (i) any vessel craft or thing made to or intended to fly float or travel on or through water or air and/or property carried by stored in or mounted upon such vessel craft or thing.
 - (ii) any power driven vehicle which is licensed for road use other than any mobile crane mechanical navvy shovel grab excavator site clearing and levelling plant or any self propelled vehicle with plant permanently attached which is not more specifically insured under any other policy of insurance.
10. loss of or damage or non-recovery of drilling accessories below ground such as but not limited to bits, drills, chisels, casings or other like items.
11. the amount stated in the Schedule as the Excess for each and every loss or damage.

CONDITIONS

1. Interpretation

This Policy and Schedule shall be read together as one contract and any word or expression to which a specific meaning has been attached in any part of this Policy and Schedule shall bear such specific meaning wherever it may appear.

2. Sum Insured - Average

The Sum Insured for each item described in the Schedule shall at all times be equal to the cost of replacement of the item 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 loss or damage be of greater value as calculated above than the Sum Insured for each item then the Insured shall be considered as being his own insurer for the difference and shall bear a proportionate share of the loss accordingly.

3. Limit of Indemnity

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.

4. Claims Procedures and Provisions

On the happening of any event giving rise or likely to give rise to a claim under this Policy coming to the knowledge of the Insured the Insured shall

- (a) give notice thereof to the Insurers or their nearest representative as soon as possible.
- (b) take precautions to prevent any further loss or damage. The Insurers 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 Insurers.
- (c) take precautions to preserve any thing which might prove necessary or useful by way of evidence in connection with any claim and so far as may be reasonably practicable no alteration or repair shall without the consent of the Insurers be made after the event until the Insurers shall have had an opportunity of inspection.
- (d) when called upon to do so deliver to the Insurers or their 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 Insurers together with a statutory declaration if required in verification of the statement.
- (e) at the expense of the Insurers do or permit to be done all such acts and things as may be necessary or reasonably required by the Insurers for the purpose of enforcing any rights or remedies or obtaining relief or indemnity from other parties to which the Insurers shall be or would become entitled or subrogated upon their paying for or making good any loss or damage under this Policy whether such acts and things shall be or become necessary or required before or after indemnification by the Insurers.
- (f) take all practical steps to recover any Machinery including in the event of property lost stolen or wilfully damaged the giving of immediate notice to the Police.

5. Indemnification

- (a) 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 under this Policy or if any loss or damage be occasioned with the connivance of the Insured all benefits under this Policy shall be forfeited.

- (b) the Insurers may at their own option repair replace or reinstate any damaged item or part thereof or pay the amount of the damage in money.
- (c) the bases of indemnification are:
 - (i) in the case of repairable damage - the cost of restoration to normal working order comprising the value of replacements parts labour charges at standard rates of wages transport costs at ordinary rates (any additional charges resulting from the use of air freight are excluded) and the cost of dismantling and re-erection customs dues and taxes. The value of damaged parts replaced which can be used again in any way whatsoever may be deducted. The liability of the Insurers is limited to the reinstatement of the item to its condition immediately prior to the loss or damage. If the value of an item or a part thereof is increased by the repair the liability of the Insurers shall be reduced by the amount of such increase.
 - (ii) in the case of total loss - the market value of the item immediately before the loss or damage together with the cost of dismantling the damaged Machinery and the cost of delivering and erecting a replacement item but less the value of any salvage.

An item will be deemed to be a total loss if the cost of repair as defined in paragraph (a) of this Condition equals or exceeds the market value immediately before the occurrence.

In respect of each item the amount of the Excess shown in the Schedule against that item shall be deducted from the amount of indemnity calculated in accordance with the foregoing basis.

6. Contribution

If at the time of any loss or damage covered by this Policy there shall be any other insurance covering such damage effected by or on behalf of the Insured the Insurers shall not be liable for more than their rateable proportion of such damage. If such other insurance is subject to any condition of average to the Insurers this Policy shall be subject to such condition in a like manner.

7. Security

The Insured shall take precautions to keep the Machinery in good working order to enforce the observance by all persons of all proper safeguards against loss or damage to the Machinery and to ensure that statutory and other regulations relating to the operation and inspection of the Machinery are obeyed.

8. Rights of Access

The Insurer's officials or representatives shall have the right at all reasonable times to inspect and examine the Machinery. Dismantling and re-assembling in connection with any examination shall be carried out by the Insured on such date or dates as the Insurers and the Insured shall mutually agree for the making of such examinations.

9. Change of Risk

The Insured shall notify the Insurers of any defects or conditions of working which affect the risk of loss or damage and shall cause such additional precautions to be taken as the circumstances require. The Insurers shall not be liable for any loss or damage caused by a departure from normal working conditions with the Insured's approval and which creates an aggravated risk unless the Insurers shall have given prior consent.

10. Avoidance

If at any time after commencement of this insurance

- (a) the business of the Insured be wound up or carried on by liquidator or receiver or permanently discontinued
- (b) the Insured's interest ceases otherwise than by death

this Policy shall be avoided unless its continuance be admitted by endorsement signed by or on behalf of the Insurers.

11. Cancellation

The Insurers may cancel this Policy by sending ten days notice by registered letter to the Insured at his last known address and will return to the Insured a proportionate part of the premium corresponding to the unexpired Period of Insurance.

12. Fulfilment of Conditions

The due observance and fulfilment of the terms and conditions 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 proposal and declaration shall be conditions precedent to any liability of the Insurers to make any payment under this Policy.

13. Arbitration

All differences arising out of this Policy shall be referred to the arbitration of some person to be appointed by both parties or if they cannot agree upon a single Arbitrator to the decision of two Arbitrators one to be appointed in writing by each party and in the case of disagreement between the Arbitrators to the decision of an Umpire who shall have been appointed in writing by the Arbitrators before entering on the reference. The Umpire shall sit with the Arbitrators and preside at their meeting and the making of an Award shall be a condition precedent to any right of action against the Insurers. If the Insurers shall disclaim liability to the Insured or his personal representatives for any claim hereunder and such claim shall not within twelve calendar months from the date of such disclaimer have been referred to Arbitration under the provisions herein contained then the claim shall for all purposes be deemed to have been abandoned and shall not thereafter be recoverable hereunder.

IMPORTANT- The Insured is requested to read this Policy. If any error or misdescription be found, the Policy should be returned to the issuing office for correction.

MAR20506