MACHINERY BREAKDOWN

DEFINED EVENTS

Sudden and unforeseen physical damage from any cause not hereinafter excluded to any Machinery described in the Schedule, occurring at the Premises and during the Period of Insurance, while such Machinery is

1 at work or at rest

2 being dismantled for the purpose of cleaning, inspection, overhaul or removal to another position or in the course of these operations themselves or subsequent re-erection.

SPECIAL EXCEPTIONS

This Policy does not cover

1 Loss or damage due to fire, extinguishing of fire or subsequent demolition, lightning whether direct or indirect, explosion, chemical explosion (except flue gas explosions in boilers) impact by animals or vehicles, aircraft or other aerial devices or articles dropped therefrom, sonic shock waves, theft, burglary or any attempt thereat malicious act, collapse of buildings, subsidence, landslip, escape of water from water containing apparatus including leakage or discharge from any sprinkler or drencher system, storm, flood, inundation, wind, water, hail, snow, earthquake (whether arising from mining operations or otherwise), volcanic eruption or other convulsions of nature.

   The term explosion does not include bursting or disruption of turbines, compressors, transformers, oil immersed switch gear, cylinders of steam engines, hydraulic cylinders, flywheels or other apparatus subject to centrifugal force.

2 Loss or damage resulting from experiments, overloads, tests requiring the imposition of abnormal conditions or misapplication of tools.

3 Loss or damage for which a manufacturer, supplier, lessor, contractor or repairer is responsible either by law or under contract.

4 Loss or damage caused by any faults or defects existing at the time of commencement of this Policy within the knowledge of the Insured or his representatives, whether such faults or defects were known to the Insurers or not.

5 Loss or damage arising out of the wilful act or gross negligence of the Insured or his representatives.

6 Any costs of replacing, reinstating or making good

   (a) wear and tear and gradual deterioration

   (b) expendable parts and tools such as (but not limited to) valves, tubes, belts, chains, moulds, engraved cylinders, seals, bits, cutters, knives, blades, dies, pattern rollers, sieves, ropes, wires, objects made of glass, conveyor bands, rubber tyres, jointing and packing material. If these parts or tools are damaged as a result of an accident to other parts of the machinery insured hereunder the Company shall indemnify the Insured for the residual value of such parts or tools.

   (c) Foundations, masonry and refractories unless specifically stated in the Schedule to be included.

7 The amount specified in the Schedule as the Deductible.

8 Costs of any alterations, additions, improvements and overhauls carried out on the occasion of a repair.

9 Temporary repairs and any consequences arising therefrom unless the Company has authorised the temporary repairs.

10 The value of damaged parts which can be used in any way whatsoever.

SPECIAL CONDITIONS

1 Sum Insured – By express agreement between the parties the Sum Insured shall at all times be the New Replacement Value of each item of Machinery including freight dues, customs duties and erection costs.

2 Underinsurance – If the Sum Insured on any item at the time of a loss is less than the amount required to be insured then the Insured shall be considered as being his own Insurer for the difference and shall bear a rateable proportion of the loss accordingly.

3 Basis Of Indemnity – Subject to the Sum Insured the liability of the Company shall be limited to the costs of repair or replacement of the Machinery as follows

   (a) Partial Damage – Where the Machinery can be repaired the Company will pay the costs reasonable and necessarily incurred to restore it to its state of serviceability immediately before the occurrence of the damage but not exceeding the applicable Total Loss Indemnity but excluding unless specially provided for herein costs of express delivery, overtime, Sunday and holiday rates of pay.

   (b) Total Loss – If the cost of repairs as detailed (a) above equals or exceeds the actual value of the Machinery immediately before the occurrence then such Machinery shall be regarded as a total loss and the Company will pay the actual value of the Machinery immediately before the occurrence which shall be calculated as its New Replacement Value less deduction for use, age and salvage.

(c) The Company may at its option repair, reinstate or replace any damaged Machinery or pay the amount of the damage in cash.

