



**PART A - POLICY WORDINGS**  
(PART A is applicable irrespective of whether specified in the Policy Schedule)

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## MACHINERY INSURANCE

Whereas the Insured named in the Schedule hereto has made to the (hereinafter called "the Insurers") a written proposal by completing a questionnaire which, together with any other statements made in writing by the Insured for the purpose of this Policy, is deemed to be incorporated herein,

Now this Policy of Insurance witnesses that, subject to the Insured having paid to the Insurers the premium mentioned in the Schedule and subject to the terms, exclusions, provisions and conditions contained herein or endorsed hereon,

The Insurers hereby agree with the Insured that if at any time during the period of insurance stated in the Schedule or during any subsequent period for which the Insured pays and the Insurers may accept the premium for the renewal of this Policy, the items (or any part thereof) entered in the Schedule, whilst on the premises mentioned therein, suffer any unforeseen and sudden physical loss or damage from causes such as defects in casting and material, faulty design, faults at workshop or in erection, bad workmanship, lack of skill, carelessness, shortage of water in boilers, physical explosion, tearing apart on account of centrifugal force, short circuit, storm, or from any other cause not specifically excluded hereinafter, in a manner necessitating repair or replacement, The Insurers will indemnify the Insured in respect of such loss or damage, as hereinafter provided, by payment in cash, replacement or repair (at the Insurers' option) up to an amount not exceeding in any one year 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.

This Policy shall apply to the insured items after successful completion of their performance acceptance tests whether they are at work or at rest, or being dismantled for the purpose of cleaning or overhauling, or in the course of the aforesaid operations themselves, or when being shifted within the premises, or during subsequent re-erection.

### Exclusions

#### The Insurers shall not be liable for

1. the deductible stated in the Schedule to be borne by the Insured in any one occurrence; if more than one item is lost or damaged in one occurrence, the Insured shall not, however, be called upon to bear more than the highest single deductible applicable to such items;
2. loss of or damage to exchangeable tools, eg dies, moulds, engraved cylinders, parts which by their use and/or nature suffer a high rate of wear or depreciation, eg refractory linings, crushing hammers, objects made of glass, belts, ropes, wires, rubber tyres, operating media, eg lubricants, fuels, catalysts;
3. loss or damage due to fire, direct lightning, chemical explosion (except flue gas explosions in boilers), extinguishing of a fire or subsequent demolition, aircraft or other aerial devices or articles dropped therefrom, theft, burglary or attempts thereat, collapse of buildings, flood, inundation, earthquake, subsidence, landslide, avalanche, hurricane, cyclone, volcanic eruption or similar natural catastrophes;
4. loss or damage for which a supplier, contractor or repairer is responsible either by law or under contract;
5. 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;
6. loss or damage arising out of the wilful act or gross negligence of the Insured or his representatives;
7. any consequence of war, invasion, act of foreign enemy, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, mutiny, riot, strike, lock-out, civil commotion, military or usurped power, acts of a group of malicious persons or persons acting on behalf of or in connection with any political organization, conspiracy, confiscation, commandeering, requisition or destruction of or damage to property by order of any government de jure or de facto by any public authority;



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- 8. any consequence of nuclear reaction, nuclear radiation or radioactive contamination;**
- 9. loss or damage as a direct consequence of the continual influence of operation (eg wear and tear, cavitation, erosion, corrosion, rust, boiler scale);**
- 10. consequential loss or liability of any kind or description, any payments over and above the indemnity for material damage as provided herein.**

**In any action, suit or other proceeding where the Insurers allege that, by reason of the provision of Exclusion 7 above, any loss or damage is not covered by this Policy, the burden of proving that such loss or damage is covered shall be upon the Insured.**

**Provisions**

**Memo 1 - Sum Insured** It shall be a requirement of this Policy that the sum insured is equal to the cost of replacement of the insured machinery by new machinery of the same kind and capacity, which means its cost of replacement including, eg, freight, dues and customs duties, if any, and cost of erection.

If the sum insured is less than the amount required to be insured, the Insurers shall 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.

**Memo 2 - Basis of Indemnity** a In cases where damage to an insured item can be repaired – the Insurers shall 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.

a If the repairs are executed at a workshop owned by the Insured, the Insurers shall pay the cost of materials and wages incurred for the purpose of the repairs plus a reasonable percentage to cover overhead charges. No deduction shall be made for depreciation in respect of parts replaced, but the value of any salvage shall be taken into account. If the cost of repairs as detailed hereinabove equals or exceeds the actual value of the machinery insured immediately before the occurrence of the damage, the item shall be regarded as destroyed and Settlement shall be made on the basis provided for in b below.

b In cases where an insured item is destroyed - the Insurers shall pay the actual value of the item immediately before the occurrence of the loss, including charges for ordinary freight, cost of 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. The Insurers shall also pay any normal charges for the dismantling of the machinery destroyed, but the salvage shall be taken into account.

