



Machinery breakdown section

Defined events

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

1. at work or at rest;
2. being dismantled for the purpose of cleaning inspection and overhaul or removal to another position or in the course of these operations themselves or subsequent re-erection within the insured's premises.

Basis of indemnity

1. If the damage can be repaired the insurer will pay the cost of restoration to working order based on the customary daily rates of wages in the district and normal freight erection and customs dues;
2. If the insured item is totally destroyed the insurer will pay the market value of the item immediately before the accident and the cost of removing the damaged machinery less the value of the remains. The insured item shall be regarded as totally destroyed if the repair costs as defined in 1 above equal or exceed its market value immediately before the accident;
3. The insurer may at its option repair reinstate or replace any damaged machinery or pay the amount of the damage in cash.

Specific exceptions

1. Irrespective of the original cause Safire will not pay for:

- (A) Excess:
The amount specified in the schedule as the excess for each and every occurrence.
- (B) Damage due to:
 - (i) Fire, lightning, explosion:
Fire extinguishing of a fire, direct lightning strikes, explosion;
 - (ii) Theft, collapse etc:
Theft, collapse of buildings, impact by animals, vehicles, aircraft, other aerial devices or objects dropped therefrom, sonic shock waves;
 - (iii) Water:
Water which escapes from water containing apparatus including leakage or discharge from any sprinkler or drencher system
 - (iv) Subsidence and landslide:
Subsidence landslide, storm flood, inundation,, hail, snow, earthquake, volcanic eruption or other convulsions of nature or any subsequent dismantling.
- (C) Experiments Damage resulting from experiments, overloads or tests requiring the imposition of abnormal conditions;
- (D) Tools: Damage due to the misapplication of tools;
- (E) Wastage wearing away: Wastage of material, or the like, or wearing out of any part of the machinery caused by, or naturally from, ordinary usage or working or other gradual deterioration;
- (F) Expendable parts: Expendable parts and tools such as, but not limited to, bits, cutters, knives, saw blades, dies, pattern, rollers, sieves, chains, belts, ropes, conveyer, bands, jointing and packing material. If these parts or tools are damaged as a result of an accident to other parts of machinery insured as provided for by this insurance, the insurer shall indemnify the insured for the residual value of such parts or tools;
- (G) Express delivery overtime: Extra charges for express delivery, overtime, Sunday and holiday rates of wages unless specially provided from herein;
- (H) Damaged parts: The value of damaged parts which can be used in any way whatsoever;
- (I) Alterations additions: Costs of alterations, additions, improvements and overhauls carried out on the occasion of a repair;
- (J) Temporary repairs: Temporary repairs and any consequences arising there from unless the insurer has authorised the temporary repairs.

2. Foundations masonry refractories

The machinery described in the schedule does not include any foundations, masonry or refractories unless specifically mentioned.

3. Partial damage

Where damage is restricted to a part or parts of an insured item the insurer will not be liable to pay a greater amount than the value of the part or parts allowed for in the sum insured plus dismantling re-erection and freight expenses.

Special conditions

1. Alterations to working conditions

Notice of any 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 insurer. If the insurer cannot approve the alteration or departure from normal working conditions the insurer may cancel the insurance in respect of the machinery concerned making an appropriate return of premium.

2. Access

The insured shall allow the authorised representatives of the insurer 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 insurer, restore the risk to normal within a reasonable time failing which the insurer 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 the insured:

(A) shall exercise all means in his power to salvage the insured items and ensure their preservation;

(B) may proceed with the repair of machinery provided that:

(i) 3(A) above is complied with;

(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 insurer.

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 the payment by the insurer of any sum or sums in discharge of the insurer's 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 the insured shall pay any additional premium required by the insurer 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 the insured 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.

Loss of profits section

(Machinery Breakdown)

Verlies van wins afdeling

(Masjinerie Breekskade)

Definitions

1. "Accident"

Unforeseen and sudden physical damage to the machinery described in schedule II from any cause provided for by the machinery breakdown insurance.

