

ALL INDIA TARIFF
ON
MACHINERY BREAKDOWN INSURANCE

TARIFF ADVISORY COMMITTEE
ADOR HOUSE,
6, K. DUBASH MARG
MUMBAI

THE TARIFF ADVISORY COMMITTEE (HEREINAFTER CALLED THE COMMITTEE) HAS LAID DOWN RULES, REGULATIONS, RATES, ADVANTAGES, TERMS AND CONDITIONS, AS CONTAINED HEREIN, FOR TRANSACTION OF MACHINERY BREAKDOWN INSURANCE BUSINESS IN INDIA IN ACCORDANCE WITH THE PROVISIONS OF PART II B OF THE INSURANCE ACT, 1938.

ANY BREACH OF TARIFF SHALL BE DEALT WITH AS PER THE RELEVANT PROVISIONS OF THE INSURANCE ACT, 1938.

MACHINERY BREAKDOWN INSURANCE POLICY

INDEX

Contents		Pages
1.	GENERAL RULES & REGULATIONS-	1-8
2.	STANDARD POLICY FORM -	9-18
3.	PROPOSAL FOR MACHINERY INSURANCE -	19-22
4.	RATING SCHEDULE -	
4.1	Group I - Electrical Machinery installed in Plants other than Cold Storages and Ice Plants.	23-25
4.2	Group II - Mechanical Items Machines common to all Industries.	26-39
4.3	Group III - Machinery in Cold Storages and Ice Plants	40
4.4	Group IV – Fertilizer plants / petrochemical Plants/ Refineries	41-42
4.5.	Declined list of Machines	43
4.6	Excess	44
4.7	Escalation Provision	45
5	ADDITIONAL RATES -	46-47
6	ENDORSEMENTS -	48-57

GENERAL REGULATIONS AND INSTRUCTIONS -

1. No Policy to be issued on first loss basis.
2. No Policy to be issued with a bonus clause.
3. Excess amounts are minimum and cannot be eliminated by payment of additional premium.
4. Projects located outside India would be outside the jurisdiction of the Committee.
5. PROCESSING OF MB PROPOSALS IN A RISK WHICH IS HAVING MORE THAN ONE MB POLICY-

Insurer should declare in the proposal form submitted the number of MB policies, which have been issued for the particular risk and details thereof. Insurer may obtain a declaration from the Insured in this regard.

6. Queries relating to the decisions of the Committee from any Office of a Company shall be referred through Head offices of that Insurer.
7. Machinery Breakdown Insurance Policy cannot be issued on agreed value basis.
8. CLAIMS EXPERIENCE DISCOUNTS AND LOADINGS -

1. CLAIMS EXPERIENCE Discount or loading will apply as per the following scale:-

Average claims ratio in % for 5 years preceding the expiring policy period	Discount (%)	Loading (%)
Upto 05	30	
Above 05 and upto 15	25	
Above 15 and upto 30	20	
Above 30 and upto 40	15	
Above 40 and upto 45	10	
Above 45 and upto 50	5	

Above 50 and upto 60	Nil	Nil
Above 60 and upto 80		5
Above 80 and upto 100		10
Above 100 and upto 125		15
Above 125 and upto 150		20
Beyond 150 and upto 200		35
Beyond 200		Committee to decide

Loading and Discount will apply for proposals in respect of risks where the Sum insured is in excess of Rs. 10 Crores in their compounds. In case more than one policy is issued in one compound and if their aggregate sum insured exceeds Rs. 10 Crs., all such policies issued in the compound shall attract the loading/discount.

For Sum Insured upto Rs. 10 Crores, there will not be any discount applicable and full Tariff Rates are to be charged. The Proposals with the Sum Insured less than Rs. 10 Crores already rated by TAC shall, however, continue to be guided by the above scale of Discounts/Loading until the Claims Experience during 5 years preceding the expiry policy warrants neither loading nor discounting over the Tariff Rates.

Notes –

- i) **The loss experience discount will be decided taking into account the claims experience during the 5 years preceding the expiring policy period. To become eligible for earning a discount, the policy should have run continuously for a period of 3 years. Loading if any, however, shall become applicable from the second year onwards.**
- ii) **Further if there is any gap between Consequent Renewals, for earning a discount, the minimum waiting period of 3 years detailed in Note (1) shall apply afresh. However, for loading purposes the claims experience under the 5 policy periods preceding the expiring policy period shall be taken into account, if available. Otherwise available claims experience shall be taken into account.**

9. Refund of premium for standstill period -

Refund of premium for standstill period can be considered under this Policy.

However there should be minimum 3 months continuous stand still period for consideration for refund of premium.

Causes of standstill for complete plant should be as under: -

- a) Due to non-availability of raw materials, acute power shortage, shortage of water supply and similar inputs.
- b) Standstill items like boilers, TG sets, steam engines and Diesel Generating Sets, in lieu of sufficient standby equipments being available in the plant.
- c) In case of continuous process plant, due to a major breakdown of any item the whole plant cannot be run and as such refund is to be considered. (Refund of premium for the repair period of the affected equipment should not be considered).

The scale of refund for standstill period is as under –

<i>Continuous standstill Period for Whole plant/equipment</i>	<i>Refund in Annual premium</i>
3 months and above but not exceeding 4 months	15 %
4 months and above but not exceeding 5 months	18 %
5 months and above but not exceeding 6 months	21 %
6 months and above but not exceeding 7 months	24 %
7 months and above but not exceeding 8 months	28 %
8 months and above but not exceeding 9 months	32 %
9 months and above but not exceeding 10 months	36 %
10 months and above but not exceeding 11 months	40 %
11 months and above but not exceeding 12 months	45 %
12 months	50 %

The risks will be eligible for the standstill discount only when the claims experience under the policy for which the discount is sought is less than

60 % and that the standstill discount will not apply during overhauling period (including Hydraulic Testing of Boiler Tubes under BPP Policies).

Note –

- a) No such refund is allowed for **seasonal industries** like sugar factories. However, the rate applicable for machinery shall be 95 % of the rate for equipments for such seasonal factories. The decision of applying 95% of the rate for equipment in respect of seasonal factories is applicable for policies issued on annual basis only.
- b) Refund of premium for **standstill period** can be considered for Diesel Generating Sets.

The order for calculating the discounts will be first discount for good features and then discounts for higher excess

The maximum total discount on account of claims experience, higher excess and any other reasons will not exceed 50 %.

10. Special Rating Application -

The applications for special rating should be accompanied by an Inspection report, which must invariably, contain the following information -

- a) Claims history for last 5 years preceding the expiring policy period.
 - i) Total premium received
 - ii) Claims paid and outstanding
- b) Any special remarks.

11. Volume discount as in **EAR/SCE** is not available in MB policies.

12. OVERHAULING OF TURBINES/TURBO GENERATING SETS

No modification is allowed in policy condition regarding overhauling of Turbine without specific approval.

For extending the period between successive overhauling from 32,000 hrs/ 4 years to 48,000 hrs/6 years whichever is earlier, the excess shall be revised as 25 % of the claim amount subject to a minimum of 150 % of Tariff excess.

This concession can be allowed only, when the health of the machine is certified by the manufacturer or any competent agency in the field.

No extension beyond 48,000 hrs/ 6 years shall be given by Insurers. Requests for such extension will have to be referred to TAC, H.O.

Whenever the MB proposals are received only during the overhauling of the turbines and/or turbine generating sets, MB cover should not be granted to such turbines or TG sets (either on annual or short period basis) until overhauling is completed.

13 **a)** The rates given in the guide are minimum rates. The Machines to be rated should be in worthy working condition with proper preventive maintenance programme. Safety devices wherever provided on the machines must be in proper operating condition.

b) Endorsement, wherever necessary must be incorporated in the policy specifying conditions.

14. The tariffs are not exhaustive, in the sense, that all possible machines are not listed in the tariffs. Machines, whose names do not appear in the tariff, are "Special Purpose Machines" and will have to be individually rated looking to their Special Features by the Committee.

15. Before rating, it is necessary to collect full nameplate details of the machine i.e. HP/KW/PSI/KVA/RPM, manufacturer's name, type, year of manufacture, Serial Number and such other identification details. In Engineering operational insurance Policies specific machines only are insured and as such above identification details are a 'must' before agreeing to give cover. Full nameplate details of the machines should form a part of the policy as well, and should be incorporated in the inventory.

16. It is strongly recommended that every risk be accepted only after satisfactory inspection.

17. Machines, which are under erection or testing and commissioning, should be insured only after successful commissioning.

18. Rates not provided for in the Tariff:

Items, which are not specified in this Tariff, should be rated provisionally at minimum rate of 1.0 % and a reference should be made to TAC for obtaining final rates, terms and conditions.

19. No Machinery Insurance Policy should be issued to cover Electronic Equipments such as Computers, Medical and Biomedical Equipments, Microprocessors, Audio/Visual Equipments. These equipments are to be covered only under Electronic Equipments Insurance (EEI) Policy.

Option to insure under either MB or EEI Policy

Note – Where it is not feasible to give a break up of values for minor electronic equipments (non-metallic items) which were integral to various machines, eg CNC Machines, wherever such CNC

Machines are insured, the Insured can have option to cover the same either under MB or EEI policy.

20. Cover for part of machinery and Gear Boxes under Machinery Insurance (MI) Policy -

- a. Gear Boxes should not be insured in isolation but should be insured either with the 'drives' or the driven equipment.
- b. Parts of machines should not be insured separately; their values should be included in the total value of the machine to which they are related.

