



# Assets All Risks Policy



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## General Provisions

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### General Operative Clause

Subject to the terms, exclusions, conditions (precedent or otherwise) and in consideration of the payment of the premium by or on behalf of the Insured and receipt thereof by or on behalf of the Insurer(s).

The Insurers specified in the Schedule agree each for the percentage share expressed in the Schedule and with the liability of each such Insurer individually being limited to the percentage share set against its name, to indemnify or compensate the Insured by payment or, at the option of the Insurers, by replacement, reinstatement or repair, in respect of the Insured Events occurring during the period of insurance up to the sums insured, limits of indemnity, compensation and other amounts specified.

Specific exceptions, conditions and provisions shall override general exceptions, conditions and provisions.

The Policy together with its Schedules, Specifications, Sections and any endorsements thereto shall be read as one contract and any word or expression to which a specific meaning has been attached in any part thereof shall bear the same meaning whenever it may appear.

### 1. Limits of Liability

Subject always to any applicable specific sub-limit, the Insurer's maximum liability shall be one of the following:

- 1.1 If the Maximum Limit of Liability applicable is stated in the Schedule to be Full Value, the Insurer shall be liable for the Full Value (as defined) at risk; or
- 1.2 If the Maximum Limit of Liability applicable is stated in the Schedule to be Maximum Loss Limit, the Insurer's liability for all loss(es) arising out of one Occurrence shall not exceed the specified Limit

Any extension of cover incorporated in this Policy will be included in the Limits of Liability applicable to the insured event. Where the property is insured for Full Value, the liability of the Insurer will extend to cover any extensions included in addition to the Declared Value, but also subject to the Full Value maximum limit of liability. Where the property is insured for a Maximum Limit of Liability all extensions of cover are included within this limit and are not in addition to this limit.

### 2. Deductibles

#### 2.1 Sectional per Event

Any amount payable by Insurers in terms of this Policy shall be reduced by the amount of any Deductible applicable to an Insured Event under that Section. It is hereby warranted that the amount of any Deductible is not otherwise insured.

#### 2.2 Combined per Occurrence

The amounts payable by Insurers in terms of Property Damage and Business Interruption related to the same occurrence shall be reduced by the amount of any Combined Deductible applicable to such occurrence. It is hereby warranted that the amount of any Deductible is not otherwise insured.

#### 2.3 Aggregate Deductible

The maximum amount to be borne by the Insured in respect of the Sectional or Combined Deductible applicable to all occurrences during the current period of insurance.

In the event of mid-term cancellation, shortening, or extension of the Period of Insurance, the Aggregate Deductible shall be adjusted proportionately. If the amount of losses exceed the proportionate Aggregate Deductible for the same period, the difference shall be payable by the Insurers to the Insured.

The Aggregate Deductible is eroded on a claims paid basis, i.e. for the purpose of determining whether or not a claim is payable in terms of the Aggregate, the payment is not off-set against the balance until actual payment is made.

#### **2.4 Threshold Deductible**

The first amount to be borne by the Insured in respect of each and every occurrence and which shall not be included in any Aggregate Deductible calculation.

#### **2.5 Inner Deductible**

The first amount to be borne by the Insured in respect of each and every occurrence before the application of any other Deductible and which shall not be included in any Aggregate Deductible calculation.

#### **2.6 Residual Deductible**

The first amount to be borne by the Insured in respect of each and every occurrence following exhaustion of the Aggregate Deductible.

The Aggregate Deductible is eroded on claims paid basis, i.e. for the purpose of determining whether or not a claim is payable in terms of the Aggregate, the payment is not off-set against the balance until actual payment is made.

Upon exhaustion of the Aggregate Deductible the Insurer will pay all losses in excess of the Residual Deductible, if one is indicated in the Schedule, otherwise the occurrence deductible will apply.

### **3. Definitions**

**3.1 Occurrence** shall mean an event or series of events attributable to one source or original cause giving rise to loss as insured in terms of this Policy.

**3.2 Average Daily Value if used in connection with Business Interruption**, shall mean the sum arrived at by dividing the total amount of the loss by the total number of days of the Indemnity Period applicable to the specific Occurrence;

**3.3 Full Value** shall mean

3.3.1 for the purposes of any property damage Section of the Policy, the Declared Value at inception or at the last renewal immediately anterior to the Occurrence plus an allowance calculated at the date of reinstatement for trends (which term shall include inflationary impact on costs of repair or reinstatement both before and after the occurrence of damage), additions, extensions, acquisitions and new locations between the effective date of declarations and the date of the Occurrence, which shall be the amount to be utilised for any application of Average, provided that the Insurer's liability shall not exceed the Declared Value plus the Full Value Margin stated in the Schedule.

3.3.2 for the purposes of the Business Interruption Section of the Policy, the Declared Value at inception or at the last renewal immediately anterior to the loss subject always to the Special Circumstances clause.

**3.4 Damage** shall, unless specifically otherwise stated, wherever used mean sudden and accidental physical loss, destruction or damage.

**3.5 Declared Value(s)** shall mean

- a. for the purposes of any property damage section, the value declared to the Insurer as the insured's assessment of the Reinstatement Value of the Property Insured inclusive or exclusive (as indicated in the Schedule) of VAT, as at the first day of the Period of Insurance immediately anterior to Damage, without provision for inflation either before or after Damage if the Maximum Limit of Liability selected in the Schedule is either Section A or Section B but if Section C is selected the declared value shall be the Reinstatement Value inclusive or exclusive (as indicated in the Schedule) of VAT at the time of Reinstatement.
- b. for the purposes of the Business Interruption Section the amounts in respect of Gross Profit, Gross Revenue, Gross Rentals and/or Standing Charges as appropriate, inclusive or exclusive (as indicated in the Schedule) of VAT as declared by the Insured at inception (if the Policy is in its first year) or at the last renewal immediately anterior to the Damage.

**3.6 Reinstatement Value** shall mean the cost of replacing or reinstating on the same site property of the same kind or type equal to, but not superior to or more extensive than, the Insured Property when new.

## General Conditions

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### 1. Misrepresentation, Misdescription and Non-Disclosure

This Policy shall be voidable:

- 1.1 with regard to any property affected in the event of misrepresentation, misdescription, or non-disclosure in any material particulars;
- 1.2 with regard to any property affected if there is any alteration (unless admitted by the Insurer and an additional premium paid, if required) after the commencement of this insurance:
  - i. whereby the risk of Damage is materially increased. Alterations of occupancy due to the transfer of processes or machinery and structural changes alterations, additions, renovations or repair are, however, permitted; or
  - ii. whereby the Insured's interests cease except by will or operation of law,

### 2. Prevention of Loss

The Insured shall take reasonable steps to:

- 2.1 safeguard the Insured Property;
- 2.2 prevent accidents and minimise loss or damage .
- 2.3 maintain in efficient condition all plant, machinery and equipment owned by the Insured
- 2.4 comply with all legal requirements, regulations in connection with the business of the insured including any risk improvement actions (where applicable) which are relevant to the risk.

### 3. Claims

On the happening or discovery of any Damage which may result in a claim under this Policy, the Insured shall:

- 3.1 notify the Insurer as soon as reasonably possible of such Damage and provide particulars of any other insurances covering Damage as defined hereby insured;
- 3.2 as soon as reasonably possible after the Damage occurred submit to the Insurer full details of any claim;
- 3.3 as soon as practicable after the event inform the police of any loss involving theft and, if required by the Insurer, of loss of property and take all practicable steps to discover the guilty party and to recover the stolen or lost property.
- 3.4 as soon as practicable after the event submit to the Insurers full details in writing of any claim
- 3.5 give the Insurers such proofs, information and sworn declarations as the insurers may require and forward to the Insurers immediately any notice of claim or any communication, writ, summons or other legal process issued or commenced against the Insured in connection with the event giving rise to the claim.

In the event of a claim being rejected for any reason and legal action not being commenced within 12 months after such rejection, all benefit under this insurance in respect of such claim shall be forfeited.

No claim hereunder (other than a claim under the Business Interruption Section) shall be payable after the expiry of 24 months from the happening of the loss or damage, or such further time as the Insurers may allow in writing, unless the claim is the subject of pending legal action

#### 4. Other Insurances

If, at the time of any Damage in respect of which a claim is or may be made under this Policy, there be any other insurance effected by or on behalf of the Insured covering the Damage the Insurer shall not be liable to pay or contribute more than its rateable proportion of any sum payable in respect of such Damage.

#### 5. Reinstatement

If the Insurer elects to reinstate or replace any property, the Insured shall at their own expense, except to the extent otherwise provided by the Claims Preparation Costs extension, provide the Insurer with all such plans, documents, books and information as the Insurer may reasonably require. The Insurer shall not be bound to reinstate exactly or completely but only as circumstances permit and in a reasonably sufficient manner and shall not in any case be bound to expend in respect of any one of the items insured more than the applicable Limit of Liability.

#### 6. The Insurer's Rights After An Event

6.1 On the happening of any loss in respect of which a claim is or may be made under this Policy, the Insurer and every person authorised by the Insurer may, without thereby incurring any liability and without diminishing the right of the Insurer to rely upon any of the conditions of this Policy:

6.1.1 enter, take or keep possession of any Damaged property and deal with it in any reasonable manner. This condition shall be evidence of the leave and licence of the Insured to the Insurer to do so, but this condition does not grant the Insured licence to abandon any property to the Insurer whether taken possession of by the Insurer or otherwise;

6.1.2 take over and conduct in the name of the Insured the defence or settlement of any claim and present in the name of the Insured for their own benefit any claim for indemnity or damages or otherwise and shall have full discretion in the conduct of any proceedings and in the settlement of any claim;

6.2 The Insured shall, at the request, and at the expense of the Insurer, do and permit to be done all things as may be necessary or reasonably required by the Insurer for the purpose of enforcing any rights to which the Insurer shall or would become subrogated upon indemnification of the Insured whether such things shall be required before or after such indemnification.

#### 7. Fraud

If any claim under this policy be in any respect fraudulent, or if any fraudulent means or devices be used by the Insured or anyone acting on the Insured's behalf to obtain any benefit under this Policy, or if any accident, loss, destruction, damage or liability be occasioned by the wilful act or with the connivance of the Insured, all benefits under the claim shall be forfeited and the policy will be cancelled.

#### 8. Cancellation

This policy or any section may be cancelled at any time by the Insurer giving 31 days' notice in writing (or such other period as may be mutually agreed). The Insured can cancel the policy with immediate effect.

On cancellation by the Insured, the Insurer shall be entitled to retain the customary short period or minimum premium for the period the policy or section has been in force, unless cooling-off rights apply.

On cancellation by the Insurer, the Insured shall be entitled to claim a pro-rata proportion of the premium for the remainder of the period of insurance from the date of cancellation.



## 9. Arbitration

If any difference shall arise as to the amount to be paid under this Policy (liability being otherwise admitted) such difference shall be referred to an arbitrator (or arbitrators) to be appointed by the parties concerned in accordance with the applicable statutory provisions in force. The making of an award shall be a condition precedent to any right of action against the Insurer to recover such amount in dispute.

## 10. Automatic reinstatement

The Sum Insured by this Policy shall not be reduced by any claim hereunder and the Insured hereby agrees to pay the premium for the amount of the claim for the period pro rata from the date of the occurrence of the loss or damage to the next renewal date of the Policy or expiry date of the relevant contract.

## 11. Amendment of policy terms and conditions

The Insurer may, at their discretion and on providing the Insured with a 31-day written notice to the Insured Business's nominated email address, make changes to the terms and conditions of this Policy, as and when it deems necessary.

## 12. Protection of Personal Information

The Insurer respects the Insured's constitutional right to privacy. They are committed to and bound by the terms and provisions of the Protection of Personal Information Act 4 of 2013 ("POPI") regarding the acquisition, usage, retention, transmission and deletion of the Insured's personal information. The Insurer will check and validate the information provided by the Insured through legal means. The Insurer has high level security measures in place to protect the Insured's personal information. The Insured's personal information herein collected is for the primary purpose of providing the Insured with insurance cover and for all other activities and processes incidental to and relevant to this purpose. The Insured's information shall be kept confidential, however, the Insurer shall disclose it to certain third parties as required and other insurers for the specific purpose of insurance and to reduce and prevent any form of fraudulent activity. Sharing of information includes, but is not limited to, information sharing as arranged via the South African Insurance Association. The Insured hereby give consent and fully understand the reason for the Insurer to process, use, share and retain the Insured's personal information for its designated purpose and the Insured confirm the accuracy of the information. The Insured may request the Insurer to amend, update, change or correct the Insured's personal information processed by the Insurer by sending a request to the Insured's broker or the Insured's nearest Bryte office.

A full version of the privacy statement is available on this link (<https://www.brytesa.com/legal/access-to-information/>).

Should the Insured decide to cancel this insurance contract, the Insured further consents to the Insurer retaining the information in line with the legally permitted retention period, for statistical and reporting purposes only. Should the Insured decide not to accept the proposal, the information collected, will be de-identified and only used for statistical and research purposes.

## General Exclusions

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### 1. War, Terrorism and Riot Exclusion

- A. This Policy does not cover any claim, loss, damage, cost or expense of any nature whatsoever related to or caused by:
- i. civil commotion, labour disturbances, riot, strike, lockout or public disorder or any act or activity which is calculated or directed to bring about any of the foregoing;
  - ii. war, invasion, act of foreign enemy, hostilities or warlike operations (whether war be declared or not) or civil war;
  - iii.
    - a. mutiny, military rising, military or usurped power, martial law or state of siege or any other event or cause which determines the proclamation or maintenance of martial law or state of siege; or
    - b. insurrection, rebellion or revolution;
  - iv. any act (whether on behalf of any organisation, body or person or group of persons) calculated or directed to overthrow or influence any State or Government or any provincial, local or tribal authority with force or by means of fear, terrorism or violence;
  - v. any act which is calculated or directed to bring about loss or damage in order to further any political aim, objective or cause or to bring about any social or economic change, or in protest against any State or Government or any provincial, local or tribal authority, or for the purpose of inspiring fear in the public, or any section thereof;
  - vi. any attempt to perform any act referred to in Clauses (iv) or (v) above;
  - vii. the act of any lawfully established authority in controlling, preventing, suppressing or in any other way dealing with any occurrence referred to in Clauses (i), (ii), (iii), (iv), (v) or (vi) above.