2. "Gross profit" (difference basis) insured under item 1 of schedule I.

The amount by which the sum of the turnover and closing stock exceeds the sum of the opening stock and the uninsured working expenses specified in schedule I.

3. "Gross profit" (specified standing charges basis) insured under item 2 of schedule I.

The sum produced by adding to the net profit the amount of the insured standing charges or if there is no net profit the amount of the insured standing charges less such a proportion of any net trading loss as the amount of the insured standing charges bears to all the standing charges of the business.

4. "Gross profit" (all standing charges basis) insured under item 3 of schedule I.

The sum produced by adding to the net profit the amount of all the standing charges of the business or if there is no net profit the amount of all the standing charges less the amount of any net trading loss. For the purpose of this insurance depreciation of buildings, plant machinery (other than machinery damaged in the accident), fixtures and fittings shall inter alia be deemed to be standing charges.

5. "Net profit"

The net trading profit (exclusive of all capital receipts and accretions and all outlay properly chargeable to capital) resulting from the business of the insured at the premises after due provision has been made for all standing and other charges including depreciation but before the deduction of any taxation chargeable on profit.

6. "Revenue"

The money paid or payable to the insured for goods sold and for services rendered in the course of the business at the premises.

7. "Indemnity period"

The period during which the results of the business are affected in consequence of the accident beginning the number of hours/days stated in item C of schedule II after the occurrence of the accident and ending not later than the expiry of the period shown in item D of schedule II after the occurrence.

8. "Turnover"

The money paid or payable to the insured for goods sold and delivered and for services rendered in the course of the business at the premises.

9. "Rate of gross profit"

The rate of gross profit to turnover during the financial year immediately before the date of the accident.

10. "Rate of wages"

rate of wages to turnover during the financial year immediately before the date of the accident.

11. "Annual turnover"

The turnover during the twelve (12) months immediately before the date of the accident.

12. "Standard turnover"

The turnover during the period corresponding with the indemnity period in the twelve (12) months immediately before the date of the accident.

13. "Annual revenue"

The revenue during the twelve (12) months immediately before the date of the accident.

14. "Standard revenue"

The revenue during the period corresponding with the indemnity period in the twelve (12) months immediately before the date of the accident.

15. "Shortage in turnover"

the amount by which the turnover during the specified portion of the indemnity period shall in consequence of the accident fall short of that part of the standard turnover which relates thereto.

16. "The premise"

All premises owned used or occupied by the insured for the purposes of the business.

to which such adjustments will be made as may be necessary to provide for the trend of the business and for variations in or other circumstances affecting the business either before or after the accident or which would have affected the business had the damage not occurred so that the figure thus adjusted will represent as nearly as may be reasonably practicable the results which but for accident would have been obtained during the relative period after the accident.

Insured events

Accident to machinery specified in schedule II and used by the insured at the premises for the purpose of the business resulting in interruption or interference with the business provided that payment shall have been made or liability admitted for accident under the machinery breakdown insurance except in so far as a proviso may operate to exclude losses below a specified amount.

Special exclusion – additions, alterations, improvements

The insurer will not be liable for loss resulting from interruption or interference with the business due to additions, alterations or improvements being effected to the damaged item on the occasion of its repair.

Special conditions

1. Action in event of an accident

When an accident occurs in consequence of which a claim may be used under this insurance the insured, in addition to complying with the general conditions, shall with due diligence do and concur in doing and permit to be done all things which may be reasonably practicable to minimise or check any interruption of or interference with the business or to avoid or diminish the loss and if a claim is made under this insurance will not later than thirty days after the expiry of the indemnity period or within such further time as the insurer will allow at their own expense deliver to the insurer in writing a statement setting forth particulars of their claim together with details of all other insurance covering the loss or any part of it or consequential loss of any kind resulting there from. No claim under this insurance will be payable unless this specific condition has been complied with and in the event of non-compliance therewith in any payment an account of the claim already made will be repaid to the insurer forthwith.