Normal dismantling costs will also be paid.

4 Claims – On the happening of an event giving rise or likely to give rise to a claim the Insured

(a) shall exercise all means in his power to salvage the insured item and ensure their preservation

(b) may proceed with the repair of the Machinery provided that

(i) he complies with 4(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 the Company

SPECIAL CLAUSES

AUTOMATIC REINSTATEMENT

No Sum Insured shall be reduced by the amount of any claim paid or payable by the Company but the Insured shall pay to the Company an additional Premium on such amount calculated pro rata from the date of the loss or damage to the end of the Period of Insurance.

CLAIMS PREPARATION COSTS

The Company will pay costs and expenses incurred in producing and certifying any particulars or details required by the Company under the terms of Condition 3 of the Policy but limited to reasonable payments in respect of:

(i) additional wages or salaries to Insured's own employees

(ii) additional fees to Insured's usual auditors

(iii) cost of materials used

and further limited to N$5 000 in respect of all claims arising out of any one event.

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 the Company. If the Company cannot approve the alteration or departure from normal working conditions the Company may cancel the insurance in respect of the Machinery concerned making an appropriate return of Premium.

ACCESS

The Insured shall allow the authorised representatives of the Company to examine the insured 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 the Insured must at the request of the Company restore the risk to normal within a reasonable time failing which the Company may suspend cover in whole or in part until the risk is restored to normal.

PAYMENTS ON ACCOUNTS

Payments on accounts will be made on request but in no case shall such payments exceed the Company's total liability. If after any payment on account has been made it is found that the Company is not liable the total amount so paid shall be refunded to the Company.

CLEARANCE COSTS

The insurance includes costs necessarily incurred by the Insured in demolishing Machinery, in removing debris from the Premises and in providing, erecting and maintaining any hoardings required during demolition, debris removal and reconstruction following insured damage to such Machinery.

CONSULTANT'S FEES

The Sum Insured is declared to include architect's, quantity surveyor's and consulting engineer's fees (for estimates, plans, specifications, quantities, tenders and supervision) necessarily and actually incurred in the reinstatement or replacement of the Machinery following insured damage but in no case exceeding 10% of the amount of the loss paid under the appropriate item in respect of such loss or damage.

DETERIORATION OF STOCK EXTENSION (If Stated In The Schedule To Be Included)

The insurance on goods contained in refrigerated store is insured against loss or damage caused by an accident as hereinafter defined.

PROVISOS

(a) the goods are contained in the specified refrigerated store at the time of the accident.

(b) the liability of the Company shall not exceed the production cost or wholesale value of the goods immediately before the accident.

(c) if at the time of an accident the production costs or wholesale value of the goods be of greater value than the Sum Insured thereon the Insured shall be considered as his own insurer for the difference and shall bear a rateable share of the loss.

DEFINITIONS

Accident shall mean:- a rise or fall in temperature as a result of sudden and unforeseen physical damage to the Machinery insured which damage is indemnifiable, or would but for the application of the deductible be indemnifiable under this Policy.

SPECIAL EXCEPTIONS

This extension does not cover:-

(a) Loss arising as a result of shrinkage, inherent vice or diseases, natural deterioration or natural putrefaction.

(b) Loss arising from improper storage, defective packaging, damage to packing material, insufficient circulation of air, non-uniformity of temperature or non compliance with manufacturers or suppliers instructions.

(c) Consequential loss, penalties for delay or damage or liability of any nature whatsoever.

(d) The deductible stated in the Schedule any one occurrence.

(e) Any loss caused by temporary repair of the machinery specified in the list of Machinery which is carried out without the Insurers' consent.

SPECIAL CONDITIONS

(a) the Machinery insured shall be maintained in accordance with a Maintenance Agreement with a suitable Maintenance Company and such agreement will be made available to the Company if required.

(b) the refrigerated store shall be inspected daily to ensure that the correct storage temperature is maintained and the temperature shall be recorded in a suitable log book.