If the Insurer alleges that by reason of clauses A (i), (ii), (iii), (iv), (v), (vi) or (vii) of this exclusion, loss or damage is not covered by this Policy, the burden of proving the contrary shall rest on the Insured.

- B. This Policy does not cover loss or damage caused directly or indirectly by or through or in consequence of any occurrence for which a fund has been established in terms of The War Damage Insurance Compensation Act 1976 (No. 85 of 1976) or any substitution thereof or any similar act operative in any of the territories to which this Policy applies.
- C. Notwithstanding any provision of this policy including any exclusion, exception or extension or other provision not included herein which would otherwise override a general exception, this policy does not cover loss of or damage to property or expense of whatsoever nature directly or indirectly caused by, arising out of or in connection with any act of terrorism regardless of any other cause or event contributing concurrently or in any sequence to the loss, damage or expense.

For the purpose of this General exception 1(c) an act of terrorism includes, without limitation, the use of violence or force or the threat thereof whether as an act harmful to human life or not, by any person or group of persons, whether acting alone or on behalf of or in connection with any organisation or government or any other person or body of persons, committed for political, religious, personal or ideological reasons or purposes including any act committed with the intention to influence any government or for the purpose of inspiring fear in the public or any section thereof. If the company alleges that, by reason of clause 1(c) of this exception,

loss or damage is not covered by this policy, the burden of proving the contrary shall rest on the insured

## 2. Cover under Marine Policies

This Policy does not cover Damage to property which, at the time of the happening, is insured by or would but for the existence of this Policy be insured by any marine policy or policies, except for terms, Conditions and Exclusions of this Policy.

## 3. Nuclear Exclusion

This Policy does not cover loss, damage, cost or expense whatsoever or any consequential loss directly or indirectly caused by or contributed to by or arising from:

- i. ionising, radiation or contamination by radio-activity from any nuclear fuel or from any nuclear waste from the combustion or use of nuclear fuel;
- ii. nuclear material, nuclear fission or fusion, nuclear radiation;
- iii. nuclear explosives or any nuclear weapon;
- iv. nuclear waste in whatever form;

regardless of any other cause or event contributing concurrently or in any other sequence to the loss. For the purposes of this exclusion only, combustion shall include any self-sustaining process of nuclear fission.

## 4. Consequential Loss

This Policy does not insure delay, loss of market or consequential loss of any description (other than as specifically provided).

## 5. Computer Loss Exclusion

Notwithstanding any provision of this Policy including any specific exclusion or extension or other provision not included herein which would otherwise override a General Exception, this Policy does not cover:

- 5.1 loss or destruction of or damage to any property whatsoever (including a computer) or any loss or expense whatsoever resulting or arising therefrom;
- 5.2 any legal liability of whatsoever nature;
- 5.3 any consequential loss;

directly or indirectly caused by or contributed to by or consisting of or arising from the incapacity or failure of any computer, correctly or at all:

- 5.1.1 to treat any date as the correct date or true calendar date, or correctly or appropriately to recognise manipulate interpret process store receive or to respond to any data or information, or to carry out any command or instruction, in regard to or in connection with any such date or
- 5.1.2 to capture save retain or to process any information or code as a result of the operation of any command which has been programmed into any computer, being a command which causes the loss of data or the inability to capture save retain or correctly to process such data in regard to or in connection with any such date or
- 5.1.3 to capture save retain or to process any information or code due to programme errors, incorrect entry or the inadvertent cancellation or corruption of data and or programmes
- 5.1.4 to capture save retain or to process any data as a result of the action of any computer virus, or other corrupting, harmful or otherwise unauthorised code or instruction including any Trojan horse, time or logic bomb or worm or any other destructive code, media or programme or interference.

A computer includes any computer, data processing equipment, microchip, integrated circuit or similar device in computer or non-computer equipment or any computer software, tools, operating system or any computer hardware or peripherals and the information or data electronically or otherwise stored in or on any of the above, whether the property of the Insured or not.

## 6. Electronic Data Exclusion

Notwithstanding any provision to the contrary within the Policy or any endorsement thereto, it is understood and agreed as follows:

- 6.1 This Policy does not insure loss, damage, destruction, distortion, erasure, corruption or alteration of Electronic Data from any cause whatsoever (including but not limited to Computer Virus) or loss of use, reduction in functionality, cost, expense of whatsoever nature resulting therefrom, regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

Electronic Data means facts, concepts and information converted to a form useable for communications, interpretation or processing by electronic and electromechanical data processing or electronically controlled equipment and includes programmes, software and other coded instructions for the processing and manipulation of data or the direction and manipulation of such equipment.

Computer Virus means a set of corrupting, harmful or otherwise unauthorised instructions or code including a set of maliciously introduced unauthorised instructions or code, programmatic or otherwise, that propagate themselves through a computer system or network of whatsoever nature. Computer Virus includes but is not limited to 'Trojan Horses', 'worms' and 'time or logic bombs'.

- 6.2 However, in the event that a peril listed below results from any of the matters described in paragraph (a) above, this Policy, subject to all its terms, conditions and exclusions, will cover physical damage as defined occurring during the Policy period to property insured by this Policy directly caused by such listed peril.

Listed Perils:

Fire

Explosion

## 6.3 Electronic Data Processing Media Valuation

Notwithstanding any provision to the contrary within the Policy or any endorsement thereto, it is understood and agreed as follows:

Should Electronic Data processing media insured by this Policy suffer physical loss or damage insured by this Policy, then the basis of valuation shall be the cost of the blank media plus the costs of copying the Electronic Data from back-up or from originals of a previous generation. These costs will not include research and engineering nor any costs of recreating, gathering or assembling such Electronic Data. If the media is not repaired, replaced or restored the basis of valuation shall be the cost of the blank media. However this Policy does not insure any amount pertaining to the value of such Electronic Data to the Assured or any other party, even if such Electronic Data cannot be recreated, gathered or assembled.

## 7. Environmental Impairment

This Policy does not insure costs and expenses incurred by the Insured in cleaning up, removing or nullifying pollution or contamination of air, soil or water whether on or off the premises of the Insured provided that this General Exclusion shall not refer to the removal of surface debris including but not limited to water, mud and damaged property, not exceeding mechanical removal and replacement of soil as may be necessary for clearance of or regaining access to site following any Insured Event.

## 8. Mould and Fungi

A. This Policy only insures Damage by mould, mildew, fungus or spores to Insured Property when directly caused by Damage to Insured Property during the Period of Insurance by one of the following Listed Perils:

fire; earthquake; explosion; lightning; storm, wind, water (including flood), hail or snow; direct impact of vehicle; aircraft or vessel; accidental discharge of fire protection equipment.

This coverage is subject to all limitations of the Policy and, in addition, to each of the following specific limitations:

1. The said property must be otherwise insured for Damage by that Listed Peril.
2. The Insured must report to the Insurer the existence and cost of the Damage by mould, mildew, fungus or spores as soon as practicable, but no later than six (6) months after the Listed Peril first caused any Damage to such Insured Property during the Period of Insurance. This Policy does not insure any Damage by mould, mildew, fungus or spores first reported to the Insurer after that six (6) month period.

B. Except as set forth in the foregoing Part A of this General Exclusion, this Policy does not insure any loss, damage, claim, cost, expense, or other sum directly or indirectly arising out of or relating to mould, mildew, fungus or spores of any type, nature or description.

However, Damage caused by a peril not otherwise excluded resulting from the presence of mould, mildew, fungus or spores is not hereby excluded.

## 9. Sanctions clause

Notwithstanding any other terms under this agreement, no insurer shall be deemed to provide coverage or will make any payments or provide any service or benefit to any insured or other party to the extent that such cover, payment, service, benefit and/or any business or activity of the insured would violate any applicable trade or economic sanction law or regulation.

## 10. Communicable Disease Exclusion

1. 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, resulting from, originating from, 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 exclusion, 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 exclusion applies to all coverage extensions, additional coverages, exceptions to any exclusion and other coverage grant(s).
5. All other terms, conditions and exclusions of the policy remain the same. If the Insurer alleges that by reason of this exclusion, any loss, damage or liability is not covered by this Policy the burden of proving the contrary rests on the Insured.

#### **11. Seepage, Pollution and Contamination**

This Policy does not cover any liability in respect of:-

Loss of, damage to, or loss of use of property directly or indirectly caused by seepage, pollution or contamination, provided always that this paragraph shall not apply to loss of or physical damage to or destruction of tangible property, or loss of use of such property damaged or destroyed, where such seepage, pollution or contamination is a consequence or the sudden unintended and unexpected physical operation of one and the same manifestation of an original insured peril otherwise covered under this Contract.

The cost of removing, nullifying or cleaning-up seeping, polluting or contaminating substances unless the seepage, pollution or contamination is a consequence of the sudden, unintended and unexpected physical operation of one and the same manifestation of an original insured peril otherwise covered under this Contract.

#### **12. Property Cyber and Data Exclusion**

1. Notwithstanding any provision to the contrary within this Policy or any endorsement thereto this Policy excludes any:
  - 1.1 Cyber Loss;
  - 1.2 loss, damage, liability, claim, cost, expense of whatsoever nature directly or indirectly caused by, contributed to by, resulting from, arising out of or in connection with any loss of use, reduction in functionality, repair, replacement, restoration or reproduction of any Data, including any amount pertaining to the value of such Data;regardless of any other cause or event contributing concurrently or in any other sequence thereto.
2. In the event any portion of this exclusion is found to be invalid or unenforceable, the remainder shall remain in full force and effect.
3. This exclusion supersedes and, if in conflict with any other wording in the Policy or any endorsement thereto having a bearing on Cyber Loss or Data, replaces that wording.

##### Definitions

4. Cyber Loss means any loss, damage, liability, claim, cost or expense of whatsoever nature directly or indirectly caused by, contributed to by, resulting from, arising out of or in connection with any Cyber Act or Cyber Incident including, but not limited to, any action taken in controlling, preventing, suppressing or remediating any Cyber Act or Cyber Incident.
5. Cyber Act means an unauthorised, malicious or criminal act or series of related unauthorised, malicious or criminal acts, regardless of time and place, or the threat or hoax thereof involving access to, processing of, use of or operation of any Computer System.

6. Cyber Incident means:
  - 6.1 any error or omission or series of related errors or omissions involving access to, processing of, use of or operation of any Computer System; or
  - 6.2 any partial or total unavailability or failure or series of related partial or total unavailability or failures to access, process, use or operate any Computer System.
7. Computer System means:
  - 7.1 any computer, hardware, software, communications system, electronic device (including, but not limited to, smart phone, laptop, tablet, wearable device), server, cloud or microcontroller including any similar system or any configuration of the aforementioned and including any associated input, output, data storage device, networking equipment or back up facility, owned or operated by the Insured or any other party.
8. Data means information, facts, concepts, code or any other information of any kind that is recorded or transmitted in a form to be used, accessed, processed, transmitted or stored by a Computer System.

### **13. Public utilities**

This policy does not cover loss of or destruction of or damage to the Insured Property, loss due to interruption of or interference with the business, consequential loss, legal liability, costs or expenses directly or indirectly caused by, arising from, or contributed to by or consisting of or arising from the total or partial failure of any national, provincial or local public utilities provider to supply gas, water, electricity, fuel, oil, communications and data processing facilities, steam, sewerage or any other similar circumstances where that is caused by:

1. the exercise of any authority empowered by law to supply water, gas, electricity, fuel, oil, communications and data processing facilities, steam, sewerage or any other similar circumstances of its power to deliberately withhold or restrict supply;
2. the failure, for whatever reason, of the provider to maintain its property, plant, machinery and equipment;
3. malicious damage, sabotage or vandalism to the provider's property, plant, machinery, equipment;

the actions, advice, measures, restrictions, regulations or other response of any government authority or any other authority, whether national, provincial or local.

### **14. Illegal occupation of any building or premises**

This policy does not cover any claim, losses of whatsoever nature including damage, theft, liability, cost or expenses, consequential loss or damage arising directly or indirectly from illegal occupation of any building or premises.

### **15. Failure of electricity grid**

This policy does not cover any claim, loss, damage, cost, liability, expense, consequential loss or damage of any nature whatsoever directly or indirectly caused by, resulting from, arising out of, in connection with a national (including regional, municipal, local and/or private) interruption, failure, interference, or suspension of the electricity supply to the electricity grid of South Africa for whatsoever reason, whether due to damage, an inability and/or failure (whether partial or total) of the utility supplier to generate, transmit or distribute electricity, or otherwise.

### **16. Non damage exclusion**

Notwithstanding anything to the contrary contained in this policy, including any exclusion, exception or extension or other provision which would otherwise override a general exclusion, all claims, losses

of whatsoever nature including resultant business interruption and costs in connection with or arising directly or indirectly from an incident or happening, where the losses are not solely due to physical damage to insured property or property of the type insured under this policy, are excluded. This exclusion also applies, but is not limited to, any act of a lawfully established or recognized authority, in relation to closure, restriction, or prevention of access, in connection with the foregoing.



## General Extensions

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### 1 Acquisitions And Disinvestments

#### A. Difference in Conditions

This insurance will cover any difference in scope of cover and limits of indemnity between the terms of the current insurance arrangements of any new acquisition or entity merged with the Insured hereinafter referred to as an “acquisition”, and the cover applying to the Insured in terms of this Policy, provided that:

1. the period of cover will be from the date of the letter of intent provided by the Insured;
2. the liability of the Insurer shall not exceed the Limits of Liability applying to this Policy;
3. the Property and Business Interruption values of such acquisitions shall be determined in accordance with the Insured’s basis of declaration;
4. the Insurer reserves the right to amend cover afforded to acquisitions which are based in countries or locations within territorial limits as permitted that have special risk exposures which require the Insurer to follow local practice in terms of the scope of cover offered. Should the acquisitions be in a territory where certain perils are automatically not insured by the local market, then such perils will in likewise manner not be insured hereunder;
5. this Policy will not be called into contribution with any existing policy held by such acquisition;
6. this Policy will not pay for shortfall as a result of the application of average or in respect of any first amount payable in terms of such insurance.

In the event of a claim occurring during the initial period, it will only be paid once a final decision has been taken by the Insured to conclude the acquisition.