2. Standby machinery

Any item of machinery insured by this policy against which the word "Standby" appears in schedule II shall be maintained as standby available for immediate use in the event of the failure of the machinery to which it is standby. Should the standby position change the insured shall give notice as soon as possible to insurer and pay the applicable additional premium calculated from the date that the item of machinery ceased to be standby.

Basis of loss settlement

1. Gross profit (difference basis)

The insurance under item 1 of schedule 1 is limited to loss of gross profit due to reduction in turnover and increase in cost of working and the amount payable thereunder will be:

(A) For reduction in turnover:

The sum produced by applying the rate of gross profit to the amount by which the turnover during the indemnity period shall in consequence of the accident fall short of the standard turnover;

(B) For increase in cost of working:

The additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the reduction in turnover which but for that expenditure would have taken place during the indemnity period in consequence of the accident but not exceeding the sum produced by applying the rate of gross profit to the amount of the reduction thereby avoided;

less any sum saved during the indemnity period for such charges and expenses of the business payable out of gross profit as may cease or be reduced in consequence of the accident provided that if the sum insured by this item is less than the sum produced by applying the rate of gross profit to the annual turnover (proportionately increased where the indemnity period exceeds twelve (12) months) the amount payable will be proportionately reduced.

2. Gross profit (specified standing charges basis)

The insurance under item 2 of schedule I is limited to loss of gross profit due to reduction in turnover and increase in cost of working and the amount payable as indemnity thereunder will be:

(A) For reduction in turnover:

The sum produced by applying the rate of gross profit to the amount by which the turnover during the indemnity period shall in consequence of the accident fall short of the standard turnover.

(B) For increase in cost of working:

The additional expenditure, subject to proviso 2(D), necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the reduction in turnover which but for the expenditure would have taken place during the indemnity period in consequence of the accident but not exceeding the sum produced by applying the rate of gross profit to the amount of the reduction thereby avoided less any sum saved during the indemnity period for such of the insured standing charges as may cease or be reduced in consequence of the accident provided that:

- (i) if the sum insured by this item is less than the sum produced by applying the rate of gross profit to the annual turnover (proportionately increased where the indemnity period exceeds twelve (12) months) the amount payable will be proportionately reduced;
- (ii) if any standing charges of the business are not insured only such proportion of the additional expenditure as the sum of the net profit and the insured standing charges bears to the sum of the net profit and all standing charges shall be brought into account when calculating the amount recoverable hereunder.

3. Gross Profit (all standing charges basis)

The insurance under item 3 of schedule I is limited to the gross profit due to reduction in turnover and increase in cost of working and the amount payable as indemnity thereunder shall be

(A) For reduction in turnover:

The sum produced by applying the rate of gross profit to the amount by which the turnover during the indemnity period shall in consequence of the accident fall short of the standard turnover.

(B) For increase in cost of working:

The additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the reduction in turnover which but for that expenditure would have taken place during the indemnity period in consequence of the accident but not exceeding the sum produced by applying the rate of gross profit to the amount of the reduction thereby avoided;

less any sum saved during the indemnity period in respect of any standing charges which may cease or be reduced in consequence of the accident provided that if the sum insured by this item be less than the sum produced by applying the rate of gross profit to the annual turnover (proportionately increased where the indemnity period exceeds twelve (12) months) the amount payable will be proportionately reduced.

4. Revenue

The insurance under item 4 of schedule I is limited to loss due to reduction in revenue and increase in cost of working and the amount payable as indemnity hereunder will be:

(A) For reduction in revenue:

The amount by which the revenue during the indemnity period shall in consequence of the accident fall short of the standard revenue.