21. In respect of Turbo generator sets proposed to be covered under Machinery Insurance Policy, for the purpose of Sum Insured, the following break-up only would be acceptable -

**Turbine,
Alternator
Gear Box,
Control Panel
Cables**

No further break-up of the components will be acceptable. Also the turbines, alternator (including excitor) and gearboxes would be rateable at 1.50 % / 1.75% as the case may be and control panel and cable would be rateable as per Tariff for electrical items.

22. MINIMUM PREMIUM - ROUNDING OFF OF PREMIUM -

- a) Machinery Insurance Policy is subject to a minimum premium of Rs.100/-.
- b) Premium rates shall not be rounded off in the case of annual policies

23. SHORT PERIOD POLICIES -

The policies, if to be issued for shorter period than twelve months should be issued at the rates set out hereunder -

Policy Period Required	% of Annual Rate
Not exceeding 1 week	10 % of Annual Rate
Not exceeding 1 month	25 % of Annual Rate
Not exceeding 2 months	35 % of Annual Rate
Not exceeding 3 months	50 % of Annual Rate
Not exceeding 4 months	60 % of Annual Rate
Not exceeding 6 months	75 % of Annual Rate
Not exceeding 8 months	85 % of Annual Rate

Exceeding 8 months	Full Annual Rate
--------------------	------------------

24. DEDUCTIBLE FRANCHISE/EXCESS -

The Machinery Insurance Policies are subject to a Deductible Franchise (DF)/Excess which is the amount to be borne by the Insured out of each and every claim. The DF should be mentioned in terms of Rupees. The Schedule of Policy when issued should contain the DF against each machine/item.

For details on 'Excess' reference may be made to 'Rating Schedule - Section 4.6'

25. DECLINED LIST OF MACHINES -

Machines listed in 'Rating Schedule – Section 4.7' are on the declined list. Under no circumstances should such machines be covered.

26. INSURANCE OF FOUNDATIONS -

In cases where the proposal specifically provides for covering 'foundation', their values should be declared separately.

27. RULES FOR CANCELLATION -

For cancellation of insurance during the currency of the policy either wholly or in part -

- a) At the option of the Insurer, a pro-rata refund of premium may be allowed for the unexpired term on demand.
- b) At the Insured's request, refund of premium may be allowed after charging premium for the time insurance was in force on short period scale subject to retention of minimum premium by the Insurer.

However, if, policy is replaced by new annual one, covering identical equipment/machines for sum insured not less than the respective sums insured under the cancelled policy, refund of premium may be allowed on pro-rata basis subject to retention of minimum premium.

If the risk is insured under short period scale, refund may be calculated at pro-rata of the short period scale premium provided such cancellation is followed by an annual policy for sum insured not less than the sum insured under cancelled policy. Otherwise, retention of premium shall be on short period scale.

For the sum insured not replaced in the renewed policy after cancellation, refund must be calculated after charging premium on such sum for the time insurance was in force on short period scale subject to retention of minimum premium by the Insurer.

- c) In case of revision of Tariff rates/excess, it is not permissible to cancel the policy and allow a refund of premium whereby an Insured pays lower premium for an insurance than is payable at the rates applicable at the commencement of the policy.

28. MID-TERN INCREASE IN SUM INSURED -

If the Sum Insured is increased during the currency of the policy.

- a) Short period scale of rates shall apply to increased amounts.
- b) If the policy is renewed thereafter for 12 months for an amount not less than the increased sum insured, the difference of premium between short period scale of rate and pro-rata rate may be refunded.

29. MID-TERN DECREASE IN SUM INSURED -

If the Sum Insured is decreased during the currency of the policy.

Short period scale of rates shall apply on the reduced Sum Insured.

30. Spares/Standby Equipments –

For All Electrical and Mechanical equipments having standby, 50 % discount on Tariff rate is applicable

N.B.

- a) D.G. sets are not eligible for any discount for stand-by/ spare equipment
- b) MB cover for insurance of spares of machines like rotors of generators, compressors, turbines or windings of transformers etc. can be granted and can be covered along with the machines separately by charging 50% of premium rate applicable to the corresponding machine under the MB Policy, subject to Tariff excess.
- c) The Discount allowed for stand-by equipment could be considered for identical machines but only one working at any time, the discount being applicable to any one of the machines. In such cases the alternate working clause shall attach.

31. LOCKOUT/STANDSTILL PERIOD:

Refund of Premium for standstill period on account of lockout is not permissible.

STANDARD POLICY FORM

MACHINERY BREAKDOWN INSURANCE POLICY

WHEREAS the insured named in the schedule hereto by a proposal and declaration, which shall be the basis of this contract and is deemed to be incorporated herein has applied to _____ CO. Ltd. (herein-after called, the company) for the Insurance hereinafter contained and has paid the premium as consideration for such Insurance in respect of accident or damage occurring during the period of Insurance stated in the schedule or during any subsequent period for which the Insured pays and the Company may accept the premium for the renewal of the Policy.

NOW THIS POLICY OF INSURANCE WITNESSETH

that subject to the terms, exceptions, exclusions, provisions and conditions contained herein or endorsed hereon, the company will at its own option by payment or reinstatement or repair indemnify the Insured against unforeseen and sudden physical damage by any cause not hereinafter excluded to any insured property specified in the attached schedule(s) whilst in the premises therein mentioned necessitating its immediate repair or replacement. 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. The liability of the Company for any one item of the insured property shall not exceed in the aggregate in any one period of Insurance the Sum Insured set against such in the attached schedule(s), unless the Sum Insured under such item is reinstated after occurrence of a claim for balance period.

GENERAL EXCEPTIONS –

THE COMPANY SHALL NOT BE LIABLE UNDER THIS POLICY IN RESPECT OF -

1 Loss, damage and/or liability caused by or arising from or in consequence, directly or indirectly of fire including extinguishment of a fire or clearance of debris and dismantling necessitated thereby, smoke, soot, aggressive substance, lightning, explosion of any kind (other than bursting or disruption of turbines, compressors, cylinders of steam engines, hydraulic cylinders or fly wheels or other apparatus subject to centrifugal force, internal pressure) theft, collapse of buildings, subsidence, landslide, rockslide, water which escapes from

water containing apparatus, flood, inundation, storm, tempest, earthquake, volcanic eruption or other Acts of God, impact of land borne or waterborne or airborne craft or other aerial devices and/or articles dropped therefrom.

Any loss or damage by fire within the electrical appliances and installation insured by this Policy arising from or occasioned by overrunning, excessive pressure, short circuiting, arcing, self heating or leakage of electricity, from whatever cause (lightning included), is covered; provided that this extension shall apply only to the particular electrical machine; apparatus fixture fitting or portions of the electrical installation so affected and not to other machines, apparatus, fixtures fittings or portions of the electrical installation which may be destroyed or damaged by fire so set up.

2 Loss damage and/or liability caused by or arising from or in consequence, directly of -

a) War, invasion, Act of foreign Enemy, Hostilities or war like operations (Whether war be declared or not). Civil war, rebellion, revolution, Insurrection, Mutiny, Riot, Strike, Lockout and Malicious Damage, Civil Commotion, Military or Usurped Power, Martial Law, Conspiracy Confiscation, Commandeering by a group of malicious persons or persons acting on behalf of or in connection with any political Organisation, Requisition or Destruction or damage by order of any Government de-jure or de facto or by any Public, Municipal or Local Authority.

b) Nuclear reaction, nuclear radiation or radioactive contamination.

3 Accident, Loss, damage/and/or liability resulting from over load experiments or tests requiring the imposition of abnormal conditions.

4 Gradually developing flaws, defects, cracks or partial fractures in any part not necessitating immediate stoppage, although at some future time repair or renewal of the parts affected may be necessary.

5 Deterioration of or wearing away or wearing out any part of any machine caused by or naturally resulting from normal use or exposure.

6 Loss, damage and/or liability caused by or arising out of the willful act to willful neglect or gross negligence of the insured or his responsible representatives.

7 Liability assumed by the insured by agreement unless such liability would have attached to the insured notwithstanding such agreement.

8 Loss, damage and/or liability due to faults or defects existing at the time of commencement of this insurance and known to the insured or his responsible representative but not disclosed to the Company.

9 Loss of use of the Insured's plant or property of any other consequential loss incurred by the Insured.

10 Loss, damage/and/or liability due to explosions in Chemical Recovery Boilers, other than pressure explosions for e.g. smelt, chemical, ignition, Explosions etc.

SPECIAL EXCLUSIONS –

The Company shall not be liable for -

1 The Excess, as stated in the Schedule, to be first borne by the insured out of each and every claim; where more than one item is damaged in one and same occurrence, the insured shall not, however, be called upon to bear more than the highest Excess applicable to any one such item;

2 Loss of or damage to belts, ropes, chains, rubber tyres, dies, moulds, blades, cutters, knives or exchangeable tools, engraved or impression cylinders or rolls; objects made of glass, porcelain, ceramics, all operating media (e.g. lubricating oil, fuel, catalyst, refrigerant, dowtherm) felts, endless conveyor belts or wires; sieves, fabrics, heat resisting and anti-corrosive lining and parts of similar nature, packing material, parts not made of metal (except insulating material) and non-metallic lining or coating of metal parts; unless loss or damage to the equipments/machinery is indemnifiable in terms of the policy.