#### B. Automatic Inclusion – Primary Insurance

Subject otherwise to the terms and conditions of the Policy, this insurance automatically extends to include the interests and property, in respect of which there is no existing insurance, of any new acquisition or new entity formed by or merged with the Insured hereinafter referred to an “acquisition” situated within the Republic of South Africa, subject to the following premium considerations:

1. Acquisition with - Business activities similar to those insured
  - 1.1 If the total Property and Business Interruptions values are no greater than the limit for this Extension stated in the Schedule, no premium will be paid for the pro rata period commencing from the attachment date up to renewal date.
  - 1.2 If the total Property and Business Interruption values exceed the limit for Acquisitions stated in the Schedule a premium is to be agreed for period commencing from attachment date of the cover up to the renewal date.
2. Acquisition with - Business activities not similar to those insured

An additional premium will be required by the Insurer for the pro rata period commencing from the attachment date of the cover up to renewal date irrespective of the Property and Business Interruption values.

If the Insured decides not to conclude the acquisition the cover which applied for the interim period becomes void and no premium will be paid for such interim period irrespective of the total Property Damage and Business Interruption values.

**C. Disinvestments**

In the event of disinvestment where the total Property and Business Interruption values exceed the limit for acquisitions stated in the Schedule, the Insured shall be entitled to a pro rata refund of premium from the date of such divestment until expiry of the Period of Insurance.

**2. Capital Additions**

Damage to alterations, improvements and additions (but not appreciation in value) to the property insured hereby.

**3. Claims Preparation Costs**

This insurance covers costs and expenses reasonably incurred by the Insured with the knowledge and consent of Insurer in producing and certifying any particulars or details required by the Insurer in terms of General Condition 3 or to substantiate the amount of any valid claim, provided that the Insurer's liability in respect of any one claim shall not exceed the limit stated in the Schedule.

## General Memoranda

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### 1. Waiver of Rights

- 1.1 In the event of any rights of recovery having been waived by the Insured under a contract, agreement, lease or other undertaking entered into in the ordinary course of business, this insurance shall not be prejudiced thereby provided such waiver has occurred and is evidenced in writing prior to the loss or damage.
- 1.2 In the event of a claim arising under this insurance, the Insurer agrees, at the request of the Insured, to waive any rights, remedies or relief to which they might become entitled by subrogation (but only in excess of the amount recoverable under any policy providing indemnity for liability to third parties) against
- 1.2.1 any company standing in relation to the Insured of holding company to subsidiary or controlled company
  - 1.2.2 any company standing in relation to the Insured of subsidiary or controlled company to holding company
  - 1.2.3 any company which is a subsidiary or controlled company of the same holding company of which the Insured are themselves a subsidiary or controlled company as defined in any applicable legislation,
  - 1.2.4 any director or employee of the Insured or member of their families unless the loss or damage has been caused by the wilful act or dishonesty of such person.
  - 1.2.5 any company forming part of a joint venture with the Insured when the Insured has assumed responsibility for insurance.

### 2. Breach of Conditions

The breach of any terms or Conditions of this Policy shall void the Policy in respect only of that portion of the Insured Property or that Section to which the breach applies and not in respect of the remainder of the property or Sections of the Policy.

### 3. Value Added Tax (Inclusive)

To the extent that the Insured is accountable to the Tax Authorities for Value Added Tax in respect of any payment in terms of this Policy, the Insurer will include the amount of such tax in the final settlement of any claim under this Policy, provided that the Insurer's liability shall not exceed the applicable Limit of Liability.

### 4. Value Added Tax (Exclusive)

To the extent that the Insured is accountable to the Tax Authorities for Value Added Tax in respect of any payment in terms of this Policy, the Insurer will in addition to any applicable Limit of Liability, pay to the Insured the amount of such tax in the final settlement of any claim under this Policy, it being understood that no provision for Value Added Tax has been made in the Declared Values.

### 5. Recoveries

All recoveries shall be applied as if recovered prior to any settlement by the Insurer.

### 6. Interest of others

The interests, (in terms of various agreements entered into by the Insured), of others including, but not limited to, mortgagees, lessors and owners of certain Property insured by this Policy are hereby noted, provided they are notified to the Insurer at the time of claim

**7. Payments on Account**

In the event of a claim arising, the Insurer having accepted the claim, the Insurer may make payments on account to the Insured if required.

**8. 72 Hour Provision**

All loss of or damage as defined to property occurring during any one period of 72 consecutive hours directly caused by, storm, wind, water hail, snow, earthquake and/or volcanic eruption shall be deemed to have been caused by a single occurrence and therefore to constitute one loss for the purpose of this Policy (if such peril is insured in terms of this Policy). Whatever period of 72 consecutive hours is used for the purpose of this clause shall also be used for the purpose of any Deductible provisions in this Policy.

At the option of the Insured an occurrence which continues uninterrupted for a period exceeding 72 hours shall not, however, be regarded as more than one Occurrence for the purposes of both the indemnity limit and the application of the Deductible.

Should any loss referred to above commence prior to expiration and extend beyond the expiration date of this Policy, the Insurer shall pay all such loss as if occurring entirely within the term of this Policy.

The Insurer shall not be liable, however, for any loss occurring before the inception date and time or commencing after the expiration date and time of this Policy

**9. Jurisdiction Clause**

Any dispute, concerning the interpretation of the terms, Conditions, Limitations and/or Exclusions contained herein, is understood and agreed by both the Insured and the Insurer to be subject to the courts and law of the Republic of South Africa.

**10. Territorial limits**

Cover under this policy is confined to The Republic of South Africa and to the extent permitted by the applicable Insurance Acts the Territories of Namibia, Botswana, Lesotho, Eswatini, Zimbabwe and Malawi.

## Section A – Property Damage

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### PROPERTY INSURED

All tangible property belonging to or leased to or hired by the Insured or held in trust or on commission for which they are legally responsible but excluding:

- 1.1 Bullion;
- 1.2 Precious and semi precious stones, jewellery, krugerrands, rare books, works of art gold and furs not forming part of the Insured's stock in trade and not excluding such items held for the purpose of staff presentations;
- 1.3 Motor vehicles (not being stock in trade), mobile plant and other mechanically or electrically propelled vehicles and trailers but this exclusion does not apply lawnmowers, forklifts and mechanically propelled plant operated on or about the premises;
- 1.4 Locomotives, railway rolling stock, railway sidings and railway lines.
- 1.5 Dams and Water reservoirs not being tanks nor forming part of any sprinkler system;
- 1.6 Canals, pipelines, tunnels and bridges.
- 1.7 Mining property, including unmined materials, located beneath the surface of the ground;
- 1.8 Land other than landscaped gardens and sport grounds,
- 1.9 Property in the course of construction, erection, dismantling or testing including materials and supplies therefore, provided that this exclusion shall not apply to any section of such incomplete property which has been handed over for use by the Insured;
- 1.10 Property in the possession of customers under rental agreements, or hire purchase, credit or other suspensive sale agreements but not excluding consignment stocks;
- 1.11 Aircraft; Spacecraft and Satellites
- 1.12 Watercraft
- 1.13 Explosives and arms ammunition;
- 1.14 Property more specifically insured except for the excess beyond the amount payable by such other specific insurance;
- 1.15 Docks, piers, wharves, runways, driveways, pavements and roads.
- 1.16 Radioactive materials;
- 1.17 Animals, birds, livestock.
- 1.18 Overhead transmission & distribution lines and their supporting structures other than those on or within 150 metres of the Insured's premises;
- 1.19 Oil rigs and Other Offshore Property.
- 1.20 Growing or felled timber, growing crops, saplings or seedlings.

### INSURED EVENT 1: FIRE AND ALLIED PERILS

**Damage** as defined to the Property insured whilst at the premises, unless otherwise specifically provided by:

- 1.1 Fire, lightning, explosion, implosion, smoke including fumes and gases;
- 1.2 Volcanic eruption, earthquake, including earth tremor arising from mining operations;
- 1.3 Malicious Damage (as further defined);
- 1.4 Storm, wind, water (including flood), hail or snow;
- 1.5 Aircraft or other aerial devices or articles dropped there from;

- 1.6 Impact by animals or vehicles, including railway locomotives, rolling stock or articles dropped therefrom, satellite dishes or antennae;
- 1.7 Spontaneous fermentation, spontaneous heating or combustion, charring;
- 1.8 Acts of any lawfully constituted authorities in dealing with occurrences referred to in 1.1 to 1.7 above;
- 1.9 Falling trees or parts thereof;
- 1.10 Contamination of the Insured Property arising out of Damage which results from any peril listed in 1.1 to 1.9 above.

**2. Malicious Damage – shall mean** Damage to the Insured Property caused by:

- 2.1 deliberate or wilful or wanton act of any person committed with the intention of causing such Damage but excluding Damage to
  - 2.1.1 movable property which is
    - 2.1.1.1 stolen
    - 2.1.1.2 damaged in an attempt to remove it from any premises owned or occupied by the insured
  - 2.1.2 movable or immovable property which is damaged by thieves whilst breaking into or out of or attempting to break into or out of any premises owned or occupied by the Insured
  - 2.1.3 immovable property owned or occupied by the insured occasioned by or through or in consequence of
    - 2.1.3.1 the removal or partial removal or any attempt thereof of
    - 2.1.3.2 the demolition or partial demolition or any attempt thereof of the said immovable property or any part thereof with the intention of stealing any part thereof.
  - 2.1.4 Any unoccupied premises insured

Provided that this insurance does not cover

- a. Damage related to or caused by fire or explosion;
- b. consequential or indirect loss or damage of any kind or description whatsoever other than loss of rent if specifically insured;
- c. Damage resulting from total or partial cessation of work or the retarding or interruption or cessation of any process or operation;
- d. Damage occasioned by permanent or temporary dispossession resulting from confiscation commandeering requisition by any lawfully constituted authority;
- e. Damage related to or caused by any occurrence referred to in General Exclusions 1.A (i), (ii), (iii), (iv), (v) or (vi) of this Policy or the act of any lawfully established authority in controlling preventing suppressing or in any other way dealing with any such occurrence.

If the Insurer alleges that by reason of provisos (a), (b), (c), (d) or (e) Damage is not covered by this Section the burden of proving the contrary shall rest on the Insured.

## INSURED EVENT 2: ACCIDENTAL DAMAGE

**Damage** as defined to the Property Insured by any cause not excluded hereunder or insured or excluded elsewhere by this Policy or for which insurance is available elsewhere under this policy.

Notwithstanding general condition 4 this insurance shall not be brought into contribution with any other Insured Event or that for which more specific insurance has been arranged.

This insurance does not cover:

- 2.1 loss of or damage to glass, china, earthenware, marble and other fragile or brittle objects;
- 2.2 any reduction in the amount payable for a claim due to the application of any deductible or any condition of average;
- 2.3 detention, forfeiture confiscation, attachment, nationalisation, destruction or requisition by any lawfully constituted authority or judicial process;
- 2.4 unexplained disappearance or shortage only revealed during or after an inventory or errors or omissions in receipts, payments or accounting or misfiling or misplacing of information;
- 2.5 settlement or bedding down, ground heave, collapse or cracking of structures or the removal or weakening of support to any Property Insured;
- 2.6 discharge or leakage of liquid or gas including loss of such property from the pipes or apparatus or receptacles in which it is contained;
- 2.7 drought, failure of and/or the deliberate withholding by the supply authority of supplies of water, steam, gas, electricity, fuel or refrigerant;
- 2.8 loss or damage caused by or consisting of mechanical or electrical breakdown or derangement to the particular machine, apparatus or equipment in which such breakdown or derangement originates;
- 2.9 loss of or damage to Property Insured caused by:
  - 2.9.1 any fraudulent scheme, trick, device or false pretence practised on the Insured (or any person having custody of the Property Insured) or fraud or the dishonesty of any principal, member, partner, director, employee or agent of the Insured;
  - 2.9.2 overheating, implosion, fracturing, weld failure, nipple leakage or other failure in vessels, pipes, tubes or apparatus or molten metal;
  - 2.9.3 altering, bleaching, cleaning, dyeing, manufacture, repair, restoring, servicing, renovating, testing or any other work thereon;
  - 2.9.4 faulty or defective design, formula, specification, drawing, plan, materials, workmanship or professional advice, normal maintenance, gradual deterioration, depreciation, corrosion, rust, oxidation or other chemical action or reaction, frost, change in temperature or humidity, fermentation or germination, dampness, dryness, wet or dry rot, shrinkage, evaporation, loss of weight, contamination, pollution, change in colour, flavour, texture, finish or its own wear and tear;
  - 2.9.5 denting, chipping, scratching or cracking not affecting the operation of the item;
  - 2.9.6 vermin, insects, micro-organisms such as but not restricted to bacteria, viruses, protozoans and other pathological or parasitic organisms, inherent vice, fumes, flaws, latent defect, fluctuations in atmospheric or climatic conditions or the action of light;
  - 2.9.7 operational error or omission on the part of the Insured or any employee of the Insured.
- 2.10 loss of or damage to property underground.

## **INSURED EVENT 3: THEFT**

Theft or any attempt thereat accompanied by forcible and violent entry to or exit from building or any part of the building but excluding:

- 3.1 unexplained disappearance or shortage only revealed during or after an inventory or errors or omissions in receipts, payments or accounting or misfiling of information;
- 3.2 any fraudulent scheme, trick, device or false pretence practised on the Insured or any person having custody of the Property Insured;
- 3.3 loss or damage:
  - 3.3.1 which is insured or insurable under Insured Event 1 except in the case of explosion caused in an attempt to effect entry;
  - 3.3.2 in which any principal, partner, member, director or employee of the Insured or any person having custody of the Property Insured is concerned as principal or accessory;
- 3.4 modification, destruction or manipulation of electronic data processing media or data by any means whatsoever;
- 3.5 loss of or damage to unattended property left outside any building or security area.

## **EXTENSIONS TO INSURED EVENT 3**

### **1. Malicious Damage (Theft) (If stated in the Schedule to be included)**

Damage to the buildings at the Premises including landlords' fixtures and fittings and all contents therein held in trust or on commission by the Insured or for which the Insured is responsible and which is not included in the sum insured applicable to Insured Event 1 caused by the deliberate or wilful or wanton act of any person during the course of theft or attempted theft not exceeding the limit stated in the Schedule provided that this extension does not cover:

- 1.1 consequential or indirect loss or damage of any kind or description whatsoever;
- 1.2 loss or damage occasioned by permanent or temporary dispossession resulting from confiscation, commandeering or requisition by any lawfully constituted authority;
- 1.3 loss or damage related to or caused by any occurrence referred to in general exception 1.A, 1.B, 1.C, or the act of any lawfully established authority in controlling, preventing, suppressing or in any other way dealing with any such occurrence.
- 1.4 Any insured premises unoccupied

If the Insurer alleges that by reason of 1.1, 1.2 or 1.3 loss or damage is not covered by this policy the burden of proving the contrary shall rest on the Insured.