Any extra charges incurred for overtime, night work, work on public holidays, and express freight shall be covered by this Policy only if especially agreed in writing.

The cost of any alterations, additions, improvements or overhauls shall not be recoverable under this Policy.

The cost of any provisional repairs shall be borne by the Insurers if such repairs constitute part of the final repairs and do not increase the total cost of repair.

The Insurers shall make payments only after being satisfied by production of the necessary bills and documents that the repairs have been effected or replacement has taken place, as the case may be.

**Conditions**

- 1) The due observance and fulfilment of the terms 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 questionnaire and proposal made by the Insured shall be a condition precedent to any liability of the Insurers.
- 2) The Schedule shall be deemed to be incorporated in and form part of this Policy and the expression “this Policy”, wherever used in this contract, shall be read as including the Schedule. Any word or expression to which a specific meaning has been attached in any part of this Policy or of the Schedule shall bear such meaning wherever it may appear.



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- 3) *The Insured shall at his own expense take all reasonable precautions and comply with all reasonable recommendations of the Insurers to prevent loss or damage and comply with statutory requirements and manufacturers' recommendations*
- 4)
- a) *Representatives of the Insurers shall at any reasonable time have the right to inspect and examine the risk and the Insured shall provide the representatives of the Insurers with all details and information necessary for the assessment of the risk.*
  - b) *The Insured shall immediately notify the Insurers either by teletype (telex,telex, telegram) or by telephone confirmed in writing of any material change in the risk and cause at his own expense such additional precautions to be taken as circumstances may require to ensure safe operation of the insured items, and the scope of cover and/or premium shall, if necessary, be adjusted accordingly.*

*No material alteration shall be made or admitted by the Insured whereby the risk is increased, unless the continuance of the Insurance is confirmed in writing by the Insurers.*

- 5)
- a) *In the event of any occurrence which might give rise to a claim under this Policy, the Insured shall immediately notify the Insurers either by teletype (telex, telex, telegram) or by telephone confirmed in writing, giving an indication as to the nature and extent of the loss or damage;*
  - b) *take all reasonable steps within his power to minimize the extent of the loss or damage;*
  - c) *preserve the parts affected and make them available for inspection by a representative or surveyor of the Insurers;*
  - d) *furnish all such information and documentary evidence as the Insurers may require.*

*The Insurers shall on no account be liable for loss or damage of which no notice has been received by the Insurers within 14 days of its occurrence. Upon notification being given to the Insurers under this condition, the Insured may carry out repairs of any minor damage or replace items which have sustained any minor damage; in all other cases a representative of the Insurers shall have the opportunity of inspecting the loss or damage before any repairs or alterations are effected. If a representative of the Insurers does not carry out the inspection within a period of time which could be considered adequate under the circumstances, the Insured shall be entitled to proceed with the repairs or replacement.*

*The liability of the Insurers under this Policy in respect of any insured item shall cease if said item is kept in operation after a claim without being repaired to the satisfaction of the Insurers, or if temporary repairs are carried out without the Insurers' consent.*

- 6) *The Insured shall at the expense of the Insurers do and concur in doing and permit to be done all such acts and things as may be necessary or required by the Insurers in the interest of any rights or remedies, or of obtaining relief or indemnity from parties (other than those insured under this Policy) to which the Insurers are or would become entitled or which is or would be subrogated to them upon their paying for or making good any loss or damage under this Policy, whether such acts and things are or become necessary or required before or after the Insured's indemnification by the Insurers.*
- 7) *If any difference arises as to the amount to be paid under this Policy (liability being otherwise admitted), such difference shall be referred to the decision of an arbitrator to be appointed in writing by the parties in difference or, if they cannot agree upon a single arbitrator, to the decision of two arbitrators, one to be appointed in writing by each of the parties, within one calendar month after having been required in writing so to do by either of the parties, or, in case the arbitrators do not agree, of an umpire to be appointed in writing by the arbitrators before the latter enter upon the reference. The umpire shall sit with the arbitrators and preside at their meetings. The making of an award shall be a condition precedent to any right of action against the Insurers.*
- 8) *The Insurers shall be entitled to withhold indemnification*
- a) *if there are doubts regarding the insured's right to receive the indemnity, pending receipt by the Insurers of the necessary proof;*
  - b) *if in connection with the claim an examination by the police or an inquiry under criminal law has been instituted against the Insured, pending completion of such examination or inquiry.*