3 Loss or damage for which the manufacturer or supplier or repairer of the property is responsible either by law or contract.

In any action, suit or other proceeding where the Company alleges that by reason of the provisions of the exceptions or exclusions above, any loss, destruction, damage or liability is not covered by this insurance, the burden of proving that such loss, destruction, damage or liability is covered shall be upon the Insured.

PROVISIONS -

1. SUM INSURED –

It is the requirement of this Insurance that the Sum Insured shall be equal to the cost of replacement of the insured property by new property of the same kind and same capacity which shall mean its replacement cost including freight and customs duties, if any, and erection costs.

2. BASIS OF INDEMNITY –

a) In cases where damage to an insured item can be repaired, the Company will pay expense 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 if any to the extent such expenses have been included in the Sum Insured. If the repairs are executed at a workshop owned by the Insured the Company will 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 except for (i) wear and tear parts and (ii) parts for which manufacturers have specified a fixed life for use and the like but the value of any salvage will 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 settlement shall be made on the basis provided for in (b) below.

b) In cases where an insured item is destroyed, the Company 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. The Company will also pay any normal charges for the dismantling of the machinery destroyed but the salvage will be taken into account.

Any extra charges incurred for overtime, night-work, work on public holidays, express freight are covered by this insurance only if especially agreed to in writing.

In the event of the makers' drawings, patterns and for boxes necessary for the execution of a repair not being available the

Company shall not be liable for cost of making any such drawing patterns or core boxes.

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

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

If the Sum Insured is less than the amount required to be insured as per Provision 1 hereinabove, the Company 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.

The Company will make payments only after being satisfied, with the necessary bills and documents that the repairs have been effected or replacements have taken place, as the case may be. The Company may, however, not insist for bills and documents in case of total loss where the Insured is unable to replace the damaged equipments for reasons beyond their control. In such cases claims can be settled on 'Indemnity Basis'.

3. INSPECTION OF TURBINES AND TURBO-GENERATORS –

All Mechanical and Electrical parts of any steam turbine, gas turbine or generator upto 30,000 KW shall be inspected and overhauled thoroughly under the supervision of Maker's representatives, in a completely opened up state at least every two years: for turbines or generators exceeding 30,000 KW such inspection and overhaul shall take place after **32,000** hours of operation or every **four years**. The cost of inspection and overhauling shall be borne by the Insured and a copy of the Report issued by the Maker's representative on such inspection and overhauling shall be furnished to the Company immediately after the work has been carried out.

The Insured shall arrange for these regular inspections in such a way as to enable the company's representative to be present at the inspection at their own expenses. The Company shall be notified at least seven days in advance of the commencement of any overhauling necessary according to expert opinion.

If the insured fails to comply with the requirements of his condition, the Company shall be free from all liability for loss or damage caused by any circumstances, whatsoever.

The insured may apply for an extension of the period between any two regular inspections, and such extension may be considered if in the opinion of the Company the risk is not aggravated thereby.

4. CONDITIONS –

- a) This Policy and the attached Schedule(s) shall be read together as one contract and words and expressions to which specific meanings have been attached in any part of this Policy or of the attached Schedule(s) shall bear the same meaning wherever they may appear.
- b) If a claim is in any respect fraudulent or if any false declaration is made or used in support thereof or if any fraudulent means or devices are used by the insured or any one acting on his behalf to obtain benefit under this Policy, or if a claim is made and rejected and no action, or suit is commenced within three months after such rejection or in a case of arbitration taking place as provided therein within three months after the arbitrator or arbitrators or umpire have made their awards, all benefit under this Policy shall be forfeited.
- c) No admission, offer, promise, payment or indemnity shall be made or given by or on behalf of the Insured without the written consent of the Company who shall be entitled if they so desire to take over and conduct in the name of the Insured the defence or settlement of any claim for indemnity or damage or otherwise and shall have full discretion in the conduct of any proceeding or in the settlement of any claim and the Insured shall give all such information and assistance as the Company may require.
- d) The due observance and fulfillment of the terms, provisions and conditions of and endorsement on this policy in so far as they relate to anything to be done or complied with by the insured and the truth of the statement and answers in the said proposal shall be conditions precedent to any liability of the Company to make any payment under this Policy.

5. OBLIGATIONS OF THE INSURED –

- a) The Insured shall take all reasonable steps to maintain the insured property in efficient working order and to ensure that no item is habitually or intentionally over loaded. The Insured shall fully observe the manufacturer's instructions for operating, inspection and overhaul, as well as government, statutory municipal and all other binding regulations in force concerning the operation and maintenance of the insured plant and machinery;

- b) The Company's Officials shall at all reasonable times have the right to inspect and examine any property insured hereunder and the Insured shall provide the Officials of the Company with all details and information necessary for the assessment of the risk. The Company shall provide the Insured with a copy of the inspecting Official's report; which shall however be treated as strictly confidential both by the Insured and the Company.
- c) In the event of any -
 - i) Material change in the original risk;
 - ii) Alteration, modification or addition to insured item
 - iii) Departure from prescribed operating conditions, whereby the risk or loss or damage increases
 - iv) Changes in the Insured's Interest (such as discontinuation or liquidation of the business or being placed in receivership)

taking place, the Policy shall be void unless its continuance be agreed by endorsement signed by the Company.

6. DUTIES FOLLOWING AN ACCIDENT –

In the event of any occurrence which might give rise to a claim under this Policy the Insured shall -

- a) immediately notify the Company by telephone or telegram as well as in writing, giving an indication as to the nature and extent of loss or damage;
- b) take all reasonable steps within his power to minimise the extent of the loss or damage;
- c) preserve the damaged or defective parts and make them available for inspection by an official or surveyor of the Company.
- d) furnish all such information and documentary evidence as the Company may require.

The Company shall not be liable for any loss or damage of which no notice and completed claim form have been received by the Company within Fourteen days of its occurrence.

Upon notification of a claim being given to the Company, the insured may proceed with the repair of any minor damage not exceeding Rs. 2,500/- provided that the carrying out of such repair is without prejudice to any question of liability of the Company and that any

damaged part requiring replacement is kept for inspection by the Company, but in all other cases a representative of the Company shall have the opportunity of inspecting the damage before any alterations repairs or replacement are effected. Nothing contained herein shall prevent the Insured from taking such steps as are absolutely necessary to maintain the operation of the plant.

The liability of the Company under this Policy in respect of any item of property sustaining damage, for which indemnity is provided, shall cease if the said item is kept in operation without being repaired to the satisfaction of the Company.

7. OTHER INSURANCE –

If at the time any claim arises under this Policy there is any other insurance covering the same loss damage or liability the Company shall not be liable to pay or contribute more than its rateable proportion of such loss damage or liability.

8. POSITION AFTER A CLAIM –

- a) The Insured shall not be entitled to abandon any property whether taken possession of by the Company or not.
- b) As from the day of loss the Sum Insured for the remainder of the period of insurance is reduced by the amount of the compensation. To prevent under insurance during the remainder of the current period of insurance the amount insured must be reinstated. The premium will be calculated pro-rata from the day repaired item is again put to work. For subsequent period of insurance the original indemnity and premium are again in force unless circumstances justify an alteration.

9. TRANSFER OF INTEREST –

The insurance granted by this policy shall cease to attach to any items described in the Schedule the interest in which shall pass from the Insured otherwise than by will or operation of law. Unless the consent of the Company for the continuance of the Insurance shall be obtained and signified by endorsement hereon.

10. TERMINATION OF INSURANCE –

This insurance may be terminated at any time at the request of the insured, in which case the Company will retain the premium calculated at the customary short period rate for the time the policy has been in force. This insurance may also at any time be terminated

at the option of the Company by 15 days notice to that effect being given to the insured, in which case the Company shall be liable to repay on demand a rateable proportion of the premium for the unexpired term from the date of the cancellation.

11.RECOURSE –

The Insured shall at the expense of the Company do and concur in doing and permit to be done all such acts and things as may be necessary or required by the Company in enforcing any right or remedies of obtaining relief or indemnity from parties (other than those insured under this Policy) to which the Company shall be or would become entitled or subrogated upon their paying for or making goods of any loss damage under this policy, whether such acts and things shall be or become necessary or required before or after the Insured's indemnification by the Company.

12.ARBITRATION –

If any dispute or difference shall arise as to the quantum to be paid under the policy (liability being otherwise admitted) such difference shall independently of all other questions be referred to the decision of a sole arbitrator to be appointed in writing by the parties to or if they cannot agree upon a single arbitrator within 30 days of any party invoking arbitration the same shall be referred to a panel of three arbitrators, comprising of two arbitrators, one to be appointed by each of the parties to the dispute/ difference and the third arbitrator to be appointed by such two arbitrators and arbitration shall be conducted under and in accordance with the provisions of The Arbitration and Conciliation Act, 1996.

It is clearly agreed and understood that no difference or dispute shall be referable to arbitrations as herein before provided, if the Company has disputed or not accepted liability under or in respect of this policy.

It is hereby expressly stipulated and declared that it shall be a condition precedent to any right of action or suit upon this policy that award by such arbitrator/ arbitrators of the amount of the loss or damage shall be first obtained.