### **2. Locks, Keys and Access Cards**

The Insurer will pay those reasonable costs and expenses incurred by the Insured for replacing locks, keys and access cards to the Premises or any safe/strongroom contained therein following the disappearance of the same or following upon the Insured suspecting that duplicates of such keys or access cards are in the possession of an unauthorised person provided that the total amount recoverable in respect of a single Insured Event shall not exceed the limit of liability stated in the Schedule.



## INSURED EVENT 4: MONEY

Any accident or misfortune not otherwise excluded to Money

Money shall mean cash, bank and currency notes, postal orders, money orders, current negotiable postage, revenue and holiday stamps, credit card vouchers and documents, certificates or other instruments of negotiable nature, property of the insured or for which they are responsible.

This insurance does not cover:

- 4.1 the dishonesty of any principal, member, director, partner or employee of the Insured or any person having custody of the Money unless such dishonesty is discovered within fourteen days of the occurrence thereof in which event the amount payable shall be reduced by 2% of the limit of indemnity plus a further 10% of the net amount payable after deduction of the 2%;
- 4.2 an Insured Event arising from shortage due to error or omission;
- 4.3 loss of or damage to Money:
  - 4.3.1 not contained in a locked safe/strongroom while that portion of the Premises containing such Money is unattended or arising from the use of keys to any safe/strongroom unless the keys are obtained by violence or threat of violence;
  - 4.3.2 from any vehicle being used by the Insured unless a principal, director, member, partner or employee of the Insured is actually in such vehicle but this exception shall not apply if the person concerned is incapacitated as a direct result of an accident involving the vehicle.
- 4.4 an Insured Event in respect of which a claim is submitted or would, but for any Deductible applicable, be submitted under any fidelity guarantee insurance.

## INSURED EVENT 5: PROPERTY IN TRANSIT

**Damage** as defined not otherwise excluded to the Property Insured whilst in Transit (notwithstanding the exception to Property Insured) occurring anywhere within the territorial limits.

Transit shall be deemed to commence from the time of moving the Property Insured at the consignor's premises for the purpose of delivery to the consignee including while being loaded onto or conveyed by a conveyance or while temporarily stored for a period not exceeding ninety six hours in the course of transit and shall cease at any building or other place of storage at the consignee's premises when off-loading is completed.

This insurance does not cover:

- 5.1 loss or damage resulting from or caused by:
  - 5.1.1 theft from an unattended vehicle in the custody or control of the Insured or any principal, member, director, partner or employee of the Insured unless the Property Insured is contained in a completely closed and securely locked vehicle or the vehicle itself is housed in a securely locked building and entry to such locked vehicle or building is accompanied by forcible and violent entry or exit;
  - 5.1.2 inherent vice, flaws, defect, vermin, insects, damp, mildew or rust;
  - 5.1.3 the dishonesty of any principal, member, director, partner or employee of the Insured or any person having custody of the Property Insured whether acting alone or in collusion;
  - 5.1.4 confiscation, forfeiture, detention, requisition or nationalisation by customs or other authorities;
  - 5.1.5 or arising whilst in transit by sea or inland transit incidental thereto;
  - 5.1.6 breakdown of refrigeration equipment;
- 5.2 wear and tear, depreciation, deterioration or other gradually operating cause unless following an accident or misfortune not otherwise excluded;

- 5.3 change in temperature or humidity, the action of light, climatic or atmospheric conditions unless caused by storm, wind, hail or snow;
- 5.4 property consigned to or from any place outside the Territorial Limits;
- 5.5 mechanical or electrical breakdown, failure, breakage or derangement unless following an accident or misfortune not otherwise excluded;
- 5.6 consequential loss of any kind, delay or loss of market.

## **EXTENSIONS TO INSURED EVENT 5**

### **1. Breakdown in Transit**

If an insured conveyance breaks down during any transit or if for any reason beyond the control of the Insured the Property Insured is endangered the Insured may use any form of alternative conveyance to complete the transit and/or safeguard the Property Insured;

### **2. Non-Acceptance**

If a consignee refuses to accept delivery of the Property Insured this insurance shall continue until such property is redelivered to the Insured's premises by any means of conveyance but the Insured shall take all reasonable steps to ensure that such property is delivered as soon as is reasonably possible.

## **SPECIFIC EXCLUSIONS TO SECTION A: PROPERTY DAMAGE**

This Section does not cover damage to Insured Property:

- 1. resulting from any peril stated in the Schedule as Specifically Excluded;
- 2. due to storm, wind, water (including flood), hail or snow
  - 2.1 in the open (other than buildings structures and plant designed to exist or operate in the open);
- 3. being vehicles, plant or mobile equipment due to impact or theft of property in or on such vehicles;
- 4. due to Subsidence and Landslip caused by or attributable to:
  - 4.1 faulty design or construction of or the removal or weakening of support to any building situated at the Insured's premises;
  - 4.2 workmen engaged in making any structural alterations to any building situated at the Insured's premises;
  - 4.3 excavation on or under land other than excavation in the course of mining operations;
  - 4.4 or occasioned by the settlement or movement of made up ground or by coastal or river erosion
- 5. caused by drought;
- 6. due to the accidental discharge of molten material;
- 7. constituting only denting, scratching, chipping or cracking and not affecting the operation of the Insured Property;
- 8. caused by:
  - 8.1 wear and tear or gradual deterioration
  - 8.2 shrinkage, loss of weight or evaporation
  - 8.3 colour, texture or flavour change
  - 8.4 inherent vice or latent defect
  - 8.5 exposure to light
  - 8.6 its undergoing any form of processing
  - 8.7 its undergoing any process of heating or drying

- 8.8 the solidification of molten material
- 8.9 water as a consequence of the Insured Property undergoing any process necessarily involving the use or application of water
- 8.10 contamination
- 8.11 dampness in atmosphere, rusting, corrosion, wet or dry rot, mildew, mould, fungi
- 8.12 its own settling, cracking, expansion, collapse or bulging of buildings and structures other than shelving and storage platforms
- 8.13 the removal or weakening of its support
- 8.14 vermin, insects
- 8.15 its own electrical, electronic or mechanical derangement or breakdown
- 8.16 due to defective materials or defective workmanship or faults, defects, errors or omissions in design, plan or specification;  
unless, where appropriate, caused by an event not otherwise excluded, and provided that Damage caused by a peril not otherwise excluded resulting from the aforementioned is not hereby excluded;
- 9. resulting from detention, forfeiture, confiscation, attachment, destruction, requisition by any lawfully constituted authority or judicial process provided, however, that the Insurer shall not be relieved in terms of this exclusion from liability to the Insured in respect of Damage to the Property Insured occurring before dispossession or during temporary dispossession which is otherwise insured by this Policy;
- 10. due to the Insured voluntarily parting with title to or possession of any property or being induced to do so by any fraudulent schemes, tricks, devices or false pretences;
- 11. due to theft from any unattended vehicle in the custody or control of the Insured unless the property is contained in a completely closed or securely locked portion of the vehicle or the vehicle itself is housed in a securely locked building;
- 12. any fraudulent scheme, trick, device or false pretence practised on the insured (or any person having custody of the insured property) or fraud or the dishonesty of any principal or agent of the insured.
- 13. due to clerical or accounting error or omission;
- 14. by disappearance or by shortage where such loss is revealed only by a routine inventory or periodic stocktaking;
- 15. Damaged by the deliberate withholding by the supply authority of water, electricity, gas, fuel, steam or refrigerant;
- 16. Caused by pollution or contamination except Damage to the Insured Property caused by
  - 16.1 pollution or contamination which results from an original insured Peril otherwise covered under this policy.
  - 16.2 an original insured Peril otherwise covered under this policy which results from pollution or contamination.

## **SPECIFIC CLAUSES**

### **1. Brands and Labels**

In the event of damage to Insured Property carrying a brand name, trade mark or label or where the sale of such property in any way carries a guarantee or where the sale of such property might have an adverse effect upon the market value of similar property, this insurance extends to include the cost of removing all such brand names, trademarks, labels or guarantees before disposal and determination of the value of the salvage. It is further agreed that, in respect of any containers from which the brand name, trade mark, label or guarantee cannot be removed, the contents shall be removed to plain containers.

In the event of damage to labels or names, the amount payable shall be the cost of relabeling or reconditioning the property.

**2. Destruction of Salvage (Applicable To Stock-In-Trade)**

The Insurer will pay a total loss under this insurance on any item of stock in trade which is damaged by an Insured Event and which the Insured elects in consultation and agreement of the Insurer to destroy, but in the event of the Insured electing to recondition the damaged property, the Insurer shall be entitled to deduct the salvage value from the settlement amount.

**3. Disposal of Salvage**

The Insurers agree they will not sell or otherwise dispose of any property which is the subject of a claim hereunder without the written consent of the Insured provided that the Insured can show to the satisfaction of the Insurer that to do so would be prejudicial to their interests, in which event the Insured agrees to allow the Insurer to deduct from the amount of the claim an amount equivalent to the intrinsic value of any such property to the Insured and the Insured will retain such salvage.

**4. Reinstatement Conditions (Applicable To Stock-In-Trade)**

In the event of damage to stock, the basis of indemnification shall be the cost to the Insured for stock and materials in trade at the time of replacement, including delivery to the place where such damage occurred, provided that:

- 4.1 the total value of stock is determined on reasonable estimates of replacement costs
- 4.2 an order for replacement of stock lost or damaged is placed as soon as practicable unless otherwise instructed by the Insurer.

**5. Fire Protection or Security Installation Inoperative**

This insurance shall not be prejudiced in the event of any automatic fire protection or security installation being temporarily inoperative for the purpose of maintenance, repair or alteration to the premises provided that in such event cover shall not apply for a period exceeding 14 days unless the Insurer has agreed thereto.

**6. Reinstatement Value Conditions (Not applicable to Mobile Plant and Mobile Machinery, Stock in Trade and Works of Art and Library Items)**

In the event of Damage to the Insured Property, other than mobile plant and mobile machinery, stock in trade and works of art and library items, the basis upon which the amount payable is to be calculated shall be the cost of replacing or reinstating on the same site property acceptable to the Insured of the same kind or type equal to, but not superior to or more extensive than, the Insured Property when new.

Provided that

- 1. the work of replacement or reinstatement (which may be carried out upon another site and in any manner suitable to the requirements of the Insured subject to the liability of the Insurer not being thereby increased) must be commenced and carried out with reasonable dispatch otherwise no payment beyond the amount which would have been payable if these reinstatement value conditions had not been incorporated herein shall be made;
- 2. until expenditure has been incurred by the Insured in replacing or reinstating the property, the Insurer shall not be liable for any payment in excess of the amount which would have been payable if these conditions had not been incorporated herein;
- 3. these conditions shall be without force or effect if:
  - 3.1 the Insured fails to intimate to the Insurer within 1 year from the date of such Damage, or such further time as the Insurer may in writing allow, their intention to replace or reinstate the property;
  - 3.2 the Insured is unable or unwilling to replace or reinstate the property on the same or another site;

## **7. Replacement Capacity Conditions (Not applicable to Mobile Plant and Mobile Machinery)**

Unless otherwise stated in respect of any specific property, if this insurance includes property other than mobile plant and mobile machinery which has a measurable function, capability or output and which is capable of replacement with a new item or items with similar capability or output then, at the option of the Insured, such property shall be valued for insurance purposes as follows and the values for settlement of any loss or damage in respect thereof shall be on the same basis:

- 7.1 If the property lost or damaged is to be replaced by an item or items which have the same or lesser total function, capability or output, then the insurable value thereof shall be the new installed cost of such replacement item or items as would give the same total function, capability or output as the property lost or damaged.
- 7.2 If the property lost or damaged is to be replaced by an item or items which have a greater total function, capability or output and the new installed cost of such replacement property is no greater than the replacement value of the property lost or damaged then no deductions shall be made from any claim for the improved function, capability or output of the replacement property.
- 7.3 If the property lost or damaged is to be replaced by an item or items which have a greater total function, capability or output and the new installed cost of such replacement property is greater than the replacement value of the property lost or damaged, then the insurable value of such property lost or damaged is either:
  - 7.3.1 the estimated cost of reinstatement of such property lost or damaged as defined in the Reinstatement Conditions Clause
  - or
  - 7.3.2 that portion of the new installed cost of the replacement item or items which the output of the property lost or damaged bears to the output of the replacement item or items whichever is the lesser.

The difference between the insurable value as defined and the new installed cost of the replacement item or items shall be borne by the Insured.

Provided that

- 7.3.3 in the event of partial loss or damage where the property is to be repaired, this insurance shall pay the cost of restoration of the property to a condition substantially the same as but not better or more extensive than its condition when new but the liability of the Insurer shall not exceed the sum representing the cost which the Insurer would have been called upon to pay if such Insured Property had been wholly destroyed

## **8. Basis of Indemnity in respect of Mobile Plant and Mobile Machinery**

- 8.1 Where the market value of the item immediately prior to Damage is equal to or greater than 60% of the new replacement value:-
  - a. in the event of total loss or destruction, the rebuilding or replacement of the Insured Property by new, similar property acceptable to the Insured (the cost of replacement shall be the new cost of the property at the time of replacement, including all costs and expenses incurred in connection therewith)
  - b. in the event of partial damage, the repair of such damage
- 8.2 Where the market value of the item immediately prior to Damage is less than 60% of the new replacement value:-
  - a. in the event of total loss or destruction, the market value immediately prior to Damage
  - b. in the event of partial damage, the repair of such damage. Provided however that the Insurers shall not be liable for any amount exceeding the market value of the item immediately prior to Damage

## **9. Tenants**

This insurance shall not be invalidated by any act or neglect on the part of any tenant (or subtenant of such tenant) other than the Insured (where the Insured owns a building) or another tenant or the owner of the building (where the Insured is a tenant) occurring without the knowledge of the Insured as landlord or tenant provided that notice be given to the Insurer as soon as reasonably practicable after the Insured become aware of same.

## **10. Mortgagee**

Any act or omission on the part of the mortgagor occurring without the mortgagee's knowledge shall not prejudice the interest of any mortgagee in this insurance. The mortgagee shall, however, inform the Insurer as soon as any such act or omission comes to its knowledge.