(B) For increase in cost of working:

The additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the reduction in revenue which but for that expenditure would have taken place during the indemnity period in consequence of the accident but not exceeding the amount of the reduction thereby avoided;

less any sum saved during the indemnity period for such charges and expenses of the business payable out of revenue as may cease or be reduced in consequence of the accident provided that if the sum insured by this item is less than the annual revenue (proportionately increased where the indemnity period exceeds twelve (12) months) the amount payable will be proportionately reduced.

5. Wages (dual basis)

The insurance under item 5 of schedule I is limited to loss in respect of wages and the amount payable thereunder will be:

(A) For reduction in turnover:

- (i) during the portion of the indemnity period beginning with the number of hours/days stated in item C of schedule II after the occurrence of the accident and ending not later thereafter than the specified number of weeks in schedule I - the sum produced by applying the rate of wages to the shortage in turnover less any saving through reduction in the amount of wages paid in consequence of the accident;
- (ii) during the remaining portion of the indemnity period - the sum produced by applying the rate of wages to the shortage in turnover less any saving through reduction in consequence of the accident in the amount of wages paid but not exceeding the sum produced by applying the specified percentage of the rate of wages to the shortage in turnover increased by such amount as is deducted for savings in terms of paragraph 5(A)(i) above.

Note: At the option of the insured the provisions of paragraph 5(A)(i) may apply for the specified extended period provided that the amount arrived at under the provisions of 5(B)(ii) shall then not exceed the amount deducted under paragraph 5(a) for savings effected during the said extended period.

(B) For increase in cost of working:

So much of the additional expenditure described in paragraph 1(B) or 2(B) or 3(B) of items 1 or 2 or 3 of schedule I as exceeds the amount payable thereunder but not more than the additional amount which would have been payable for reduction in turnover under the provisions of paragraphs 5(A) (ii) of this item had such expenditure not been incurred provided that if the sum insured by this item is less than the sum produced by applying the rate of wages to the annual turnover (proportionately increased where the indemnity period exceeds twelve (12) months) the amount payable will be proportionately reduced.

(C) Wages (number of weeks basis):

The insurance by item 6 of schedule I is limited to the loss incurred by the payment of wages for a period beginning with the number of weeks/days stated in item C of schedule II after the occurrence of the accident and ending not later thereafter than the number of weeks specified in schedule II. The amount payable as indemnity under this item will be the actual amount which the insured shall pay as wages for such period to employees whose services cannot in consequence of the accident be utilised by the insured at all and an equitable part of the wages paid for such period to employees whose services cannot in consequence of the accident be utilised by the insured to the full provided that if the sum insured by this item is less than the aggregate amount of wages that would have been paid during the specified number of weeks immediately following the accident had the accident not occurred the amount payable will be proportionately reduced.

(D) Additional expenditure:

The insurance under item no 7 of schedule I is limited to additional expenditure (in excess of that recoverable under other items) necessarily and reasonably incurred by the insured in consequence of the accident in order to minimize interruption of or interference with the business during the indemnity period.

(E) Other premises:

If during the indemnity period goods shall be sold or services shall be rendered or revenue earned elsewhere than at the premises for the benefit of the business either by the insured or by others on his behalf the money paid or payable revenue earned in respect of such sales or services shall be brought into account in arriving at the turnover or revenue during the indemnity period.

6. Clauses

Only apply when indicated in the schedule.

(A) Accountant / auditor:

Any particulars or details contained in the insured's books of account or other business books or documents which may be required by the insurer for the purpose of investigating or verifying any claims under this insurance may be produced and certified by the insured's own accountants and/or auditors and their certificate will be prima facie evidence of the particulars and details which such certificate relates.

(B) Accumulation of stocks:

In adjusting any loss account will be taken and an equitable allowance made if any shortage in turnover due to the accident is postponed by reason of the turnover being temporarily maintained from accumulated stocks.