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- 9)
- a) *If the proposal or declaration of the Insured is untrue in any material respect, or if any claim made is fraudulent or substantially exaggerated, or if any false declaration or statement is made in support thereof, then this Policy shall be void and the Insurers shall not be liable to make any payment hereunder.*
  - b) *In the event of the Insurers disclaiming liability in respect of any claim and if an action or suit is not commenced within three months after such disclaimer or (in the case of arbitration taking place in pursuance of Condition 7 of this Policy) within three months after the arbitrators or umpire have made their award, all benefit under this Policy in respect of such claim shall be forfeited.*
- 10) *If at the time any claim arises under this Policy there is any other insurance covering the same loss or damage, the Insurers shall not be liable to pay or contribute more than their rateable proportion of any claim for such loss or damage.*
- 11) *This Policy may be terminated at the request of the Insured at any time, in which case the Insurers will retain the customary short-period rate for the time this Policy has been in force. This Policy may equally be terminated at the option of the Insurers by seven day's notice to that effect being given to the Insured, in which case the Insurers will be liable to repay on demand a rateable proportion of the premium for the unexpired term from the date of cancellation less any reasonable inspection charges the Insurers may have incurred.*
- 12) *The Insurers shall not be liable to pay interest other than interest for default.*



## **Exclusions: -**

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### **Sanctions Limitations and Exclusion Clause**

The (re)insurer will not provide cover, be liable to pay any claim or provide any benefit if to do so would expose the (re)insurer (or any parent company, direct or indirect holding company of the (re)insurer) to any penalty or restriction [including extraterritorial penalties or restrictions so far as such do not contradict laws applicable to the (re)insurer], arising out of any trade and economic sanctions laws or regulations which are applicable

### **Communicable Disease Endorsement**

1. This policy, subject to all applicable terms, conditions and exclusions, covers losses attributable to direct physical loss or physical damage occurring during the period of insurance. Consequently and notwithstanding any other provision of this policy to the contrary, this policy does not insure any loss, damage, claim, cost, expense or other sum, directly or indirectly arising out of, attributable to, or occurring concurrently or in any sequence with a Communicable Disease or the fear or threat (whether actual or perceived) of a Communicable Disease.
2. For the purposes of this endorsement, loss, damage, claim, cost, expense or other sum, includes, but is not limited to, any cost to clean-up, detoxify, remove, monitor or test:
  - 2.1. for a Communicable Disease, or
  - 2.2. any property insured hereunder that is affected by such Communicable Disease.
3. As used herein, a Communicable Disease means any disease which can be transmitted by means of any substance or agent from any organism to another organism where:
  - 3.1. the substance or agent includes, but is not limited to, a virus, bacterium, parasite or other organism or any variation thereof, whether deemed living or not, and
  - 3.2. the method of transmission, whether direct or indirect, includes but is not limited to, airborne transmission, bodily fluid transmission, transmission from or to any surface or object, solid, liquid or gas or between organisms, and
  - 3.3. the disease, substance or agent can cause or threaten damage to human health or human welfare or can cause or threaten damage to, deterioration of, loss of value of, marketability of or loss of use of property insured hereunder.
4. This endorsement applies to all coverage extensions, additional coverages, exceptions to any exclusion and other coverage grant(s).

All other terms, conditions and exclusions of the policy remain the same

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## **PART B – ADDITIONAL ENDORSEMENTS**

**(PART B is applicable only if specified in the Policy Schedule)**



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**Of the below mentioned clauses only clauses appearing in the policy schedule are applicable**