SCHEDULE

Policy No. _____ Issued at _____ Date _____

Name & Address of Insured _____

Premises/Works Address _____
(Site of the property to be insured)

Period of Insurance -

From (Midnight of) _____ To (Midnight of) _____

Total Sum Insured _____ Annual Premium _____

INVENTORY OF THE PROPERTY INSURED

Sr. No	Quantity	Description of Items including complete specifications	Year of Make	Sum Insured	Remark

Warranted that the machinery described in above schedule of Machinery does not embrace any foundations masonry and brickwork or Oil in transformers and other electrical equipment damage thereto being covered by the Policy only when specifically described in the said schedule.

IN WITNESS WHEREOF the undersigned being duly authorised by the director of Company has/have hereunder set his/their hand(s).

For _____ CO. Ltd.

Examined _____

Entered _____

Duly Constituted Attorney (s)

_____ COMPANY LIMITED

PROPOSAL FOR MACHINERY INSURANCE

(The liability of the Company does not commence until this proposal has been accepted by the Company and premium paid).

(Information given herein will be treated in strict confidence).

i) PUT A (✓) TICK MARK WHEREVER APPLICABLE

a) Proposer's Name b) Proposer's Trade or Business c) Proposer's Postal Address d) Address where plant to be insured is located. a) Nearest Railway station and distance	_____ _____ _____ _____ _____
--	---

1.	Do the items listed represent the whole of the plant	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No
2.	a) Are you at present Insured	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No
	b) If so, with whom?	b) _____			
3.	Has any Company -				
	a) declined to insure any of the machinery now proposed ?	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No
	b) required an increased premium or imposed special conditions?	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No
	c) requested for repairs or made other special stipulations for risk improvement?	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No
4.	a) Are you aware of any defects/damages existing in the machinery?	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No

	b)	If so, give details thereof	b) _____			
5.	a)	Has your machinery sustained any damage from breakdown or other cause during last 3 years?	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No
	b)	If so, give details of damage(s) and repairing cost.	b) _____			
6.	a)	Are regular periodical inspections of the machinery carried out?	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No
	b)	If so, by whom and at what intervals?	b) _____			
7.		On payment of additional premium do you wish to cover the following?	If yes, provide limits of indemnity			
	a)	Escalation Amount/percentage	Rs. _____	<input type="checkbox"/>	No	
			Or %age _____			
	b)	Express Freight (excluding Air Freight), Overtime and Holiday rates of Wages.	Rs. _____	<input type="checkbox"/>	No	
	c)	Air Freight	Rs. _____	<input type="checkbox"/>	No	
	d)	Owners surrounding property	Rs. _____	<input type="checkbox"/>	No	
	e)	Third Party Liability	e) _____	<input type="checkbox"/>	No	
		- AOA	Rs. _____	<input type="checkbox"/>	No	
		- AOY	Rs. _____	<input type="checkbox"/>	No	
	f)	Additional Customs Duty	Rs. _____	<input type="checkbox"/>	No	
8.		Period of Insurance	From	To		

SCHEDULE OF MACHINERY TO BE INSURED –

- a) Each Machinery should be entered separately with necessary specification as mentioned in Schedule Column No.3
- b) The Sum Insured must be calculated on the present day new replacement value of the Machinery to be insured including provision for packing, freight and also value of erection costs, customs duty, etc., to afford full protection under this Policy.
- c) If any of the Machinery is a `stand by' this fact should be mentioned.
- d) All portable Machinery must be so designated. All items in the open must be so described separately.
- e) Separate value for foundations masonry and brickwork or Oil in transformers and other electrical equipments are to be specified if cover is required.

S. No.	Quantity	Description, type, Model, Capacity of Machines/Sr. Nos/HP/kVA Volts, Amps, RPM	Maker's Name and Country of origin.	Year of Make	Sum Insured
(1)	(2)	(3)	(4)	(5)	(6)

I/We, the undersigned hereby declare that the above statements and particulars are true and complete and I/We declare and agree that this declaration and the answers given above shall be held to be promissory and shall be the basis of the contract between me/us and the Company.

Place _____

Date _____

Proposer's Signature _____

PROHIBITION OF REBATES –

(Under Section 41 of Insurance Act 1938):

- i) No person shall allow or offer to allow, either directly or indirectly as an inducement to any person to take out or renew or continue an insurance in respect of any kind of risk relating to lives or property, in India, any rebate of the whole or part of the commission payable or any rebate of the premium shown on the policy, nor shall any person taking out or renewing or continuing a policy accept any rebate, except such rebate as may be allowed in accordance with the published prospectuses or tables of the Insurer.
- ii) Any person making default in complying with the provisions of this Section shall be punishable with fine, which may extend to five hundred rupees.

MACHINERY BREAKDOWN INSURANCE

RATE SCHEDULE

Group I

Electrical Machinery installed in Plants other than Cold Storages and Ice Plants –

Risk Code	Sr. No	Item	Rate (%)	Excess *	Remarks
100106 (i)	1.	H.T./L.T. Switchgears and Lightning Arrestors	0.55		
100213	2.	Oil/Air Circuit Breakers	1.00		
103113	3.	SF6 Circuit Breakers	1.00		
		Vacuum Circuit Breaker			
100305	4.	Cables/Electrical Wiring	0.50		
100413	5.	Battery Cells	1.00		
100506	6.	Neutral Grounding Resistor	0.55		
100616	7.	Series Reactor	1.50		
100713	8.	HT Isolator Insulator	1.00		
	9.	Voltage Stabilizer	1.25		

100816 (ii)	1.	Power and Distribution Transformers. • Ir-respective of whether they have OLTC (On Load Tap Changer) or not.	1.25 *		
100914	2.	Power and Distribution Transformers other than those in (1) above and current transformers and Potential transformers	1.25		
101018	3.	Testing transformers	1.75		
101116	4.	Shunt Reactor	1.50		
101213	5.	Capacitor Banks	1.00		
101316 (iii)	1.	Rectifier Transformers	1.50		
101419	2.	Furnace Transformers	2.00		2 % of Sum Insured subject to a minimum of Rs. 250/-
	3.	Rectifiers -			
101514		a) Mercury	1.25		
101613		b) Metal	1.00		
101711		c) Silicon	0.80		
101813	4.	Thyristor Converter/ Thyristor Control Panel	1.00		
(IV)	1.	Electric Motors, Motor Generators & Welding Sets of capacity -			
101919		a) Upto 50HP (37.5 KW)	2.00		
102016		b) Above 50 HP	1.50		
102117	2 (a)	i) DG Sets with capacity upto 5 MW	1.60	Subject to DG Set Endorsement	
102217		ii) DG Sets with capacity above 5 MW	2.00	Subject to DG Set Endorsement	

102319		iii) Where only engine of the D.G. set is to be covered	2.00	
102416	2 (b)	Turbo Generator Sets with capacity upto 50 MW	1.50	
102520	2 (c)	Gas Based Combined Cycle Power Plants	1.75	Rates and Excess are subject to the endorsement for 'Depreciation Adjustment for Components' along the Hot Gas Path of Turbines.
Notes –				
i) For claims on Diesel Generator Sets necessitating replacement of crankshaft, 20 % of the cost of crankshaft replacement will be borne by the insured in addition to the Excess stipulated above.				
ii) In respect of Items No. 2 (b) & (c) above the prescribed rates will apply irrespective of whether the Turbine/Generator are covered separately or together.				
iii) As regards the rates/excesses in respect of TG and Gas Turbine sets of capacities not included above, reference should be made to the TAC				
iv) Turbo chargers cannot be insured in isolation.				
	3.	AC/DC Generator other than those covered by item (2a) above and having capacity of -		
102616		a) Upto 250 KVA	1.50	
102715		b) From 251 KVA to 1000 KVA	1.40	
102814		c) From 1001KVA to 2500 KVA	1.25	
102913		d) Above 2501 KVA	1.00	

Group II

RATES FOR MECHANICAL ITEMS (MACHINES COMMON TO ALL INDUSTRIES)

Risk Code	Sr. No	Item	Rate (%)	Excess	Remarks
		Air Compressors			Refer 'Compressors'
		Air Receivers			Refer 'Receiver for Compressors'
200104		Auto Claves/Agitators	0.45		
200203		Alignment Machines	0.40		
200307		Atomiser	0.60		
200520		Air Conditioner (Room AC)	2.50		
200605		Automatic Sealed Machine	0.50		
200703		Automatic Bushing Condenser Taping Machine	0.40		
200803		Boring Machines	0.40		
200905		Broaching	0.50		
201003		Bar Cutting Machines (other than Shearing machines)	0.40		

201107	Bending Machines	0.60		
	Blending Machines	Refer 'Mixing & Blending Machines'		
201205	Blowers	0.50		
201305	Bag filling and bag Stitching Machines	0.50		
201404	Boilers	0.45		
201505	Beaters	0.50		
201610	Briquette Machines	0.75		
201705	Bronzing Machine	0.50		
	Baling Press	Refer 'Presses'		
201810	Ball Mill	0.75		
201905	Bottling and Filling Machines	0.50		
202013	Burners & Firing System	1.00		
202108	Chain Pulley Blocks	0.65		
	Chiller Plants	1.00		
Compressors & Auxiliaries -				
Note – 'Inert Gas Compressors' shall be rated as COMPRESSORS only as per their rated capacities.				
	Rated Pressures	Reciprocating	Rotary	Screw
202222	Upto 25 PSI (8.5 KSC)	0.60	0.70	0.80
202323	Beyond 25 PSI (8.5 KSC) upto 500 PSI (170 KSC)	0.80	0.90	1.00
202424	Beyond 500 PSI (170 KSC)	1.20	1.40	1.60
202502	Receivers for compressors	0.30		
202602	Cooling Towers	0.30		