(C) Department / branches:

If the business be conducted in departments/branches the independent trading results of which are ascertainable the provisions of paragraphs 1(A) 1(B) 2(A) 2(B) 3(A) 3(B) 4(A) 4(B) 5(A) and 5(B) will apply separately to each department / branch whose results are affected by the accident provided that if the respective sums insured are less than the aggregate of the sums produced by applying the rate of gross profit revenue or the rate of wages (as the case may be) for each department / branch of the business (whether its results are affected by the accident or not) to the relative annual turnover thereof (proportionately increased where the indemnity period exceeds twelve (12) months) the amount payable will be proportionately reduced.

(D) Alternative basis of loss settlement:

The term "output" may be substituted for the term "turnover" and for the purpose of this insurance "output" shall mean "the sale value of goods manufactured by the insured in the course of the business at the premises" provided that:

- (i) only one such meaning shall be operative in connection with any accident;
- (ii) if the meaning set out above be adopted:
 - (a) clause 6(B) shall be of no effect;
 - (b) clause 5(E) shall read as follows.

"if during the indemnity period goods shall be manufactured or services rendered elsewhere than at the premises for the benefit of the business either by the insured or by the others on their behalf the sale value of goods so manufactured or services rendered shall be brought into account in arriving at the output during the indemnity period".

(E) New business clause:

For the purpose of assessing any loss sustained as the result of an accident occurring before the completion of the first year's trading the terms "rate of gross profit", "rate of wages", "annual turnover", "standard turnover", "annual revenue" and "standard revenue" shall bear the following meanings:

- (i) Rate of gross profit:
The rate of gross profit earned on the turnover during the three (3) months immediately before the date of the accident.
- (ii) Rate of wages:
The rate of wages to turnover during the three (3) months immediately before the date of the accident.
- (iii) Annual turnover:
Twelve (12) times the average monthly turnover for the three (3) months immediately before the date of the accident.
- (iv) Standard turnover:
The turnover which would have been achieved during the indemnity period if the average turnover during the three (3) months immediately before the date of the accident had been maintained.
- (v) Annual revenue:
The average revenue earned during the three (3) months immediately before the date of the accident.
- (vi) Standard revenue:
The revenue which would have been earned during the indemnity period if the average revenue during the three (3) months immediately before the date of the accident had been maintained.

(F) Payments on account:

Payments on account of insured losses may be made if desired.

(G) Reinstatement of sum insured:

Notwithstanding the occurrence of a loss this insurance will remain in force for the full amount the insured agreeing to pay additional premium on the amount of such loss pro rata from the date of the accident to the expiry of the period of insurance.

(H) Deposit premium:

In consideration of the premium for items 12 3 4 and/or 5 of schedule I being provisional because they are calculated on seventy five percent (75%) of the sum(s) insured thereby the premium is subject to adjustment on expiry of each period of insurance as follows If the gross profit or revenue earned or wages paid (proportionately increased if the indemnity period exceeds twelve (12) months) during the financial year most nearly concurrent with any period of insurance is less or greater than seventy five percent (75%) of the sum insured thereon a pro rata return or additional premium not exceeding thirty three and a third percent (33⅓%) of the provisional premium paid for such period of insurance will be made for the difference.

(I) Premium rebate:

- (i) if the gross profit and/or revenue earned and/or wages paid as insured by item 5 of schedule I (all proportionately increased if the indemnity period exceeds twelve (12) months) during the financial year most nearly concurrent with any period of insurance is less than the respective sums insured thereon a pro rata return of premium not exceeding fifty percent (50%) of the premium paid on such sums insured for such period of insurance will be made for the difference provided that if any claim shall have arisen under these items such return will be made in respect only of so much of the difference as is not due to such claim.
- (ii) If the specified number of 52nd parts of the wages paid as insured by item 6 of schedule I during the financial year most nearly concurrent with any period of insurance is less than the sum insured thereon a pro rata return of premium not exceeding fifty percent (50%) of the premium paid on such sum insured for such period of insurance will be made for the difference provided that if any claim shall have arisen under this item no return of premium will be made.