## **11. Constructive Total Loss**

In the event of damaged or undamaged equipment or other property insured in terms of this Policy becoming inaccessible due to the operation of an event not excluded by this Policy, the Insurer agrees to pay the Reinstatement Value of such property or on the agreed basis of settlement as appropriate, except for property not replaced, in which event the Insurers will pay the actual cash value for such property. In the event of the property/equipment being subsequently recovered the salvage will be the property of the Insurers.

## **12. Indemnity to Rail Service Provider**

The signing by the Insured of an indemnity to any provider of rail services or the acceptance of any special conditions relating to traffic consigned to a private siding shall not invalidate this insurance.

## **13. Functional Unit**

In the event of Loss or Destruction of part of any combination of separate items of insured property comprising a functional unit, whether the items are at the same location or not, which renders the remaining part or parts of the unit unusable, Insurers agree to indemnify the Insured for the full value of such functional unit.

## **SPECIFIC CONDITIONS**

### **1. Average Clause**

If the Insured Property shall, at the commencement of the insurance period immediately preceding an Occurrence, be collectively of greater value than the Declared Value thereon, the Insured shall be considered as being their own insurer for the difference, and shall bear a rateable share of the loss accordingly.

If the Insured Property shall, at the time of Reinstatement, be collectively of greater value than the Declared Value thereon, the Insured shall be considered as being their own insurer for difference, and shall bear a rateable share of the loss accordingly

## **AUTOMATIC EXTENSIONS**

### **1. Glass Reinstatement**

The increased costs in the event of Damage to glass by a cause not excluded by this Policy due to the Insured being obliged in terms of the National Building Regulations or similar legislation to replace with glass of a superior quality including (but not limited to) frames thereof.

### **2. Fire Brigade Charges**

The cost of fire extinguishing and/or water used in connection with an Insured Event where municipalities or local authorities or any other party are empowered to charge such costs to the owners or occupiers of buildings and/or owners of assets.

### **3. Professional Fees**

Professional fees (for estimates, plans, specifications, quantities, tenders and supervision) necessarily incurred in the reinstatement or replacement of Insured Property following Damage.

It is understood and agreed that the amount payable in respect of such fees shall not include expenses incurred in connection with the preparation of the Insured's claim. provided that the Insurer's liability shall not exceed 15% of the cost of reinstatement.

#### **4. Public Authorities Requirements**

Such additional costs of repairing or rebuilding the Insured Property as may be incurred solely by reason of the necessity to comply with building or other regulations under or framed in pursuance of any Act of Parliament or Ordinance of any Provincial, Regional, Divisional, Municipal or other Local Authority provided that:

- 4.1 the amount recoverable under this clause shall not include:
  - a. the cost incurred in complying with any of the aforesaid regulations:
    - i. in respect of loss or damage occurring prior to granting this clause;
    - ii. in respect of loss or damage not insured;
    - iii. under which notice had been served upon the Insured prior to the happening of loss or damage;
    - iv. in respect of undamaged property other than foundations,
  - b. the additional cost that would have been required to make good the property lost or damaged to a condition equal to its condition when new had the necessity to comply with any of the aforesaid regulations not arisen;
  - c. the amount of any rate, tax, duty, development or other charge or assessment arising out of capital appreciation which may be payable in respect of the Insured Property or by the owner thereof by reason of compliance with any of the aforesaid regulations,
- 4.2 the work of rebuilding or repair must be commenced and carried out with reasonable dispatch and may be carried out wholly or partially upon another site (if the aforesaid regulations so necessitate) subject to the liability of the Insurer under this clause not being thereby increased;
- 4.3 if the liability of the Insurer, apart from this clause, shall be reduced by the application of any of the terms of this insurance, then the liability of the Insurer under this clause shall be reduced in like proportion;

#### **5. Fire Extinguishers Refill Costs**

Costs necessarily incurred by the Insured in respect of the refilling of fire extinguisher appliances following Damage.

## OPTIONAL EXTENSIONS

Provided that the Insurer's liability shall not exceed in respect of any one Occurrence the amount stated in the Schedule.

**1. Clearance Costs (If stated in the Schedule to be included)**

Costs necessarily and reasonably incurred by the Insured in demolishing or dismantling Insured Property and in removing debris from the site and providing, erecting and maintaining any hoarding required during such demolition, shoring up or propping and site clearance operations following.

**2. Clearance Costs No Damage Clause (If stated in the Schedule to be included)**

Costs and expenses necessarily and reasonably incurred by the Insured in removing silt, water and debris from any premises or any site within a radius of 10km of any premises owned or used by the Insured in connection with the business, in order to regain access to the premises or site and/or to restore original working conditions shall be deemed to constitute Damage within the meaning of the Policy, provided that such costs and expenses are incurred as a result of an occurrence caused by perils insured under this Policy.

**3. Municipal or Local Authority Plans Scrutiny Fees (If stated in the Schedule to be included)**

Fees for the inspection of municipal or other plans incurred by the Insured as a result of Damage to Insured Property.

**4. Protection Fees (If stated in the Schedule to be included)**

Costs necessarily incurred:

- 4.1 for the employment of a watchman to guard any premises following Damage;
- 4.2 in boarding up of windows prior to replacement of damaged glass, removal and reinstallation of fixtures and fittings following such Damage;
- 4.3 for all reasonable precautions taken by the Insured or others on their behalf, to prevent or minimise further Damage or to prevent the imminent occurrence of Damage;

**5. Fire Protection System Updating (If stated in the Schedule to be included)**

Where, following an occurrence of a loss under this insurance, it is necessary for the Insured, in terms of Public Authorities or Automatic Sprinkler Inspection Bureau or Insurers requirements to update or replace the damage or undamaged (if it has a direct effect on the damaged portion) portion of their Automatic Sprinkler system with an updated or altered design system, the insurance by this section shall indemnify the Insured in respect of the additional costs and expenses up to the limit stated in the Schedule.

**6. Loss of Rent (If stated in the Schedule to be included)**

Loss of rent following Damage rendering the premises untenable but only in respect of the period necessary for reinstatement and for an amount not exceeding the limit as stated in the schedule. The basis of calculation shall be the rent receivable or payable immediately preceding Damage or its equivalent in rental value.

**7. Motor Vehicle Difference in Value (If stated in the Schedule to be included)**

The difference between market value (or other basis of settlement in terms of any more specific insurance) and the new replacement cost of more specifically insured motor vehicles notwithstanding exclusion 1.3 of Insured Property, provided that:

- 7.1 such motor vehicles are parked in a recognised holding area at the time of Damage
- 7.2 this indemnity shall apply only in respect of those motor vehicles treated as a total loss or constructive total loss in terms of the more specific insurance.



## 8. Riot, Strike and Civil Commotion (If stated in the Schedule to be included)

Damage caused by

- i. civil commotion, labour disturbances, riot, strike or lockout;
- ii. the act of any lawfully established authority in controlling, preventing, suppressing or in any other way dealing with any occurrence referred to in i. above

provided that this insurance does not cover

- a. loss or damage occurring in the Republic of South Africa and Namibia;
- b. consequential or indirect loss or damage of any kind or description whatsoever, other than loss of rent if specifically insured;
- c. loss or damage resulting from total or partial cessation of work, or the retarding or interruption or cessation of any process or operation;
- d. loss or damage occasioned by permanent or temporary dispossession resulting from confiscation, commandeering or requisition by any lawfully constituted authority;
- e. loss or damage related to or caused by any occurrence referred to in the General Exclusions any such occurrence.

1.A.(ii), 1.A.(iii), 1.A.(iv), 1.A.(v) or 1.A.(iv) of this Policy or the act of any lawfully established authority in controlling, preventing, suppressing or in any other way dealing with

If the Insurer alleges that by reason of provisos (a), (b), (c), (d), and (e), loss or damage is not covered by this insurance, the burden of proving the contrary shall rest on the Insured.

## Section B – Business Interruption

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### INSURED EVENTS

Interruption of or interference with the Business carried on by the Insured at the Premises resulting from Damage as defined occurring during the Period of Insurance to property in which the Insured has an insurable interest, provided that payment shall have been made or liability admitted for under Insured Events 1, Liability shall be deemed to have been admitted if such payment or admission of liability is precluded solely because the Insured is required to bear the first portion of the loss.

### DEFINITIONS

**1. Business**

All the activities of the Insured as declared to the Insurer and reflected in the schedule in respect of which the Insured has declared insured values.

**2. Premises**

Any location at which the Insured conducts its Business or uses in connection with the Business within territorial limits and reflected in the schedule

**3. Net Profit**

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

**4. Indemnity Period**

The period during which the results of the Business shall be affected in consequence of the Damage beginning with the commencement of the Damage and ending when the results of the business cease to be affected but not later than the number of months/ weeks thereafter stated in the Schedule.

**5. Gross Profit Difference Basis**

The amount by which the sum of the turnover and the amount of the closing stock shall exceed the sum of the amount of the opening stock and the amount of the Uninsured Working Expenses.

The amount of the opening and closing stocks shall be arrived at in accordance with the Insured's normal accountancy methods, due provision being made for depreciation.

**6. Uninsured Costs**

As stated in the schedule or as otherwise provided by the Insured to the Insurer.

**7. Gross Profit Additions Basis**

The sum produced by adding to the Net Profit the amount of all Standing Charges of the insured, or if there be no Net Profit, the amount of the Insured Standing Charges less such proportion of any net trading loss, as the amount of the Insured Standing Charges bears to all the charges of the Business.

**8. Insured Standing Charges**

As stated in the schedule or as otherwise provided by the Insured to the Insurer.

**9. Turnover**

The money paid or payable to the Insured for goods sold and delivered and for services rendered in the course of the Business at the Premises.

Note:

If during the Indemnity Period goods are sold or services are rendered elsewhere than at the Premises for the benefit of the Business either by the Insured or by others on the Insured's behalf, the money paid or payable for such sales or services shall be brought into account in arriving at the Turnover during the Indemnity Period.

**10. Gross Rentals**

The money paid or payable to the Insured by tenants in respect of rentals at the Premises and for the services rendered.

**11. Gross Revenue**

The money paid or payable to the Insured for goods sold and for services rendered in the course of the Business at the Premises.

**12. Output**

The sale or transfer value, as shown in the Insured's books of goods manufactured or processed by the Insured.

**13. Standard Turnover**

**Standard Gross Revenue**

**Standard Gross Rentals**

The Turnover / Gross Revenue / Gross Rentals during that period in the twelve months immediately before the date of Damage which corresponds with the Indemnity Period

**14. Annual Turnover**

**Annual Gross Revenue**

**Annual Gross Rentals**

The Turnover / Gross Revenue / Gross Rentals during the twelve months immediately before the date of the Damage

**15. Rate Of Gross Profit**

The rate of Gross Profit earned on the Turnover during the financial year immediately before the date of the Damage,

**16. Rate of Standing Charges**

The rate of Insured Standing Charges to Turnover during the financial year immediately preceding the date of Damage

**Special Circumstances Clause**

to which such adjustment shall be made as may be necessary to provide for the trend of the Business and for the variation in other circumstances affecting the Business either before or after Damage or which would have affected the Business had the Damage not occurred, so that the figures thus adjusted shall represent as nearly as may be reasonably practicable the results which but for the Damage would have been obtained during the relevant period after the Damage

Note: If the Damage occurs before the completion of the first year's trading of the Business at the Premises, the value of these items shall be calculated by using values proportionate to the results obtained during the period between the commencement of the Business and the date of the Damage

## **BASIS OF LOSS SETTLEMENT**

### **1. Gross Profit (Difference basis)**

The insurance under this item is limited to loss of Gross Profit due to Reduction in Turnover and Increase in Cost of Working and the amount payable as indemnity hereunder shall be:

- 1.1 in respect of Reduction in Turnover - the sum produced by applying the Rate of Gross Profit to the amount by which the Turnover during the Indemnity Period shall in consequence of the Damage fall short of the Standard Turnover.
- 1.2 in respect of Increase in Cost of Working - the additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the Reduction in Turnover which, but for that expenditure, would have taken place during the Indemnity Period in consequence of the Damage, but not exceeding the sum produced by applying the Rate of Gross Profit to the amount of the reduction thereby avoided.

less any sum saved during the Indemnity Period in respect of such of the charges and expenses of the Business payable out of Gross Profit as may cease or be reduced in consequence of the Damage.

### **2. Gross Rentals**

The insurance under this item is limited to loss of Gross Rentals and Increase in Cost of Working and the amount payable as indemnity hereunder shall be:

- 2.1 in respect of loss of Gross Rentals - the amount by which the Gross Rentals during the Indemnity Period shall in consequence of the Damage fall short of the Standard Gross Rentals;
- 2.2 in respect of Increase in Cost of Working - the additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the loss of Gross Rentals which, but for that expenditure, would have taken place during the Indemnity Period in consequence of the Damage, but not exceeding the amount of the loss of Gross Rentals thereby avoided,

less any sum saved during the Indemnity Period in respect of such of the charges and expenses of the Business payable out of Gross Rentals as may cease or be reduced in consequence of the Damage.

### **3. Gross Revenue**

The insurance under this item is limited to Loss of Gross Revenue and Increase in Cost of Working and the amount payable as indemnity hereunder shall be

- 3.1 in respect of Loss of Gross Revenue - the amount by which the Gross Revenue during the Indemnity Period shall in consequence of the Damage fall short of the Standard Gross Revenue.
- 3.2 in respect of Increase in Cost of Working - the additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the Loss of Gross Revenue which, but for that expenditure, would have taken place during the Indemnity Period in consequence of the Damage but not exceeding the amount of Loss of Gross Revenue thereby avoided,

less any sum saved during the Indemnity Period in respect of such of the charges and expenses of the Business as may cease or be reduced in consequence of the Damage.

### **4. Standing Charges**

The insurance in respect of Standing Charges is limited to loss due to Reduction in Turnover and Increase in Cost of Working and the amount payable as indemnity hereunder shall, subject to the provisions of the Memo below, be:

- 4.1 in respect of reduction in Turnover - the sum produced by applying the Rate of Standing Charges to the amount by which the Turnover during the Indemnity Period shall, in consequence of the Damage, fall short of the Standard Turnover;

4.2 in respect of Increase in Cost of Working - the additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the reduction in Turnover which but for the expenditure would have taken place during the Indemnity Period in consequence of the Damage, but not exceeding the sum produced by applying the Rate of Standing Charges to the amount of the reduction thereby avoided;

less any sum saved during the Indemnity Period in respect of such Insured Standing Charges as may cease or be reduced in consequence of the Damage.