202703	Condensers, Chillers, Evaporators and Pre-heaters.	0.40		
202807	Centrifuges	0.60		
202903	Cutting Machines/ Saws (Other than Shearing Machines)	0.40		
203003	Cigarette Making Machine	0.40		
	Conveyors		See Material Handling Equipment	
	Can cast Machine (continuous)	1.00		
203109	Crushers (other than Stone Crushers)	0.75		
203206	Calendaring Machines,	0.55		
	Composing Machine -			
203308	i) Computerised	0.65		
203405	ii) Others	0.50		
203503	Cooling Machines	0.40		
203603	Crutcher Machines	0.40		
203703	Crystalizer	0.40		
203803	Cooling Coils	0.40		
203914	Corona Treatment	1.25		
	Carrier Circulator		To be rated as `PUMPS'	
	Cycle Manufacturing Industries -			
204003	i) Spoke Lacing Machine	0.40		
204103	ii) Swaging Machine	0.40		
204203	iii) Spoke Rolling Machine	0.50		
204305	Drilling Machines	0.40		
	Deep Drawing Press		To be rated as Power Press	

204405	Dairy & food Processing Machines not otherwise specifically provided for	0.50	
204503	Dry Cleaning Equipment	0.40	
204620	Deep Freezers	2.50	
	Domestic Refrigerators	1.50	
204710	Disintegrators	0.75	
204807	Driers	0.60	
204910	Diffusers	0.75	
205003	Debrassing m/c	0.40	
205103	Distillation Unit	0.45	
205219	Diesel Engine	2.00	Subject to 'Loss Minimisation Endorsement'
205304	De-aerator including Storage Tanks	0.45	
205409	Embossing/ Engraving Machines	0.70	
205513	Extruders of all types	1.00	
205603	Evaporators/ Heat Exchangers	0.40	
205707	Electrostatic Painting Plants	0.60	
205709	Electrolyser	0.70	
205803	Edge Runners	0.40	
205913	Electrode Assembly	1.00	
206003	Economiser	0.40	
206108	E O T Crane	0.65	
206213	Electric Automatic Incubators used in Hatchery	1.00	

206307	Ejector System	0.60	
206414	Expander Machine	1.25	
	Electromagnetic Vibro-Feeder		Refer Vibratory feeder
222510	Electromagnetic Machine for Manufacturing Tapes (excluding motor)	0.75	
222613	Electromagnetic Machine for Manufacturing Tapes (including motor)	1.00	
223313	Electric Discharge Machine (EDM)	1.00	
	Furnaces -		
206513	i) Arc Furnaces with Roof Lifting & Tilting Mechanism	1.00	
206616	ii) Induction Furnace	1.50	Subject to Depreciation Endorsement
206714	iii) Heat Treatment/ Annealing Furnaces Electrical & Vacuum Furnace	1.25	Subject to Depreciation Endorsement
206816	iv) Oil/Gas/Coal fired Furnaces	1.50	
206905	Fans	0.50	
207005	Filling Machines	0.50	
207103	Flour Mills	0.40	
207205	Food Processing Machines	0.50	
207305	Filters	0.50	
207403	Finishing Machine for Textile/Jute Mills	0.40	
207516	Forging Machine	1.50	
207605	Fin Fan Coolers	0.50	

207709		Flakers	0.70	
207814		Flaker drum	1.25	
207914		Final concentrator	1.25	
Glass and Graphite Equipments -				
208019	1.	Pure Glass and Graphite Equipments/ Apparatus used for industrial purposes (other than for laboratory experiments /analysis and for storage of chemicals and such other products)	2.00	Excess 10 % of Sum Insured of each claim
208116	2.	Glass lined Vessels	1.50	-do-
208203		Grinding Machines	0.40	
208305		Gear Cutting Machines	0.50	
208405		Granulators	0.50	
208512		Gas Generators	0.90	
208613		Gear Boxes	1.00	
208713		Gas Analysers	1.00	
208820		Gas Turbine	1.75	Endorsement on 'Hot Gas Path'
208907		Ginning Machines (excluding Motor)	0.60	
209505		Hobbing Machines	0.50	
209613		Hydraulic Presses/ Systems	1.00	
209716		Hammers excluding tup and anvil	1.50	
209003		Heat Exchangers	0.40	
209103		Humidifiers/Dehumidifiers	0.40	
		Humidification Plants	1.00	
209204		Hydro Pulper	0.45	
209303		Hardness Testing Machine	0.40	

209410	Hammer Mills	0.75	
	Hydro Turbines	1.00	
209809	Jib Cranes in Industrial premises only.	0.70	
209905	Jacquard Machine	0.50	
	Jewellery Making Equipments	0.45	
210013	Kneading Machines (blades not covered)	1.00	
210103	Kettles	0.40	
210207	Kilns	0.60	
	Lifts/Lifting Tackles -		
211008	i) Chain Pulley Blocks	0.65	Endorsements for Ropes in lifts, cranes & Rope Ways.
211105	ii) Lift for Goods	0.50	-do-
211208	iii) Overhead Cranes including Monorail	0.65	-do-
210309	iv) Jib Cranes	0.70	-do-
210416	v) Magnets for Lifts	1.50	-do-
210503	Lathes (except CNC)	0.40	
210608	Lathes (CNC)	0.65	
210703	Laundry/Dry Cleaning	0.40	
	Linings of Equipments		To be excluded & to be referred to Committee in Individual cases
210816	Laboratory Equipments/ Instruments (excluding pilot plants)	1.50	
	Notes -		

	i)	Equipments/Instruments made of glass will be rated as per item 'Glass lined Vessels'.		
	ii)	For Pilot plants reference shall be made to the TAC.		
210916		Load Cells along with weighing machines	1.50	
212516		Magnets for Lifts	1.50	
		Material Handling Equipments -		
212603		Belt Conveyors	0.40	
212703		Chain Conveyors	0.40	
211303		Bucket Elevators	0.40	
211407		Screw Conveyors	0.60	
211503		Pneumatic Conveyors	0.40	
211613		Ropeways/Cable cars	1.00	
211703		Milling Machines	0.40	
211805		Metal Punching Machines	0.50	
211907		Machine Centres (Universal machine)	0.60	
		Moulding Machines Pertaining to Foundry -		
212013		Slinger	1.00	
212105		Others	0.50	
212205		Mixing and Blending Machines	0.50	
212305		Magnetic Separators	0.50	
212413		Machines not otherwise provided for	1.00	Provisional, to be referred to the Committee for final rates.
212808		Nibbling Machine	0.65	

223212	Nitrogen Plant (modular) (with loss or damage to molecular sieve being excluded).		Rated under item "Gas Generator"
212908	Overhead Cranes (EOT) including Monorail	0.65	
213014	Ovens of all types	1.25	
213105	Oil Expellers	0.50	
213219	Oil Engines	2.00	
213303	Planers	0.40	
213419	Photo copiers	2.00	With an excess of 5 % of the claim amount subject to a minimum of Rs.1, 000/-.
217305	Packing Machines	0.50	
PRESSES -			
216603	Hand Presses	0.40	
216710	Power Presses	0.75	
216813	Hydraulic Presses	1.00	
	Roller Presses in Cement Plant		Please see 'Roller presses'
Pumps -			
216903	Pumps handling water	0.40	
213510	Pumps handling other materials	0.75	
Drives for Pumps -			
217018	Turbine	1.75	
217118	Engine	1.75	
217216	Motor	1.50	
Note: If a single value is given for the entire pump-set the higher rate of the Drives should be applied overall.			
Pressure/Reaction Vessels -			

	i)	Glass/graphite lined	As per Item 'Glass & Graphite'
213604	ii)	Others	0.45
213704	iii)	Stirrers/Agitators	0.45
213801	iv)	Pipes & fittings	0.20
		PLASTICS MFG.-	
	i)	Plastics Extruders	Refer Item 'Extruders'
213916	ii)	Injection Presses	Refer Item "Presses"
	iii)	Injection Moulding Machines	1.50
214014	iv)	Blow Moulding Machines	1.25
214107	v)	Other Misc. Machines	0.60
		Paper & Cardboard Mills -	
214205	i)	Preparatory Machines like Bamboo Crushers, Grass/ Choppers, Shredders, Dusting Machines, Rag Cutters, Sorters, Depithing Machines, Willowing Machines, beaters etc.,	0.50
214304	ii)	Digesters, Filters, Pulper, Stock preparatory machines, Pulp making Machines	0.45
214505	iii)	Paper and Card board making Machines	0.50
214401		Pipes & fittings (excluding instrumentation)	0.20
214609		Printing Presses	0.70
216309		Printing & Assembling Machine	0.70
214710		Pulverisers	0.75

214807	Plate Bending Machine	0.60	
214903	Pre-heaters	0.40	
215013	Plate Polishing Machines	1.00	
215110	Primary Heating Units (Nylon plants)	0.75	
215219	Petrol Engines	2.00	
215305	Plodders	0.50	
215410	Pendulum Rollers	0.75	
215504	Pressure Reducers	0.45	
215613	Photo Phone Cine Projector	1.00	
215705	Plastimeter in Rubber Processing Plant	0.50	
	Paint Factory Machines -		
215810	i) Roller Mill	0.75	
215905	ii) Other Machines	0.50	
216007	iii) Powder Coating Machines	0.60	
216105	iv) Packing Machines	0.50	
216207	v) Painting Electrode Static Plant	0.60	
216413	vi) Lacquer Painting Machine	1.00	
	vii) Painting (Lacquering) Plant	0.60	
216507	viii) Painting (Varnishing) Plant	0.60	
	Rope Ways		Please refer item 'Material Handling Equipments' subject to Endorsement for Ropes etc.

