

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 damaged 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. You comply with 3 a, above
 - ii. the carrying out of the repair is without prejudice to any question of liability 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.

Deterioration of stock extension

Defined events

The insurance is in respect of deterioration of the goods described in the schedule from any cause not hereinafter excepted within the refrigeration chamber(s) at Your premises resulting from:

- a. Unforeseen and sudden physical damage to the machinery specified from any cause as provided under the machinery breakdown section of this policy (covering the item against damage) liability under which section shall except for the provision of the condition relating to the first amount payable be a condition precedent to liability hereunder.
- b. Contamination by refrigerant as a result of physical damage to the refrigeration installation.
- c. Accidental failure of the public supply of electricity as the result of a defined event (at the terminal ends of the supply authorities service feeders at the premises) **not occasioned by the deliberate act of any supply authority, by the exercise of any such authority of its power to withhold or restrict supply, nor by a scheme of rationing or drought.**

Exceptions:

- a. **The amount specified in the Schedule as the first amount payable**
- b. **Any loss arising as a result of shrinkage, inherent defects or diseases, natural deterioration or natural putrefaction of the stored goods**
- c. **Any loss arising from improper storage, damage to packing material, insufficient circulation of air, non-uniformity of temperature**
- d. **Any loss caused by temporary repair of the refrigeration machinery specified in the list of machinery which is carried out without Our consent**
- e. **Penalties for delay consequential loss or damage or liability of any nature whatsoever**

Sum insured

- a. It is a requirement of this insurance that the sum insured shall be equal to the estimated maximum cost price obtainable for the stored goods during any period of insurance
- b. If the sum insured is less than the amount required to be insured, We will pay only in such proportion as the sum insured bears to the amount required to be insured. Every item if more than one shall be subject to this condition separately

Basis of loss settlement

We will indemnify You in respect of such deterioration as hereinafter provided up to an amount not exceeding in any one period of insurance in respect of each of the items specified in the schedule the sum set opposite thereto and not exceeding in all the total sum expressed in the schedule as insured hereby. Provided always that said goods belong to You at the time of the loss and such goods are contained in the refrigeration chamber(s) connected to said machinery.

Specified conditions

1. You shall obtain and produce the appropriate certificates from Public Health or similar authorities in support of any claim for deteriorated goods
2. The sum insured shall be reduced by any indemnity paid under this section for the remaining policy period unless it has been reinstated by payment of an additional premium on a pro rata basis
3. It is a requirement of this insurance that:
 - a. a firm arrangement is made for competent specialists to maintain and adjust the machinery at regular intervals or
 - b. maintained by Your own maintenance personnel; and written records of inspections and repairs to be kept.

Extensions**Occurrence shall mean:**

Sudden and accidental pollution of wine including destruction on the grounds of health hazard or any order of Government of local authority) as a result of:

Failure of electricity supply extension (if stated in the schedule)

For the purpose of this extension deterioration or contamination of the contents of the Insured's chambers arising from accidental failure of the public supply of electricity at the terminal ends of the supply authorities' service feeders at the premises is included provided always that the insurance under this extension shall be subject to the following special conditions:

Special Conditions

1. Our liability shall in no case under this extension and the Policy exceed the sum insured by this Policy.
2. **The insurance under this extension does not cover:**
 - a. **loss occasioned by the deliberate act of any authority, nor by the exercise by such authority of its power to withhold or restrict supply**
 - b. **loss occasioned by drought or shortage of fuel at any power station**

Transit Extension (if stated in the Schedule)

The Policy is hereby extended to include Loss or Damage caused by deterioration or contamination to refrigerated goods whilst in transit arising solely from Mechanical or Electrical Breakdown of the Refrigeration Machinery attached to the carrying vehicle. **Loss or damage resulting from impact puncture collision, overturning, engine failure or shortage of fuel of the carrying vehicle is specifically excluded.**

The Limit of Liability under this section shall not exceed that amount specified in the Schedule. Where the policy is based on turnover the Insured shall declare the actual turnover achieved and the premium shall be adjusted up or down as the case may be taking into account any deposit premium.

Stock in Process Extension (if stated in the Schedule)

The Policy is hereby extended to include Loss or Damage caused by deterioration or contamination to goods/stock in process arising from an indemnifiable event as defined in Our Standard Machinery Breakdown Policy to plant and equipment insured thereon. The Limit of Liability under this section shall not exceed that amount specified in the Schedule.

1. **The insurance under this extension does not cover:**
 - a. **sudden and unforeseen electrical and/or mechanical damage to the Controlled environment System;**
 - b. **malfunction of the Controlled Environment System;**
 - c. **escape of refrigerant or contamination of the property Insured;**

- d. failure of the supply of electricity;
- e. error and/or omission of any of Your employees.

.Memoranda**MEMO 1:**

In the event of damage to the Insured Products:

1. where such damage necessitates destroying the Insured Products a Certificate of Condemnation must be obtained by the Insured from the appropriate Local Authority for such goods to be destroyed
2. in cases where damage is alleged to have impaired the value of the Insured Products reasonable proof of impairment of value must be submitted by the Insured in respect of such Insured Products
3. where the Insured has incurred an increase in the cost of working so as to prevent or minimise damage to the Insured Products reasonable proof of the necessity for incurring such costs must be furnished by the Insured.

MEMO 2:

The Machinery described in the Schedule will be maintained as prescribe by the OEM (Original Equipment Manufacturer).

MEMO 3:

The controlling switchgear of the Refrigeration Machinery described in the Schedule of this Section shall incorporate apparatus for low-voltage protection and for automatic restarting following a failure of the Public Supply of Electricity.

MEMO 4:

On the expiry of each Period of Insurance the Insured shall make the following declaration to the Company:

1. the average monthly value of the Insured Products contained in Coldroom(s). The Provisional Premium shall be adjusted at the Rates agreed between the Insured and the Company and an Additional or Refund Premium charged or allowed to the Insured
OR
2. the maximum value of the Insured Products contained in Coldroom(s) at any one time during the Period of Insurance. The Provisional Premium charged shall be adjusted at the Rates agreed between the Insured and the Company and an additional or refund premium charged or allowed to the Insured
3. a. the estimated value at risk for the forthcoming Period of Insurance in accordance with the Provisions of 1 above
b. the replacement cost of the Coldroom(s).