#### **Memo**

In respect of any item insuring Standing Charges only, if the Business of the Insured is trading at a net loss, in computing the amount recoverable, the Rate of Standing Charges shall be reduced by that proportion of the loss that the Standing Charges bears to the total of all costs and charges of the Business

### **5. Additional Increase in Cost of Working**

This insurance will indemnify the Insured for additional expenditure not recoverable, in terms of Items 1 to 4 of the Bases of Settlement, incurred with the consent, which will not be unreasonably withheld, of the Insurer during the Indemnity Period in consequence of the Damage for the purpose of maintaining normal operation of the Business.

Provided that the Insurer's liability shall not exceed in respect of any one Occurrence the amount stated in the Schedule

## **SPECIFIC CLAUSES**

### **1. Accountants Clause**

Any particulars or details contained in the Insured's books of account or other Business books or documents which may be required by the Insurer for the purpose of investigating or verifying any claim, may be produced and certified by the Insured's auditors or accountants and their certificates shall be prima facie evidence of the particulars and details to which such certificates relate.

### **2. Output (Alternative Basis) Clause**

At the option of the Insured the term output may be substituted for the term Turnover provided that:

3.1 only the term output or the term Turnover shall be operative in connection with any one event resulting in interruption;

3.2 if the term output be used:

3.2.1 the Delayed Indemnity Period Clause shall be inoperative;

3.2.2 the Note after the definition of "Turnover shall read:

If during the Indemnity Period goods shall be manufactured or processed elsewhere than at the Premises for the benefit of the Business either by the Insured or by others on behalf of the Insured, the sale or transfer value of such goods shall be brought into account in arriving at the output during the Indemnity Period.

### **3. Departmental Clause**

If the Business be conducted in departments and/or branches, the independent trading results of which are ascertainable, the provisions of Gross Profit, Gross Rentals, Gross Revenue or Standing Charges (as set out under "Bases of Loss Settlement") shall apply separately to each department and/or branch affected by Damage, except that if the sum insured by the relative item is less than the aggregate of the (annual gross rentals), (annual revenue), (sums produced by applying the rate of gross profit) for each department or branch, whether or not affected by the Damage, (to the relative annual turnover thereof), (proportionately increased if the number of months referred to in the definition of indemnity period exceeds twelve), the amount payable shall be proportionately reduced.

#### **4. Salvage Sale**

If, following Damage giving rise to a claim under this Section, the Insured shall hold a salvage sale during the Indemnity Period, the indemnity payable due to reduction in Turnover in Items 1., and 4. under "Basis of Loss Settlement" shall, for the purpose of such a claim, read as follows:

The sum produced by applying the Rate of Gross Profit / Rate of Standing Charges to the amount by which the Turnover, during the Indemnity Period (less the Turnover for the period of the salvage sale) shall in consequence of Damage, fall short of the Standard Turnover, from which sum shall be deducted the Gross Profit/ contribution to Standing Charges actually earned from the proceeds of the salvage sale.

#### **6. Interest on Lost Sales**

Business Interruption loss adjustments will take cognisance of the interest that would have been earned on the proceeds of sales, had the Damage not occurred, between the time that payment would have been received from the sale of goods and the time of receipt of payment in settlement of the claim

#### **7. Premium Adjustment**

The premium, which the Insured has agreed to pay, is based on values declared at inception of the Period of Insurance. The Insured agrees to declare the estimated Annual Gross Profit/ Gross Revenue, proportionately increased if the number of months referred to in the Definition of Indemnity Period exceeds twelve, based on the official records and budgets of the Insured to represent as far as practicable full and true amounts.

As soon as practicable after the expiry of each Period of Insurance, the Insured shall also declare the actual Annual Gross Profit/ Gross Revenue earned in the 12 month period most nearly concurrent with the Period of Insurance, proportionately increased if the number of months referred to in the Definition of Indemnity Period exceeds twelve. The declaration at expiry shall be compared with that made at inception and the premium shall be adjusted accordingly.

If the premium is based on differential rates applicable to each Premises, the premium rates may, at the option of the Insurer, be recalculated according to changes in risk during the currency of this insurance.

#### **8. Adjustment**

i. The premium, being provisional in that it is calculated on 75% of the value declared at inception, is subject to adjustment on expiry of each Period of Insurance as follows:

In the event of the Gross Profit/ Gross Revenue actually earned, proportionately increased if the number of months referred to in the Definition of Indemnity Period exceeds twelve, being less or greater than 75% of the value declared at inception, a pro-rata additional or return premium not exceeding 33.33% of the provisional premium paid for such Period of Insurance will be made in respect of the difference.

In the event of a claim being made, the amount paid or payable shall be regarded as actually earned.

ii. The Gross Profit/ Gross Revenue declared at inception date is as reflected in the schedule

### **SPECIFIC CONDITIONS**

#### **1. Voidability of Cover**

This insurance shall be void, except with the written agreement of the Insurer, if the Business be wound up or carried on by a Liquidator or Judicial Manager or is permanently discontinued.

#### **2. Claims**

On the happening of any Damage in consequence of which a claim may be made under this Section the Insured shall, in addition to complying with General Conditions 3 of this Policy, with due diligence do and concur in doing and permit to be done all things which may be reasonably practicable to minimise or curtail any interruption of or interference with the Business or to avoid or diminish the loss and, in the event of a claim being made under this Section, shall as soon as reasonably practicable after the expiry of the indemnity period, at their own expense (subject to the Claims Preparation Costs extension) deliver to the Insurer in writing a statement setting forth particulars of their claim together with details

of all other insurance covering the loss or any part of it or consequential loss of any kind resulting therefrom. No claim under this Section shall be payable unless the terms of this Specific Condition have been complied with and in the event of non-compliance therewith in any respect, any payment on account of the claim already made shall be repaid to the Insurer forthwith.

### **3. Average**

If, at inception of the Period of Insurance, the total Insured Value is less than the sum produced by applying the Rate of Gross Profit/Standing Charges as defined to the projected Turnover or if the Insured Value is less than the budgeted Gross Revenue / Gross Rentals (as applicable), (proportionately adjusted if the number of months referred to in the Definition of Indemnity Period exceeds twelve), the amount payable in terms of the insuring items 1 to 4 of the Bases of Settlement shall be proportionately reduced.

It is understood and agreed that the Special Circumstances Clause shall not be taken into account when calculating the Rate of Gross Profit/Standing Charges or the projected Turnover in terms of this condition.

## **SPECIFIC EXTENSIONS**

Provided that the Insurer's liability shall not exceed in respect of any one Occurrence the amount stated in the Schedule, unless the words "Not Insured" appear in the Schedule against the specific extension, the indemnity in terms of this Section is extended to include

### **1. Public Utilities – (Optional cover)**

#### **Section A Property Damage - Cover restricted to Fire and Allied perils 1.1 and 1.4 only.**

Property at electricity generating stations, sub-stations or transmission networks, gasworks including the related gas distribution network, water purification plants, pumping stations, aqueducts and pipelines of an authority empowered by law to supply water, gas or electricity for consumption by the public and which results in an interruption of water, gas or electricity to the premises of the insured. Geographical limits confined to the Republic of South Africa.

### **2. Prevention of access**

Property within a 10-kilometre radius of the insured's premises, destruction of, or damage to, which shall prevent or hinder the use of the premises or access thereto, whether the premises or property of the insured therein shall be damaged or not. Geographical limits confined to the Republic of South Africa.

### **3. Extended premises excluding suppliers and customers .(If stated in the schedule to be included)**

In the event the insured occupying or having property at any newly added premises for the purpose of the business during the currency of this section , such newly added premises shall be deemed to be included in those specified here subject to notification to the company as soon as reasonably practicable and to adjustment of the premium if necessary

### **4. Unspecified suppliers and customers .(If stated in the schedule to be included)**

The premises of any other of the insured's suppliers ,manufacturers or processors of components, goods or materials but excluding the premises of any public supply undertaking from which the insured obtains electricity ,gas or water subject to the limit stated in the schedule

### **5. Business Interruption following accidental damage .(If stated in the schedule to be included)**

Loss following interruption or interference with the business in consequence of damage occurring during the period of insurance at the premises in respect of which payment has been made or liability admitted under insured event 2 of the Accidental damage section of this policy provided that :

1. the provision under any item of this section that the payment will be reduced proportionally if the amount insured by the item is not adequate , is deleted in respect of this defined event.
2. the company shall not pay more than the sum insured stated in the Schedule of the Accidental damage section for both this section and accidental damage section combined.

## Section C – Machinery Breakdown

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### **SPECIFIC CONDITIONS**

#### **Average (except where stated as first loss, Market value or Declared value)**

The Sum Insured stated against each item of Insured Property must at all times be equal to the installed new replacement value unless otherwise stated. If the Insured Property is at the commencement of any loss or damage to such Insured Property by an indemnifiable event be of greater value than the Sum insured thereon then the Insured shall be considered as being their own insurer for the difference and shall bear a rateable share of the loss accordingly. Every item if more than one shall be separately subject to this condition.

### **SPECIFIC MEMORANDA**

#### **The indemnity and standard extensions to the policy**

In the event of indemnity being granted the amount(s) claimable in terms of the policy shall not exceed the limit(s) specified in the schedule in respect of any one occurrence or series of occurrences arising out of any one event plus any additional costs in connection with the operation of any of the extensions listed below.

##### **1. Claims preparation costs**

The costs and expenses necessarily and reasonably incurred in producing and certifying any particulars or details required by the Insurer in connection with an indemnifiable event but limited to:

- a. Additional Costs incurred by the Insured's employees.
- b. Additional fees incurred by the Insured's usual auditors.
- c. Costs of materials used in furnishing the Insurer's requirements.
- d. R2,000 or 10% of the claim up to a maximum of R20,000.

##### **2. Automatic additions**

The policy is extended to provide indemnity at the Insured's premises or site for additional equipment of a similar nature to that specified in the Plant Inventory provided that:

- a. Successful installation commissioning and normally accepted operating standards have been achieved.
- b. The Total Sum Insured of such Additional Equipment does not exceed 15% of the Total Sum Insured on the schedule. Where such additions result in an increase of Gross Profit the amount of Gross Profit will also be increased up to 15%.
- c. The Insured undertakes to advise the Insurer of such additions within 3 months of purchase or change.
- d. The Insured agrees to pay the appropriate premium effective from the date of purchase

### **Sub-Section 1: Material Damage**

#### **Insured Events**

The Insurance is in respect of sudden and unforeseen physical damage to or destruction of the Plant and Machinery described in the Schedule from any cause not hereinafter excluded necessitating its repair or replacement whilst the Insured Property is at work or at rest, being dismantled, moved, repositioned, cleaned, inspected, overhauled or in subsequent re-installation at the premises within the territorial limits.



## **SPECIFIC DEFINITIONS, TERMS, CONDITIONS AND OBLIGATIONS APPLICABLE**

### **1. Details required appearing on the Schedule regarding any Item Insured under this section**

The Insured shall separately list and provide identification details in writing regarding each Machinery Item to be insured under this Section.

### **2. Machinery not qualifying for cover**

This section shall not provide cover to:

- a. any machinery located on or attached to any vehicle, craft or any other mobile machine, device, equipment or any temporary structure, and does not cover any hand tools whether power-driven or manual.
- b. any machinery older than 20 (twenty) years since original manufacture.
- c. any hired-in machinery.

### **3. Regular servicing and maintenance**

It is a condition precedent to liability under this section that regular servicing and maintenance of the Insured Property as prescribed by the manufacturer shall be executed. The Insured shall record and provide details of all servicing, maintenance and repairs done to the Insured Property at the request of the Insurer's Representative at any reasonable time. Failure to comply with this clause shall render this insurance and any loss or damage regarding the Insured Item null and void unless agreed to otherwise by the Insurer in writing.

### **4. Declared Value (if stated against an item in the Schedule to be included)**

Otherwise subject to the terms, exceptions, provisions and conditions contained in the Policy or endorsed thereon, and if so elected and presented by the Insured and accepted by the Insurer prior to the commencement or renewal of the policy, a Plant and Machinery item may be insured at a fixed Declared Value valid for the policy period, that shall not exceed the Market Value plus 10% (ten percent), nor shall the Declared Value be less than the Market Value minus 10% (ten percent).

The Market Value shall be based on the fair value for the type, make, model, age and condition of the specific item at the inception of the policy period.

The Declared Value shall not exceed the New Replacement Value of the specific item or its nearest equivalent as valued at the inception of the policy period. Should at the time of loss or damage, the Insurer's Representative establishes that the Selected Value is indeed exceeding the actual New Replacement Value as valued at the inception of the policy period, the Insurer's maximum Declared Value liability shall be limited to the Market Value or the New Replacement Value, whichever is the lesser, both as valued at the inception of the policy period.

### **5. Market value**

Market value shall be calculated on the basis that for each year of life (or part thereof) the present day new replacement value of an identical machine or plant is reduced proportionally over a period of 15 years subject always to a minimum residual indemnification of 25% should the condition of average not apply.

## **SPECIFIC EXCLUSIONS**

1. Irrespective of the proximate cause of the damage the indemnity granted by this Section shall not apply to nor include damage directly or indirectly caused by or arising out of
  - a. fire extinguishing of a fire explosion direct/indirect lightning strikes.
  - b. convulsions of nature such as subsidence landslide rockfall storm flood inundation hail snow earthquake or earth tremor (whether as a result of mining operations or not) or volcanic eruption.
  - c. theft collapse of buildings impact by animals or vehicles aircraft or other aerial or space devices or objects dropped therefrom sonic shockwaves.
  - d. water or water which escapes from water-containing apparatus leakage or discharge from any sprinkler or other extinguishing agent.