218113	Rolling Mill (hot)	1.00	
217414	Rolling Mill (cold)	1.25	
217505	Coilers for Wire Drawing Machines	0.50	
	Reaction Vessels		Please refer item 'Pressure Vessels'
217620	Refrigerator (other than Domestic).	2.50	
	Refrigerator (Domestic)	1.50	
217720	Room Air Conditioner	2.50	
217803	Riveting Equipment	0.40	
217909	Refrigeration Plant	0.70	
218016	Roller Presses in Cement Plants	1.50	Depreciation - 20 % per annum or part thereof subject to a maximum of 80 %
222503	Shaping Machines	0.40	
222603	Slotting Machines	0.40	
222703	Straightening Machines	0.40	
222807	Shearing Machines	0.60	
222907	Sterilizing Machines	0.60	
223003	Saws of all types	0.40	
223104	Stirrers	0.45	
218205	Stitching Machines	0.50	
218305	Sewing Machines	0.50	
218405	Sealing Machines	0.50	
218503	Spooling Machines	0.40	
218613	Steam Engines	1.00	
218703	Shafting	0.40	

218816	Steam Turbines	1.50
218903	Spoke Lacing Machines	0.40
219006	Shredder Machines	0.55
	Steriliser vacuum chamber	0.50
Sugar Factory Machinery -		
219103	i) Cane Un-loaders	0.40
219205	ii) Milling Plant	0.55
219306	iii) Leveler	0.55
219406	iv) Fibriser	0.55
219506	v) Rack Carrier	0.55
219606	vi) Sugar Grader	0.55
219706	vii) Sugar Hoppers Centrifuges	0.55
219803	viii) Screen/Sieve Machines	0.40
Textile Mills -		
219903	i) Blow Room & Carding Machines	0.40
220002	ii) Preparatory Machines like Combing, Drawing, Lapping & Spinning Machines etc.	0.30
220109	iii) Baling Press	0.75
220205	iv) Jacquard Machines	0.50
220305	v) Sizing and Singeing Machines	0.50
220405	vi) Folding/ Mercerising Machines	0.50

220503	vii) Other Machines	0.40	Please refer item 'Steam/Gas Turbines'
	Turbines -		
220603	Thermic Fluid Heaters	0.40	
220705	Tabletting and Capsuling Machines	0.50	
220801	Valves	0.20	
220903	Vibrators	0.40	
221111	Vibratory feeder (Electromagnetic)	0.80	
222405	Steriliser vacuum chamber	0.50	
221203	Wood Peeling Machines	0.40	
221316	Welding Machines	1.50	
221405	Washing Machines	0.50	
221520	Water Coolers	2.50	
221616	Water Turbines	1.50	
221703	Wrapping Machines	0.40	
221813	Wire Drawing Machines	1.00	
221903	Wheel Turning Machines	0.40	
222005	Weighing Machines	0.50	
222113	Weighing Machine (Electronic)	1.00	
	Wind Mills	0.50	Subject to Wind Mill Endorsement.
<p>Sum Insured - Single Valuation for Wind Mill inclusive of Tower, Wind Turbine Generator, Controller, Wind Turbine Generator, Yaw motor, Hydraulic Motor, Capacitor, Lightning arrestor wind mill Blades and Power Cables. The Transformers and associated electrical switchgears in the Sub-Station/yard would be rateable differentially</p>			
222319	Xerox Machines	Rate/Excess as per 'Photo copiers'	

Group III
Machinery in Cold Storages and Ice Plants

Risk Code	Sr. No	Item	Rate (%)	Excess	Remarks
		Power Machines -			
300120	1.	Diesel Engines and Diesel Generators Sets	2.50		
300220	2.	Electric Motors (including those for Diffusers & Pumps)	2.50		
300314	3.	Transformers	1.25		
300406	4.	HT/LT Switchgear & Switch board	0.55		
300505	5.	Cables	0.50		
		Working Machines -			
300616	1.	Compressors Diffusers	1.50		
300710	2.	(Excluding Motors)	0.75		
300802	3.	Cooling Coils	0.30		
		Condensers	0.30		
300902	4.	(Atmospheric type) Condensers			
301010	5.	(Shell & Tube type)	0.75		
301103	6.	Receivers	0.40		
301207	7.	Water Pumps (excluding Motor)	0.60		
301305	8.	Pipelines, Valves & Fittings	0.50		

Ancillary Machines -				
301413	1.	Electric Hoists	1.00	
301516	2.	Chain Pulley Block	1.50	
301616	3.	Suction Drought Blowers (Exhaust Fans)	1.50	
301720	4.	Ceiling Fans Over Bunker Coils	2.50	

GROUP IV
Fertilizer Plants/Petrochemical Plants/Refineries

Risk Code	Sr. No	Item	Rate (%)	Excess	Remarks
		a) Process/Refrigeration Compressors including their drives			
400119		i) Turbine Driven	2.00		
400216		ii) Motor Driven	1.50		
		b) Utility Compressors including their drives			
400318		i) Turbine Driven	1.75		
400416		ii) Motor Driven	1.50		
400519		c) Waste Heat Recovery boilers	2.00	Please see note below	
		New Waste heat exchangers/Recovery Boilers under high pressure/temperature in Fertilizer Plants.			
		i) No MB Cover should be granted for first three years of operation. This may be covered under BPP policy during this period.			
		ii) After the initial period of three years above equipment may be covered under MB policy.			
		iii) The above decision is applicable only to Petrochemical/ Fertilizer Plant.			

400614		d) ID/FD fans with drive	1.25	
400710		e) Pumps (Handling water other than boiler feed water)	0.75	
		Drives -		
400818		i) Turbine	1.75	
400918		ii) Engine	1.75	
401016		iii) Motor	1.50	
		N.B. If a single value is given for the entire pump set, the higher rate of the drive should be applied overall.		
401116		f) Purge Gas Recovery Plant	1.50	
401216		g) Stripper in Urea Plant	1.50	
401316		h) H.P. Condenser	1.50	
401416		i) Reformer	1.50	
401516		j) Expansion Turbine	1.50	
402214		k) Methanol Pump with Motor	1.25	
402314		l) Ammonia Pump with Motor	1.25	
402414		m) Carbamate Pump with Motor	1.25	
402514		n) Instrument Air Compressor with Motor	1.25	
402714		o) Liquid Oxygen Pump with Motor	1.25	
402814		p) Fuel Oil Pumps with Motor	1.25	
402914		q) Urea Scraper including gearbox, motor, coupling etc.	1.25	

**EXCLUDED UNDER MB POLICY
(DECLINED LIST OF MACHINES)**

- a) Stone Crushers
- b) Rolling Mill-Stands, Pedestal bearing etc.
Raymond Mill
- c) PVC lined, Rubber lined and such other lined vessels
- d) Radios, Tape Recorders, TV Sets and Electric and Electrical measuring instruments
- e) Any Imported Machinery which cannot be repaired in the country
- f) Cupolas and Oil fired furnaces
- g) Pumps-with glass, graphite, rubber impellers
- h) Pipe lines
- i) Computers and other Electronic Equipments (To underwrite under Electronic Equipment Insurance Policy)
- j) Portable and Mobile Equipments
- k) Urea Scrubber,)
LP Scrubber,)
Ammonia Scrubber,) in Fertilizer- appearing in group IV
Ammonia Storage Tanks)

EXCESS (APPLICABLE TO ALL MACHINERY)

1. NORMAL EXCESS - Unless and otherwise specifically mentioned the following Excess will apply -

Equipment	Excess against each claim
a) Excess applicable for Glass Lined Vessels, Glass & Graphite equipments -	Excess shall be 10 % of Sum

		Insured for each claim.
b) For other items -		
i) Furnace Transformers		Excess shall be 2% of Sum Insured subject to minimum of Rs. 250/-.
ii) Photo Copiers		Excess shall be 5% of Sum Insured subject to minimum of Rs. 1000/-.
<hr/>		
c) For items <u>other than</u> (a) and (b) above -		
i) Sum Insured (SI) upto Rs. 2.5 crores		1.0% of Sum Insured subject to a minimum of Rs. 250/-
ii) Sum Insured more than Rs. 2.5 Crores and upto Rs. 5.0 Crores.		0.8% of Sum Insured subject to a minimum of Rs. 2,50,000/-
iii) Sum Insured more than Rs. 5.0 Crores and upto Rs. 10.0 Crores.		0.6% of Sum Insured subject to a minimum of Rs.4, 00,000/-
iv) Sum Insured more than 10.0 Crores		0.5% of Sum Insured subject to a minimum of Rs.6, 00,000/-

2. Discount for Opting Higher Excess –

(a) All rates prescribed in Rate Schedule (section - 4) are subject to minimum excess per claim as prescribed above.

