

PLANT & MACHINERY INSURANCE POLICY

In consideration of the payment to Sun Insurance Company Limited (hereafter called "the Company") of the premium agreed for this insurance, the company will indemnify the party or parties named in the Schedule (hereafter called the insured) in accordance with the terms of the policy.

The policy means the General Terms, General Conditions and General Exclusions together with the Terms, Conditions, Endorsements, Alterations and Exclusions of each Section.

The Insured agrees that the company has relied on information supplied to it by the insured and where appropriate the insured's agent about this insurance and that such information shall be the basis of the Policy.

POLICY COVERAGE

The company will indemnify the Insured for work to make good insured damage to plant described in the schedule up to the limit of liability stated in the schedule.

The company's liability to make payment in respect of any one event shall not exceed in total (inclusive of all costs and expenses) the limit of liability stated in the schedule for the particular item of plant damaged.

This insurance applies to insured damage to plant whilst the insured plant is working or at rest or being dismantled, moved, reassembled or reinstalled for the purpose of cleaning inspection adjustment, repair, overhaul or relocation.

DEFINITIONS

1. Plant

All integral parts of each of the items described in the schedule excluding word processors and computers (other than those used for machinery process and control) plus (subject to General Condition 4) any replacement or additional plant of a similar type provided such replacement or addition has been duly commissioned and is not experimental or prototype plant.

2. Insured Damage

Sudden and unforeseen damage occurring at the situation described in the schedule during the period of insurance which necessitates immediate repair, reinstatement, replacement or restoration of the plant before it can resume working.

3. Work To Make Good

The repair, reinstatement, replacement or restoration of the plant whichever costs less, to its condition immediately prior to the insured damage, less the salvage value of damaged parts which are replaced. The repair, reinstatement, replacement or restoration being the cost of replacement parts, labour charged at standard rates, surface transport cost at ordinary rates, customs duties and other governmental impost, if any, plus the reasonable and necessary cost of expediting repairs by

overtime working and obtaining replacement parts by a recognised commercial airline, provided these expediting costs do not exceed 20% of the total repair cost.

PROVISIONS

1. SUM INSURED (Not applicable where this policy is issued in respect of items on a limit anyone loss basis)

The sum insured for each item of plant must not be less than the new replacement cost which shall mean the cost of replacement of the insured item by a new item of the same kind and capacity including packing freight customs duties and dues if any and installation charges. If at the time of loss or damage to any item of plant insured under this policy it is found that the sum insured is less than 80% of the new replacement cost the insured shall be considered as being his own insurer for that proportion which the difference between the new replacement cost and sum insured bears to the sum insured and shall bear a rateable proportion of the loss accordingly. This provision shall apply separately to each item of plant insured under this policy.

2. BASES OF INDEMNITY

(a) Repairable Damage

Where insured damage to an item of plant can be repaired the company will indemnify the insured for work to make good up to the limit of liability stated in the schedule for that particular item of plant.

No deduction shall be made for depreciation except where insured damage occurs to refrigeration and air conditioning units which necessitates replacement or exchange of :

- Sealed or semi sealed motor / compressor units or
- Complete sealed or semi sealed condensing units

Depreciation will be deducted from the delivered cost of replacement or exchange units at the rate of 5% per annum for each complete year of service of the plant following initial commissioning or replacement whichever has most recently occurred.

Total depreciation of any insured item shall not exceed 66.6%.

No deduction shall be made for depreciation in respect of labour and gas charges

(b) Total Loss

When the cost of repairing, reinstating, replacing or restoring exceeds the value of the plant immediately prior to the happening of the insured damage, the plant may be deemed by the company to be a total loss in which event the company will at its option :

- (i) Pay the relevant sum insured stated in the schedule for that particular item of plant or
- (ii) Supply a replacement item similar in type, capacity and condition to the plant immediately prior to the happening of the insured damage or
- (iii) Pay the value of a replacement item similar in type, capacity and condition to the plant immediately prior to the happening of the insured damage

EXCLUSIONS

The company shall not be liable for :

1. Loss of or damage to dies and moulds
2. Loss or damage resulting from oxidation, rust, erosion of any kind, cavitation, corrosion, wear and tear and gradual deterioration of any kind
3. Removal and re-installation costs associated with under-ground pumps and well casings
4. The deductibles stated in the schedule to be borne by the insured in respect of each and every event of loss or damage to each and every item. If more than one item is lost or damaged in one event the insured shall not be liable to bear more than the highest single deductible which is applicable to such items
5. Loss or damage to boilers and pressure vessels