- e. faults or defects in the Insured Property known to the Insured or his responsible employees at the time this insurance was arranged or during the currency of the insurance and not disclosed to the Insurer, or any consequences thereof.
2. Damage resulting during commissioning deliberate overloading tests or experiments requiring the imposition of abnormal conditions or damage caused due to the misapplication of tools or equipment.
3.
  - a. Repair or replacement due to the continual influence of operation (e.g. wearing away of the material of the machine or plant, slowly developing deformation, intermitted occurrences, distortion, cavitation, erosion, corrosion, rust, boiler scale or gradual deterioration) but other resultant insured events are not excluded hereby.
  - b. Loss of or damage to parts which by their use or nature suffer a high rate of wear, tear or depreciation (e.g. refractory linings, crushing hammers, exchangeable or expendable parts and tools such as but not limited to seals gaskets bits cutters knives blades dies moulds patterned rollers engraved cylinders sieves chains belts ropes wires rubber tyres conveyor belts jointing and packing material objects made of glass fuses electrical contacts at which sparking or arcing occurs heating elements collecting brushes operating media such as lubricants fuels and catalysts) but if as the results of other indemnifiable damage provided for by the Section the above items are damaged then the Insurer shall indemnify the Insured for any remaining residual value with the proviso that such items are included in the sum insured.
4. Consequential loss delay or interruption of the business or liability of any nature whatsoever other than losses specifically provided for herein.
5. Damage resulting from, caused by or occasioned through the intentional act or willful neglect of the Insured or his representatives.
6. Damage of an aesthetic nature consisting of scratching denting chipping of painted or polished surfaces not affecting the operation and functionality of the Insured Property.
7. The deductible as stated in the Schedule in respect of this Sub-Section, applicable to each and every incident giving rise to a claim. Where more than one item of Insured Property suffers physical loss or damage in any one event, the deductible shall be the highest single amount applicable to such Insured Property.
8.
  - a. Repairing replacing reinstating or making good any part of the property insured which is defective in material workmanship design plan or specification. Should any defect in material workmanship design plan or specification give rise to loss or damage which but for this exception would be insured by this policy, the insurers shall in respect of such loss or damage only be liable for costs additional to the costs that would have been incurred in replacing reinstating or repairing the defect had the resultant damage not occurred.
  - b. Damage to plant and machinery described in the schedule involved in overhaul, maintenance or repair arising from or occasioned by any defective workmanship or the use of defective materials.
9. Loss or damage whilst underground.
10. Accidental damage as insured in Section A - Property Damage.

## **Basis of Indemnification**

In addition to the indemnity as stipulated under the General and Specific exclusion, conditions and provisions, general memoranda, general extension of this policy, the indemnity by this Section, subject always to the sums insured contained in the Schedule or any specific limit of liability contained in this Section, shall be as hereinafter provided and as appropriate including dismantling, re-installation, transportation, removal of damaged Insured Property (but less the value of the remains) and, where applicable, importation duties and value added tax.

### **1. Partial loss**

If the insured plant or machinery suffers damage the basis of indemnification shall be the costs and expenses reasonably and necessarily incurred to restore the damaged machinery to its working condition immediately before the occurrence of the damage including the costs of gaining access dismantling re-installation as well as ordinary freight and customs dues provided that

- a. any existing undamaged or repairable parts of the damaged Insured Item(s) which can be reasonably utilised shall be used in the repairs.
- b. the costs of any alteration addition improvement or overhaul carried out at the time of repair or replacement are not recoverable under this Policy.
- c. if without the consent of the Insurer temporary repairs are carried out by the Insured in the interests of safety or to minimise further loss or damage to the Insured Property the cost of such temporary repairs will be borne by the Insurer. In the event that the temporary repairs aggravate the loss or cause additional loss or damage to the Insured Property any additional costs so incurred or consequences arising therefrom will be for the account of the Insured.
- d. where the damage is restricted to a part or parts of an insured item the Insurer shall not be liable for an amount greater than the value of such part or parts which are lost or damaged as allowed for within the Sum Insured.

### **2. Total loss**

In the event that the plant or machinery is totally destroyed the amount payable shall be the cost of removing the damaged machinery less the value of the remains plus

- a. the cost of replacing or reinstating on the same site machinery of equal size output or capacity but not superior to or more extensive than the insured item insofar as is practicable or;
- b.
  - i. the local market value of the machinery immediately before the loss being the value of similar machinery of equal age size output or capacity;
  - ii. where similar machinery is not available the amount payable shall be the installed new replacement value of the nearest higher equivalent machinery depreciated by 5% per annum;

whichever is the lower of (a) or (b) (but always with a minimum residual value of 25% of the new replacement value of (b) (i) or (ii) whichever is applicable reduced proportionally should the condition of Average apply.

In all cases of Sums Insured reflecting anything other than New Replacement Value any reference to payment in settlement of a minimum % value of the installed New Replacement Value is deleted.

The insured item shall be regarded as totally destroyed if the repair costs (as defined under 1. Partial Loss equal or exceed the values as defined in 2(b) (i) or (ii) (whichever is applicable) immediately before the loss. No depreciation will be applied to machinery under 3 years of age.

### **3. Declared value for premium pricing and values applicable to indemnification**

The declared value for premium pricing purposes of each item to be provided by the Insured on the Schedule shall be equivalent to the current New Replacement Value of such item. However, the maximum limit of indemnification of each item shall be the Market Value on the day before any loss Incident, or the Selected Value, as defined if Selected Value is the sum insured.

## **SPECIFIC TERMS AND CONDITIONS AND STANDARD EXTENSIONS**

### **The indemnity and standard extensions applicable to Sub-section 1**

In the event of indemnity being granted the amount(s) claimable in terms of the policy shall not exceed the limit(s) specified in the schedule in respect of any one occurrence or series of occurrences arising out of any one event plus any additional costs in connection with the operation of any of the extensions listed below.

#### **1. Foundations**

Should there be damage to the foundations of the insured Plant and Machinery arising from an indemnifiable occurrence the policy is deemed to include repair or replacement of such foundations with the proviso that the value of such foundations is included in the Sum Insured.

#### **2. Operating media**

If so specified in the Schedule and its new replacement value included in the sum insured the policy extends to cover the costs of any processing recharging or renewal of any operating media (gas oil or refrigerant) necessary following indemnifiable loss.

#### **3. Transit and temporary premises extension**

The policy is extended to provide cover for Insured Property in transit to, from and at (including loading/unloading) any temporary premises for purposes of repair. As a consequence of this extension exclusion 1 will not apply with the proviso that this extension will only be applicable to any shortfall in indemnity provided elsewhere.

#### **4. Architects and other professional fees**

The policy is extended to provide cover for Professional Fees necessarily and reasonably incurred in the reinstatement or replacement of equipment following indemnifiable loss or damage provided that the total amount payable in respect of such fees does not exceed 10% (ten percent) of the Sum Insured of the damaged item(s) but shall not include expenses incurred in connection with the preparation of the Insured's claim.

#### **5. Express delivery and overtime**

Extra charges for express delivery airfreight overtime Sunday and holiday rates of wages are payable in respect of the necessary and reasonable additional costs incurred by the Insured for effecting repairs or replacement by the Insurer limited to 50% (fifty percent) of the amount which the repair or replacement would have cost had these additional costs not been incurred.

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 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.

#### **6. Serial Losses**

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

Loss or damage due to faulty design, defective material or casting, bad workmanship other than faults in erection arising out of the same cause to machines or equipment of the same type or design shall be indemnified after applying the policy deductible for each loss according to the following scale:

100 % of the first loss

75% of the second loss

50% of the third loss

Further losses shall not be indemnified.

## **7. Clearance costs**

The policy is extended to provide cover for costs necessarily and reasonably incurred by the insured in respect of demolition or dismantling of property and/or removal of debris and in providing, erecting and maintain hoardings and other similar structures required during demolition, dismantling, debris removal and reconstruction following indemnifiable loss of or damage to such property, provided that the total amount recoverable does not exceed 10% (ten percent) of the Sum Insured of the damaged item(s).

## **8. Emergency Repairs**

The Insured may proceed with the repair of machinery before inspection by or on behalf of the Insurers provided that the liability of the Insurers is not thereby increased and that all damaged parts and all other parts requiring replacement are retained for inspection by the Insurers.

## **9. Automatic additions**

The policy is extended to provide indemnity at the Insured's premises or site for additional equipment of a similar nature to that specified in the Plant Inventory provided that:

- a. Successful installation commissioning and normally accepted operating standards have been achieved.
- b. The Total Sum Insured of such Additional Equipment does not exceed 15% of the Total Sum Insured on the schedule. Where such additions result in an increase of Gross Profit the amount of Gross Profit will also be increased up to 15%.
- c. The Insured undertakes to advise the Insurer of such additions within 3 months of purchase or change.
- d. The Insured agrees to pay the appropriate premium effective from the date of purchase.

## **OPTIONAL EXTENSIONS TO SUB-SECTION 1 (if stated in the schedule or by endorsement to be included)**

### **1. Supplier's or Manufacturer's Guarantee or Warranty – (If stated in the schedule to be included)**

In the event of Damage to property which are less than 12 months old since the date of first purchase and delivery from its original manufacturer as new and which is the subject of the original manufacturer's or its appointed supplier's guarantee or warranty, the repair, replacement, rectification or reinstatement of such property shall include everything necessary to preserve, without limitation, reduction, or prejudice, all benefit under such guarantee or warranty.

### **2. Damage to surrounding property (if stated against an Item(s) in the schedule to be included)**

It is agreed and understood that otherwise subject to the terms, exceptions, 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 in respect of those item(s) so stated in the Schedule of the Policy to include any sudden and unforeseen physical loss of or damage to property of the Insured other than his own machinery insured under this or any other similar Policy and to indemnify the Insured in respect of any such sums which the Insured becomes legally liable to pay as damages consequent upon

- a. accidental bodily injury to or illness of third parties (whether fatal or not),
- b. accidental loss of or damage to property belonging to third parties arising as the direct consequence of and solely due to explosion or collapse or tearing apart on account of centrifugal forces originating from the item(s) referred to hereinabove.

## SPECIAL CONDITIONS

1. The Insurer shall not indemnify the Insured in respect of
  - a. the expenditure incurred in making good or repairing or replacing anything covered or coverable under the Policy;
  - b. liability consequent upon
    - i. bodily injury to or illness (whether fatal or not) of employees or workmen of the Insured or members of their families;
    - ii. 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.
2. 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 Insurer, who are entitled, if they 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 damages or otherwise and who have full discretion in the conduct of any proceedings or in the settlement of any claim; the Insured shall give all such information and assistance as the Insurer may require.
3. The Insurer may so far as any accident is concerned pay to the Insured the limit of indemnity for any one accident (but deducting therefrom in such case any sum or sums 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 shall thereafter be under no further liability in respect of such accident.
- 3 Explosion of boilers or pressure vessels (if stated against an Item(s) in the schedule to be included)

The Policy extends to indemnify the Insured against sudden and unforeseen loss or damage to the boilers and/or pressure vessels specified in the Schedule directly caused by explosion which shall mean the sudden and violent rending apart thereof by force or internal pressure or ignited flue gases causing violent bodily displacement of any part together with forcible ejection of the contents of the Insured Item.

All loss or damage outside the item(s) of Machinery Insured due to spreading of such fire or chemical explosion or the extinguishing of such fire shall be excluded. The Limit of Liability of the Insurer under this extension shall not exceed the Sum Insured for such item(s) stated under Sub-Section 1 Material Damage in the Schedule. No cover shall be given to insured boilers or pressure vessels that are not in full compliance with the required statutory requirements and inspections.
4. Protective brickwork and refractories (if the value had been added to the Sum Insured of an item(s) in the schedule to be included)

The policy is extended to cover the costs of direct/indirect loss damage or necessary removal or replacement of any refractories or protective brickwork associated with Insured Property arising from an indemnifiable event to the Insured Property provided that the indemnity given in the case of refractories will be the amount that the unexpired portion of life bears to the normal life and in the case of brickwork the normal costs to remove or replace the brickwork with the proviso that the Sum Insured for the Insured Item shall include the New Replacement Value of all protective brickwork and refractory materials.
5. Loss of Contents of liquid storage containers (if stated against an Item(s) in the schedule to be included)

Otherwise subject to the terms, exceptions, provisions and conditions contained in the Policy or endorsed thereon, and subject to the Insured having paid the agreed extra premium, the cover in terms of this Section is extended to include the costs of loss, recovery or any reprocessing costs following recovery of the liquid contents of any storage containers caused directly by an indemnifiable event to such insured storage container item with the proviso that any losses caused by or consequent upon evaporation, pollution, contamination, chemical action or naturally resulting trade losses, overfilling or inadvertent drainage are excluded. The declared value shall be declared value of the liquid contents and the deductible are as stated in the Schedule. The basis of calculation of costs of such loss, recovery or any reprocessing costs shall be in accordance with the Insured's normal production cost accounting and shall not make provision for any loss in sales or orders. For the purpose of this extension only,

Specific exclusion 1(d) is amended to read, “water or any liquid which escapes from any sprinkler or extinguishing agent subsequent demolition, dismantling and clearance of debris”,

but subject to the following additional exclusions:

- i. loss by evaporation, pollution, trade losses
- ii. valves left open, overfilling or inadvertent drainage.

## **SUB-SECTION 2: DETERIORATION OF STOCK EXTENSION (IF STATED IN THE SCHEDULE TO BE INCLUDED)**

### **Insured Events**

Loss or damage by deterioration or contamination of goods, hereinafter called the Insured Property, owned by or in the care custody or control of the Insured whilst contained for the sole purpose of storage within a cold room, freezer, chamber or unit in a controlled environment at the locations on the Insured’s premises or premises all as listed in the Schedule under this Sub-section arising from a change in the controlled environment as the result of indemnifiable loss or damage, as defined in Sub-Section 1 – Material Damage of this Section having occurred to the machinery insured thereon. Subject to the terms, conditions and exclusions of Sub-section 1 – Material Damage.

### **The Sum Insured**

The Sums Insured shall reflect both

1. the total amount at risk in each a cold room, freezer, chamber or unit in the controlled environment comprising the maximum sum total of the value at risk of all the stock/contents that might be stored therein at any time during the period of insurance,  
and
2. the total amount of the turnover in any one period of insurance comprising the sum total of the value of all the stock/contents stored during the period of insurance in each cold room, freezer, chamber or unit representing the maximum total value at risk at any one time.
3. At the end of the period of insurance the Insured shall present and declare from their daily records the actual total amount of turnover achieved during the period of insurance and the final premium payable shall then be calculated thereon taking into account any premium already paid.

## **THE INDEMNITY**

The indemnity payable shall be

1. the value of the Insured Property immediately prior to storage plus reasonable charges incurred by the Insured for
  - a. handling;
  - b. costs incurred for storage up until the time of the loss;
2. the cost of containers or packaging damaged as a result of the loss;
3. the costs of disposal;

but in total not exceeding the Sum Insured set against each chamber or total number of chambers affected by the loss less the monetary deductible.

## **DEDUCTIBLE**

The amount specified in the Policy Schedule as the deductible is payable by the Insured. If more than one controlled environment chamber is affected by loss or damage as insured in any one occurrence the deductible shall be limited to the highest single amount applicable to such controlled environment chambers.