(b) Discount for selection of Higher Excess Amount can be allowed in the rates prescribed in Rate Schedule, as per the following scale:-

Excess Opted	Discount
2 times the minimum Excess	10 %
5 times the minimum Excess	20 %
10 times the minimum Excess	30 %
20 times the minimum Excess	42 ½ %

Note - **2 times minimum excess means that the excess will be 2 % of Sum Insured subject to minimum of Rs. 500 for equipment upto Sum Insured Rs. 2.5 Crores and so on.**

ESCALATION PROVISION -

It will be in order for Insurers to allow automatic regular increase in the Sum Insured throughout the period of the policy in return for an

additional premium to be paid in advance. The terms and conditions for this extension shall be as follows -

- a) The selected percentage increase shall not exceed 25 % of the Sum Insured.
- b) The additional premium, payable in advance, will be at 50 % of the full rate, to be charged on the selected percentage increase.
- c) The Sum Insured at any point of time would be assessed after application of the Escalation Clause.
- d) Different escalation percentages for different machines may be granted under the escalation clause.
- e) Prorata Condition of Average will continue to apply as usual.
- f) The Automatic increase operates from the date of inception upto the date of operation of any of the Insured Perils.

ADDITIONAL RATES -

1. Additional rate for express freight (air freight excluded), holiday and overtime rates of wages –

The additional premium for covering express freight (air freight excluded), holiday and overtime rate of wages, will be at the average rate applied on the limit selected.

2. Additional rate for air freight only –

The rate and excess as under shall be charged exclusively for items of air freight only and subject to the limit selected by the Insured for indemnity against air freight only.

Rate	5 % on the amount of indemnity selected
Excess	of the air freight incurred per claim

3. Additional rate for surrounding property -

Additional premium for covering surrounding property will be at an Additional premium of 25 % of the gross average MB rate applied on the limit of liability selected with excess of 1% of the limit of liability selected.

4. Additional rate for Third Party Liability –

Third Party Liability could be covered at an additional premium of 25 % of the gross average rate applied on the limit of liability chosen for third party liability. The excess applicable will be 1% of the TPL limits selected.

5. Additional Rate for Custom Duty –

The cover for Additional Custom Duty will be subject to the following rates, terms and conditions -

- a) the cover for Additional Custom Duty will be on first Loss Basis,
- b) the specific limit for Additional Custom Duty - either in percentage or in amount - has to be selected by the Insured at the inception of the Policy and can be reinstated in the event of loss,
- c) the rate and excess will be as under –

Rate	2 % to be charged on the Additional Custom Duty amount selected
Excess	5 % of the admissible Custom Duty increased, in addition to the Excess amount applicable for the affected item under the Policy. Subject otherwise to the terms conditions and exceptions of the policy.

ENDORSEMENTS -

1. ESCALATION CLAUSE –

Attached to and forming part of the Policy No. _____

In consideration of the payment of an additional premium amounting to 50% of the premium produced by applying the specified percentage to the first or the annual premium as appropriate on the undernoted item(s) the Sum(s) Insured thereby shall, during the period of Insurance, be increased each day by an amount representing 1/365th of the specified percentage increase per annum.

Item Number	Specified Percentage Increase per annum

Unless specifically agreed to the contrary the provisions of the Clause shall only apply to the sums insured in force at the commencement of each period of insurance.

At each Renewal Date the Insured shall notify the Insurers:-

(i) the Sums to be Insured under each item above, but in the absence of such instructions the Sums Insured by the above items shall be those stated on the policy (as amended by any endorsement effective prior to the aforesaid renewal date) to which shall be added the increases which have accrued under this Clause during the period of Insurance upto that renewal date, and

(ii) the specified percentage increase(s) required for the forthcoming period of Insurance, but in the absence of instructions to the contrary prior to the renewal date the existing percentage increase shall apply for the period of insurance from renewal.

All the conditions of the policy in so far as they may be hereby expressly varied shall apply as if they had been incorporated herein.

2. EXPRESS FREIGHT –

Attached to and forming part of the Policy No. _____

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 express freight (excluding air freight).

Provided always that such extra charges are incurred in connection with any loss of or damage to the insured items recoverable under the policy.

If the sum(s) insured of the demand 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.

Extra Premium Rs. _____

3. AIR FREIGHT –

Attached to and forming part of the Policy No. _____

It is hereby declared and agreed that the Policy shall also indemnify towards Air Freight incurred by the Insured in connection with the indemnifiable loss under the Policy.

In consideration thereof an additional premium of Rs. ___ is charged hereby

Limit of indemnity shall be Rs. _____ during currency of the Policy.

Each and every claim shall be subject to a minimum Excess of 5 % of the admissible Air Freight incurred over and above the excess as applicable under the policy.

Subject otherwise to terms, conditions and exceptions of the Policy.

4. OWNERS SURROUNDING PROPERTY –

Attached to and forming part of the Policy No. _____

In consideration of insured having paid extra premium amounting to Rs. _____ it is hereby agreed and declared, subject to otherwise terms and conditions of the Policy, that this insurance by within policy is extended to cover loss or damage to property located at or adjacent to the site and belonging to or held in care, custody, control of the principal(s) or the contractor(s) if occurring directly due to damage of items mentioned in the schedule while at rest or in use for construction or erection during period of policy.

The Company will pay to the insured the value of the damaged property at the time of accident or at its option reinstate or replace such damaged property or any part thereof provided that -

The liability of the Company shall in no case exceed Rs. _____ for any one accident or series of accidents arising out of any one event and in the whole the total indemnity of Rs. _____ during the currency of the Policy.

The insured shall bare the same excess as mentioned in the schedule of the policy.

In respect of loss or damage resulting to underground piping tunneling or underground cables and other underground facilities, the indemnity will be restricted to actual repair cost, provided prior to commencement of work, insured ascertains with the relevant authorities about the exact locations or positions of such cables, pipes or other underground facilities. Cracks that neither impair the stability of the structure nor safety of its users are not covered.

5. THIRD PARTY LIABILITY –

Attached to and forming part of the Policy No. _____

In consideration of the payment of the additional premium of Rs.____ it is hereby agreed and declared that notwithstanding anything to the contrary stated in this policy, the Company will indemnify the insured -

- a) against legal liability for the accidental loss or damage caused to the property of other persons.
- b) against legal liability (liability under contract excepted) for fatal or non-fatal injury to any persons other than the insured or his own employees or employee of the owner of the works/site/premises location or employees of the other firms/connected with any other work site/premises/location or members of the family of the insured or any of the aforesaid.

EXCLUSIONS UNDER THE TPL EXTENSION -

The Company will not indemnify the insured, under this extension in respect of -

- a) The first amount of policy excess of each claim for any one occurrence related to property damage.
- b) Expenditure incurred in doing or redoing or making good or repairing or replacing any thing covered or coverable under the policy.
- c) Liability consequent upon -
 - i) bodily injury to or illness of employees/workmen/members of the families of the insured or of the owners of the works/site/premises/location or of any other firm/contractors connected with any other work at the works/site/premises/location.

- ii) **loss of or damage to property belonging to or held in trust by or under custody of the owner of the works/site/ premises/ location of any other firms/contractors or an employee/workmen/family members of any of the aforesaid.**
- iii) **any accident caused by vehicles licensed for general road use or by waterborne vessels or by aircraft.**
- iv) **any agreement by the insured to pay any sum by way of indemnity or otherwise unless such liability would have attached also in the absence of such agreement.**

CONDITIONS APPLYING TO TPL EXTENSION -

- a) **No admission, offer, promise, payment of indemnity shall be made or given by or on behalf of the insured without written consent of the company who shall be entitled, if any so desire, to take over and conduct in the name of the insured the defence or settlement of any claim or to prosecute for their own benefit in the name of the insured any claim for indemnity or damage or otherwise and shall have full discretion in the conduct of any proceeding or in the settlement of any claim and the insured shall give all such information and assistance as the Company may require.**
- b) **The Company may, so far as any accident is concerned, pay to the insured the limit of indemnity for any one accident/for any one period, after deducting therefrom in such case of any sum/s already paid as compensation in respect thereof or any lesser sum for which the claim or claims arising from such accident can be settled and the Company shall thereafter be under no further liability in respect of such accident under this section.**

6. ADDITIONAL CUSTOMS DUTY –

In consideration of the Insured having paid an additional premium of Rs. ____ it is hereby declared and agreed that the Insured shall also be indemnified during the currency of the policy, towards the additional Customs Duty, amount of Rs. ____ which may be incurred by the Insured over and above the Customs Duty amount taken into account in arriving at the Sum Insured of the affected items.

Each and every claim payable under the extension shall be subject to an Excess of 5 % of the admissible Additional Customs Duty incurred and will be in addition to the Excess amount applicable for the affected item under the Policy.

The Indemnity for such Additional Customs Duty will stand reduced after occurrence of the claim unless reinstated by payment of an additional premium prescribed by the Company.

Subject otherwise to the terms, conditions and exceptions of the Policy.

Note- For computation of indemnity under the Additional Customs Duty extension, exchange rate applicable on date of occurrence of loss shall be considered.

7. CARDING MACHINES IN TEXTILE INDUSTRY –

It is hereby declared and agreed that notwithstanding anything stated in the policy to the contrary, any loss or damage to card fillets, Needles and Magnetic tapes of Knitting Machines is excluded under the policy.

Subject otherwise to the terms, conditions and exceptions of the policy.

8. FURNACE ENDORSEMENT –

a) INDUCTION FURNACE -

The Induction Furnace should be covered subject to the following endorsement, which should be compulsorily used in case of all Induction Furnaces -

'It is hereby declared and agreed that the damage to the refractory lining due to any cause is specifically excluded'.

b) ELECTRICAL FURNACES -

i) It is hereby declared and agreed that any damage to crucibles and refractory linings due to any cause is excluded under the policy.