<b>Machinery Breakdown Extension Clauses</b>		
<b>S. No.</b>	<b>Clause</b>	<b>Wordings</b>
1	<i>30 days notice of cancellation</i>	<i>The Company may cancel this Policy or any Section thereof by giving 30 days' notice by registered letter to the Policyholder at their last known address in which event the Policyholder at the discretion of the Company may receive a pro rata return of premium for the unexpired Period of Insurance.</i>
2	<i>Automatic cover for Additional Equipment</i>	<i>This Policy will automatically cover any additions of equipments up to a limit specified in the Policy Schedule and subject to 30 (Thirty) days declaration.</i>
3	<i>Automatic Reinstatement of sum insured Clause</i>	<i>The Sum Insured shall not be reduced by the amount of any payment provided that the Policyholder pays the premium from the date of Damage to the date of expiry of the Period of Insurance and agrees to comply with any risk improvements or other measures the Company may require to mitigate any claim.</i>
4	<i>Cover for extra charges for airfreight.</i>	<i>It is agreed and understood that otherwise subject to the terms, exclusions, provisions and conditions contained in the Policy or endorsed thereon, and subject to the Insured having paid the agreed extra premium, this insurance shall be extended to cover extra charges for airfreight. Provided always that such extra charges are incurred in connection with any loss of or damage to the insured items recoverable under the Policy.  Provided further that the amount payable under this Endorsement in respect of airfreight shall not exceed during the period of insurance, Limits and deductible as specified in the Policy Schedule.</i>
5	<i>Claims preparation Clause</i>	<i>It is hereby understood and agreed that the insurance in this policy includes cost and expenses necessarily incurred by the insured for the purpose of preparing a claim hereunder. It is further noted that the insurer's liability will be limited to the limits specified in the Policy Schedule.  Subject otherwise to the terms, conditions, exclusions and warranties of the policy.</i>
6	<i>Designation of property Clause</i>	<i>For the purpose of determining where necessary the Item or heading under which any of the property is insured the Company agrees to accept the designation under which such property has been entered in the Policyholder's records.</i>





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7	<i>Expediting Expenses</i>	<p><i>It is agreed and understood that otherwise subject to the terms, exclusions, provisions and conditions contained in the Policy or endorsed thereon, and subject to the Insured having paid the agreed extra premium, this insurance shall be extended to cover extra charges for overtime, night work, work on public holidays and express freight (excluding airfreight). Provided always that such extra charges are incurred in connection with any loss of or damage to the insured items recoverable under the Policy.</i></p> <p><i>If the sum(s) insured of the damaged item(s) is (are) less than the amount(s) required to be insured, the amount payable under this Endorsement for such extra charges shall be reduced in the same proportion.</i></p>
8	<i>Primary Insurance Clause</i>	<p><i>It is expressly understood and agreed that this Policy provides primary cover for the insured and that in the event of loss, damage or liability covered by this policy which is also covered either in whole or in part under any other policy or policies of insurance effected by or on behalf of any of the parties comprising the insured the insurer will indemnify the insured as if such other policy or policies of insurance are not in force but the insurer reserves the right of recourse if any against the insurers of such other policy or policies of insurance.</i></p>
9	<i>Professional accountants Clause</i>	<p><i>In addition to any claim payment the Insurer will pay reasonable professional accountant charges incurred by the Insured in producing any details contained in the Insured's books of account or business documents or any other information or evidence reasonably required by the Insurer for the purpose of investigating or verifying any claim</i></p> <p><i>Provided that:</i></p> <ul style="list-style-type: none"><li><i>i. the professional accountants regularly act on behalf of the Insured</i></li><li><i>ii. the sum of thee charges and the amount otherwise payable will not exceed the Insurer's limit of liability</i></li></ul>
10	<i>Payment on Account Clause, as per the recommendations of the Loss Adjuster</i>	<p><i>Payments on account may on application by the Policyholder and at the Company's discretion be made to the Policyholder.</i></p>



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11	<i>Removal of Debris clause</i>	<p><i>Costs and expenses necessarily incurred by the Policyholder with the consent of the Company in</i></p> <ol style="list-style-type: none"><li><i>1 removing debris</i></li><li><i>2 dismantling and/or demolishing</i></li><li><i>3 shoring up or propping</i></li><li><i>4 boarding up</i></li></ol> <p><i>of the portion or portions of the Property insured by this Section.</i></p> <p><i>The liability of the Company for this Additional Coverage shall be limited to and not in any way increase the relevant Item's Sum Insured provided that the amount payable relating to Stock for any such costs and expenses shall not exceed the sum insured as specified on the Schedule</i></p> <p><i>The Company shall not pay any costs and expenses</i></p> <ol style="list-style-type: none"><li><i>1 incurred in removing debris except from the site of such Property insured destroyed or damaged and the area immediately adjacent to such site</i></li><li><i>2 arising from Pollution of property and/or land not insured by this Section.</i></li></ol>
12	<i>Temporary Removal Clause</i>	<p><i>Subject to the following provisions, the property insured under this policy is covered whilst temporarily removed for cleaning, renovation, repair or similar purposes, elsewhere on the same or to any other premises and in transit thereto and therefrom by road, rail or inland waterway.</i></p> <p><i>The amount recoverable under this extension in respect of each item of the policy shall not exceed the amount which would have been recoverable had the loss occurred in that part of the premises from which the property is temporarily removed, nor, in respect of any loss occurring elsewhere that at the said premises.</i></p> <p><i>Limit as specified in the Policy Schedule</i></p>