Subject otherwise to the terms, conditions and exceptions of the policy.

ii) It is hereby declared and agreed that any damage to induction coils/heating element of electric furnace will be subject to 25 % depreciation per year or part thereof subject to a maximum depreciation of 75 %.

Subject otherwise to the terms, conditions and exceptions of the policy.

- iii) Warranted that the refractory linings are examined each time the furnace is recharged and linings renewed, if any defects are apparent. Further, the linings are, in any event, replaced periodically in accordance with the Maker's recommendations.

9. DG SET ENDORSEMENT for ' Loss Minimisation' -

'It hereby declared that any loss or damage payable under the policy to the cylinder head, liner and piston of the Diesel/oil engines insured here will be indemnified subject to –

(i) 15 % depreciation per annum be made applicable to the Turbo-charger subject to a maximum of 75 %.

(ii) Turbo-charger cannot be insured in isolation.

10. REDUCTION GEAR BOX –

It is hereby declared and agreed that all claims pertaining to reduction Gear Box will be subject to depreciation at the rate of 15 % per year or part thereof subject to a maximum depreciation of 75 %.

Subject otherwise to the terms, conditions and exceptions of the policy.

11. PATTERNS AND CORE-BOXES –

It is hereby declared and agreed that in the event of an accident, for which the Insurer is liable under the Policy, involving the replacement of a casting for which no patterns are available, the Insured shall bear the cost of making patterns and core boxes, the Insurer's liability being for the making of the casting itself.

12. EXPELLERS/EXPELLERS GEARS –

a) Expellers - It is hereby declared and agreed that any damage to the following parts of Oil Expellers viz., ball bearing, roller bearing, thrust bearing and bush bearing of all types are specifically excluded from the scope of cover.

Subject otherwise to the terms and conditions of the policy.

b) Expeller Gears - It is hereby declared and agreed that all claims pertaining to Gears will be subject to depreciation at the rate of 15 % for every year or part thereof subject to a maximum depreciation of 75 %.

Subject otherwise to the terms and conditions of the policy.

13. PLASTIC EXTRUDERS/INJECTION MOULDING MACHINES –

It is hereby understood and agreed that the Insurance by this policy does not cover any loss or damage to the dies, moulds and heating elements used on the Plastic Extruder/Injection Moulding Machines.

Subject otherwise to the terms, conditions and exceptions of the policy.

14. ALTERNATE WORKING –

Warranted by the Insured that except when the load is being transferred from one machine to another the No. ____ etc. insured under this policy shall only work alternately with No. ____ etc. Insured under this policy.

The plant may be turned over periodically for maintenance purpose only.

If the plant is to be used otherwise than as above the Insured shall forthwith notify the Insurer and pay such additional premium as may be required by the Insurer failing which the Insurer's liability thereon shall cease.

15. STAND-BY MACHINERY –

Warranted by the Insured that any item of machinery marked 'STANDBY' in the Schedule of machinery shall not be worked at the same time as the machine to which it is standby except for the period when the load is being transferred from one to the other.

Provided that the standby machine may be turned over periodically for maintenance purpose.

Provided always that if the standby machine shall be used otherwise than as above the Insured shall forthwith notify the insurer and pay such additional premium as may be required by the Insurer failing which the Insurer's liability thereon shall cease.

16. BAKERIES –

It is hereby declared and agreed that any damage to whisks, dough hook and beaters of dough mixers are specifically excluded from the scope of cover.

17. GAS WORKS PLANTS –

It is hereby declared and agreed that any damage to underground piping is specifically excluded from the scope of cover.

18. FOR ALL TYPES OF IMPORTED MACHINERY –

The indemnity provided by the policy does not extend to include cost incurred/time involved in the movement of machinery and/or any other property insured hereunder and/or personnel outside the territorial limits of India other than the cost of delivery or replacements for machinery lost or damaged.

19(A) GLASS AND GRAPHITE EQUIPMENTS –

It is agreed and understood that otherwise subject to the terms, exclusions, provisions and conditions contained in the policy or endorsed thereon indemnity granted by this policy in respect of equipment/apparatus made out of Glass/Graphite described under item No(s) _____ of the Schedule is restricted to cover losses due to accidental damage or external impact and not any loss or damage arising out of wear and tear, general usage and/or cracking of the insured item due to continuous working and/or fatigue.

(B) GLASS LINED VESSELS-

It is hereby declared and agreed that the indemnity granted by this policy in respect of glass lined production plant described in the Schedule is restricted to cover losses due to accidental damage or external impact and not any loss or damage arising out of wear and tear, general usage and/or cracking of the glass lining due to continuous working and/or fatigue subject otherwise to the terms, exceptions, conditions and limitations of the Policy.

Provided, however, that depreciation at the rate of 10% for every year of operation shall be deducted in respect of all claims arising out of perils covered in form of this endorsement subject to maximum depreciation of 75% in addition to other terms and conditions

20. INSURANCE OF ROPES IN LIFTS, CRANES AND ROPEWAYS –

It is understood and agreed that insurance by this policy shall include sudden and unforeseen damage to rope resulting in their actual and complete severance. It shall not include breakage or abrasion of wire or strand of ropes/slings although replacement is necessitated thereby.

Provided that the amount indemnifiable in respect of items thus affected is depreciated at an annual rate to be determined at the time of loss, this rate being not less than 15 % per annum subject to a maximum of 75 %.

21. WIND MILLS ENDORSEMENT –

Notwithstanding anything to the contrary stated in the policy, this policy covers accidental loss/damage to the blades of the Wind Mills whether metallic or non-metallic.

22. REFRACTORY MATERIALS IN BOILERS –

It is agreed and understood that otherwise subject to the terms, exclusions, provisions and conditions contained in the policy or endorsed thereon, the Insurer shall indemnify the Insured for loss of or damage to refractory materials in item(s) _____ Nos. _____ contained in the schedule of the policy, caused by an indemnifiable accident to the above named items subject to depreciation of the amount indemnifiable in respect of the items thus affected, at the time of loss. This rate being not less than 20 % per annum but not more than 80 % in total.

23. DEPRECIATION ADJUSTMENT FOR COMPONENTS ALONG THE HOT GAS PATH OF GAS TURBINES –

It is agreed and understood that otherwise subject to the terms, exclusions, provisions and conditions contained in the Policy or endorsed thereon, the following shall apply to this Insurance -

In the event of an indemnifiable accident occurring to a component or components in the hot gas path, which have a life expectancy appreciably shorter than that of the gas turbine, the amount indemnifiable in respect of the items thus affected shall be depreciated. The amount payable shall be calculated by taking the expired life (EL) in equivalent working hours of the Component at the time of occurrence, and the normal life expectancy (NLE) in hours of the Component according to the latest specification issued by the manufacturer and then applying them in the relation ship $(1-EL/NLE)$ to the total replacement costs of the Component.

Should the normal life expectancy for any component or components indicated by the manufacturer be found to be in conflict with the operational and/or claims experience, an agreement on more realistic component life expectancies shall be reached between the Insured and the Insurer and shall supercede such advices of the manufacturer.

24. OVERHAUL OF PLATEN PRESSES –

It is agreed and understood that otherwise subject to the terms, exclusions, provisions and conditions contained in the policy or endorsed thereon, the following shall apply to this Insurance in respect of item(s) No(s) contained in the specification of the policy.

The Insured shall arrange at his own expense an overhaul (the Insured shall inform the Insurer of such an overhaul in good time so that the Insurers' representatives may be present during the overhaul at the Insurers' expense) of all highly stressed parts of platen presses as well as an inspection by an expert in non-destructive testing and shall supply the insurers with reports on this overhaul and inspection. The expert shall determine the date of the next overhaul. Such overhauls/inspections shall take place at intervals of at least 12 months.

These provisions shall apply regardless of the commencement date of the insurance cover.

The Insured may apply for an extension of the period between overhauls. Such extension shall be granted if in the opinion of the Insurers the risk is not aggravated thereby.

If the Insured fails to comply with the requirements of this Endorsement, the Insurers shall be free from all liability for loss or damage caused by any circumstance which could have been detected had an overhaul taken place.

25 OVERHAUL OF ELECTRIC MOTORS (ABOVE 750 KW FOR MOTORS WITH 2 POLES AND ABOVE 1,000 KW FOR MOTORS WITH 4 AND MORE POLES) –

It is agreed and understood that otherwise subject to the terms, exclusions, provisions and conditions contained in the policy or endorsed thereon, the following shall apply to this Insurance in respect of item(s) No(s) contained in the specification of the policy.

The Insured shall arrange at his own expense an overhaul (the Insured shall inform the Insurer of such an overhaul in good time so that the Insurers' representatives may be present during the overhaul at the Insurers' expense) in a completely opened-up state after 8,000 hours of operation or after 500 start-ups or at least after two years following the last overhaul.

New electric motors shall be overhauled after 2,000 hours or at least after one year of operation. The insured shall supply the Insurers with reports on this overhaul. These provisions shall apply regardless of the commencement date of the insurance cover.

The Insured may apply for an extension of the period between overhauls. Such extension shall be granted if in the opinion of the Insurers the risk is not aggravated thereby.

If the Insured fails to comply with the requirements of this Endorsement, the Insurers shall be free from all liability for loss or damage caused by any

circumstance, which could have been detected, had an overhaul taken place.

* * * * *