## **SPECIFIC CONDITIONS PRECEDENT TO LIABILITY AND DETAILS REQUIRED REGARDING ITEMS INSURED UNDER SUB-SECTION 1**

### **1. Alternative storage facilities**

It is a condition precedent to the liability of the Insurer under this extension that in the event of indemnifiable loss of or damage to the Machinery detailed in Sub-section 1 of this Machinery Breakdown Policy Schedule the insured shall make all reasonable efforts to obtain alternative storage facilities in order that any loss be avoided or diminished. The Insurer shall indemnify the insured for all costs necessarily and reasonably incurred in complying with this condition subject to a maximum limit of 15% (fifteen percent) of the Sum Insured set against each storage chamber affected by the loss.

### **2. Insured's duties regarding a claim event**

It is a condition precedent to liability that in addition to the requirements of 3. Claims under the General conditions of this policy, no claim under this section shall be payable unless the terms of this specific condition have been complied with and in the event of non-compliance therewith in any respect any payment on account of the claim already made shall be repaid to the Insurer forthwith.

On the happening of any incident in consequence of which a claim might be made under this Sub-section the Insured shall as soon as reasonably possible inform the Insurer in writing and with due diligence do and concur with the Insurer's Representatives(s) in presenting, doing and permit to be done all things which may be reasonably practicable to avoid or diminish the loss and in the event of a claim being made under this Sub-section shall, not later than thirty days after the expiry of the Indemnity Period, or within such further time as the Insurer may in writing allow, at their own expense deliver to the Insurer in writing a statement setting forth particulars of their claim together with details of all other insurances covering the loss or any part of it or consequential loss of any kind resulting therefrom.

### **3. Regular servicing and maintenance**

It is a condition precedent to liability that regular servicing and maintenance of the Machinery Insured under Sub-section 1 and each cold room, freezer, chamber or unit listed on the Schedule under Sub-section 1 and 2 shall have been executed as prescribed by the manufacturer. The Insured shall record and provide details of all maintenance and repairs done to such property at the request of the Insurer's Representative at any reasonable time. Failure to comply with this clause shall render this insurance and any loss or damage regarding the Insured Item null and void unless agreed to by the Insurer in writing.

### **4. Compliance with the Specific Definitions, Terms, Conditions and Obligations applicable to Sub-section 1 of this Section**

Compliance with the Specific definitions, terms, conditions and obligations applicable to Sub-section 1 is a condition precedent to the acceptance of any liability under Sub-section 2 of this Sub-section.

### **5. Age and location**

This Sub-section shall not provide cover to any loss or damage resulting from:

- a. any machinery located on or attached to any vehicle, craft or any other mobile machine, device, equipment or any temporary structure, and does not cover any hand tools whether power-driven or manual.
- b. machinery, cold room, freezer, chamber or unit older than 20 (twenty) years since original manufacture.



## MEMORANDA

### 1. **Accidental Physical damage to the electricity supply extension (if stated in the Schedule to be included) Cover restricted to Fire and allied perils 1.1. and 1.4 only**

For the purpose of this extension deterioration or contamination of the contents of the Insured's chambers arising from accidental physical damage of the public supply of electricity at the terminal ends of the supply authorities' service feeders at the premises is included provided always that the insurance under this extension shall be subject to the following special conditions:

#### **Special Conditions**

The liability of the Insurer shall in no case under this extension and the Policy exceed the sum insured by this Sub-section.

### 2. **The insurance under this extension does not cover**

- a. loss occasioned by the deliberate act of any authority, nor by the exercise by such authority of its power to withhold or restrict supply, planned power cuts or shutdowns.
- b. loss occasioned by drought or shortage of fuel at any power station or any shortage or reduced supplies of electricity by any authority.

Public supply shall mean the supply by public authority of power, water, gas or steam when required on demand, with sufficient production reserves and alternate switch-over possibilities.

## SUB-SECTION 3: BUSINESS INTERRUPTION FOLLOWING MACHINERY BREAKDOWN

### **Insured Events**

The Insurance is in respect of loss following interruption of or interference with the business in consequence of sudden and unforeseen physical damage occurring during the period of insurance to the plant and machinery stated in the Schedule in respect of which payment has been made or liability admitted under the Sub-Section 1: Material Damage.

Liability shall be deemed to have been admitted if such payment is precluded solely because the Insured is required to bear the first portion of the loss.

The Insurer will indemnify the Insured in accordance with the provisions of the Schedule hereinafter set out.

### **Specific conditions**

The Insurance under this section shall cease if the business is wound up or carried on by a liquidator or judicial manager or is permanently discontinued, except with the written agreement of the Insurer.

On the happening of any Damage in consequence of which a claim may be made under this section the Insured shall, with due diligence do and concur in doing and permit to be done all things which may be reasonably practicable to minimise or check any interruption of or interference with the business or to avoid or diminish the loss and in the event of a claim being made under this section shall, not later than thirty days after the expiry of the indemnity period, or within such further time as the Insurer may in writing allow, at their own expense deliver to the Insurer in writing a statement setting forth particulars of their claim together with details of all other insurances covering the loss or any part of it or consequential loss of any kind resulting therefrom. No claim under this section shall be payable unless the terms of this specific condition have been complied with and in the event of non-compliance therewith in any respect any payment on account of the claim already made shall be repaid to the Insurer forthwith.

## DEFINITIONS

**Indemnity period:** The period beginning with the occurrence of the damage and ending not later than the period described against each item as detailed in the Schedule during which the results of the business shall be affected in consequence of the Damage but the Insurer shall not be liable for the amount of the loss arising during the "Time Excess" as detailed in the Plant Inventory.

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

**Gross profit (difference basis):** The amount by which

1. the sum of the turnover and the amount of the closing stock shall exceed;
2. the sum of the amount of the opening stock and the amount of the uninsured costs

The amount of the opening and closing stocks shall be arrived at in accordance with the Insured's normal accountancy methods, due provision being made for depreciation.

**Uninsured costs:** As specified in the Schedule (the words and expressions used shall have the meaning usually attached to them in the books and accounts of the Insured).

**Gross profit (additions basis):** The sum produced by adding to the net profit the amount of the insured standing charges, or if there is not net profit, the amount of the insured standing charges less such proportion of any net trading loss as the amount of the insured standing charges bears to all the standing charges of the business.

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

**Insured standing charges:** As specified in the Schedule.

### Standard turnover

### Standard revenue

The turnover (revenue) during the period in the twelve months immediately before the date of the Damage which corresponds with the indemnity period

### Annual turnover

### Annual revenue

The turnover (revenue) during the twelve months immediately before the date of the Damage

### Rate of gross profit

The rate of gross profit earned on the turnover during the financial year immediately before the date of the Damage.

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

Note: If the Damage occurs before the completion of the first year's trading of the business at the premises, the value of the bracketed terms shall be calculated by using values proportionate to the results obtained during the period between the commencement of business and the date of the Damage.

## **BASIS OF LOSS SETTLEMENT**

### **Item 1 - Gross profit (difference basis)**

The Insurance under this item is limited to loss of gross profit due to

1. reduction in turnover and
2. increase in cost of working;

and the amount payable as indemnity hereunder shall be

- a. in respect of reduction in turnover the sum produced by applying the rate of gross profit to the amount by which the turnover during the indemnity period shall in consequence of the Damage fall short of the standard turnover.
- b. in respect of increase in cost of working the additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the reduction in turnover which but for that expenditure would have taken place during the indemnity period in consequence of the Damage, but not exceeding the sum produced by applying the rate of gross profit to the amount of the reduction thereby avoided.

Less any sum saved during the indemnity period in respect of such of the charges and expenses of the business payable out of gross profit as may cease or be reduced in consequence of the Damage, provided that the amount payable shall be proportionately reduced if the sum insured in respect of gross profit is less than the sum produced by applying the rate of gross profit to the annual turnover where the maximum indemnity period is 12 months or less or the appropriate multiple of the annual turnover where the maximum indemnity period exceeds 12 months.

### **Memorandum**

If any standing charges of the business are not insured under this section, then in computing the amount recoverable hereunder as increase in cost of working that proportion only of the additional expenditure shall be brought into account which the sum of the net profit and the insured standing charges bears to the sum of the net profit and all the standing charges.

### **Item 1- Gross profit (additions basis)**

The Insurance under this item is limited to loss of gross profit due to

1. reduction in turnover and
2. increase in cost of working;

and the amount payable as indemnity hereunder shall be

- a. in respect of reduction in turnover the sum produced by applying the rate of gross profit to the amount by which the turnover during the indemnity period shall in consequence of the Damage fall short of the standard turnover.
- b. in respect of increase in cost of working the additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the reduction in turnover which but for that expenditure would have taken place during the indemnity period in consequence of the Damage, but not exceeding the sum produced by applying the rate of gross profit to the amount of the reduction thereby avoided less any sum saved during the indemnity period in respect of such of the insured standing charges as may cease or be reduced in consequence of the Damage, provided that the amount payable shall be proportionately reduced if the sum insured in respect of gross profit is less than the sum produced by applying the rate of gross profit to the annual turnover where the maximum indemnity period is 12 months or less or the appropriate multiple of the annual turnover where the maximum indemnity period exceeds 12 months.

## Memorandum

If any standing charges of the business are not insured under this section, then in computing the amount recoverable hereunder as increase in cost of working that proportion only of the additional expenditure shall be brought into account which the sum of the net profit and the insured standing charges bears to the sum of the net profit and all the standing charges.

### Item 2 – Revenue

The Insurance under this item is limited to

1. loss of revenue and

2. increase in cost of working;

and the amount payable as indemnity hereunder shall be

1. in respect of loss of revenue the amount by which the revenue during the indemnity period shall in consequence of the Damage fall short of the standard revenue;

2. in respect of increase in cost of working the additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the loss of revenue which but for that expenditure would have taken place during the indemnity period in consequence of the Damage, but not exceeding the amount of loss of revenue thereby avoided;

less any sum saved during the indemnity period in respect of such of the charges and expenses of the business payable out of revenue as may cease or be reduced in consequence of the Damage, provided that the amount payable shall be proportionately reduced if the sum insured in respect of revenue is less than the annual revenue where the maximum period is 12 months or less or the appropriate multiple of the annual revenue where the maximum indemnity period exceeds 12 months.

### Item 3 – Additional increase in cost of working

The Insurance under this item is limited to additional expenditure (not recoverable under other items) incurred with the consent of the Insurer during the indemnity period in consequence of the Damage for the purpose of maintaining the normal operation of the business.

## EXTENSIONS AND CLAUSES

### Accountant's clause

Any particulars of details contained in the Insured's books of account or other business books or documents which may be required by the Insurer under this section for the purpose of investigating or verifying any claim hereunder, may be produced and certified by the insured's auditors or professional accountants and their certificate shall be prima facie evidence of the particulars and details to which it relates.

### Accumulated stocks clause

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

### Departmental clause

If the business is conducted in departments or branches, the independent trading results of which are ascertainable, the provisions under Items 1 (gross profit) or 2 (revenue) relating to reduction in turnover/ revenue and increase in cost of working, shall apply separately to each department or branch affected by the Damage except that if the sum insured by the relative item is less than the aggregate of the (annual revenue) (sums produced by applying the rate of gross profit) for each department or branch, whether or not affected by the Damage (to the relative annual turnover thereof) (proportionately increased if the number of months referred to in the definition of indemnity period exceeds twelve), the amount payable shall be proportionately reduced.

### **Output (alternative basis) clause**

At the option of the Insured the term output may be substituted for the term turnover and for the purpose of this section output shall mean the sale or transfer value, as shown in the Insured's books, of goods manufactured or processed by the Insured at the premises provided that

1. only the meaning of output or the meaning of turnover shall be operative in connection with any one event resulting in interruption.
2. if the meaning of output be used
  - a. the accumulated stocks clause shall be inoperative;
  - b. the memo at the end of the definitions shall read:

if during the indemnity period goods shall be manufactured or processed other than at the premises for the benefit of the business either by the Insured or by others on behalf of the Insured, the sale or transfer of such goods shall be brought into account in arriving at the output during the indemnity period.

### **Salvage sales clause**

If the insured shall hold a salvage sale during the indemnity period clause (a) of Item 1 (Gross profit) above shall for the purposes of such claim read as follows:

1. In respect of reduction in turnover the sum produced by applying the rate of gross profit to the amount by which the turnover during the indemnity period (less the turnover for the period of the salvage sale) shall, in consequence of the Damage, fall short of the standard turnover, from which sum shall be deducted the gross profit actually earned during the period of the salvage sale.

### **New and proto-type machinery clause**

There shall be no insurance in force in terms of this section of the Policy in respect of

1. new plant and/or machinery until at least thirty consecutive days of trouble-free running have been completed by such plant and/or machinery.
2. proto-type plant and/or machinery until at least three consecutive months or that period which the insurer may require to be completed of trouble-free running by such plant and/or machinery.

Or in the case of 1 and 2 above such other periods that may be agreed with the Insurer and endorsed hereon.

### **Public utilities - Section A Property Damage Cover restricted to FIRE AND ALLIED PERILS 1.1 and 1.4 only (if so stated in the Schedule to be included)**

Property at electricity generating stations, sub-stations or transmission networks, gasworks including the related gas distribution network, water purification plants, pumping stations, aqueducts and pipelines of an authority empowered by law to supply water, gas or electricity for consumption by the public and which results in an interruption of water, gas or electricity to the premises of the insured. Geographical limits confined to the Republic of South Africa.

## **EXTENSIONS AND CLAUSES**

### **Wages extension (if so stated in the Schedule to be included)**

This extension is limited to loss incurred by the Insured by the payment of Wages for a period beginning with the occurrence of the Damage and ending not later than the number of weeks stated in the Schedule but excluding the amount of loss arising during the Time Excess as detailed in the Schedule.

The amount payable as indemnity shall be the actual amount which the Insured shall pay as Wages for such period to employees whose services cannot, in consequence of the Damage be utilised by the Insured at all, and an equitable part, based upon shortage in production, of the wages paid for such period to employees whose services cannot, in consequence of the Damage be utilised by the insured to the full. Provided that if the sum insured in respect of Wages shall be less than the aggregate amount of the Wages that would have been paid during the specified number of weeks immediately following the Damage had the Damage not occurred, the amount payable shall be proportionately reduced. For the purposes of this extension the term Wages shall mean wages and/or salaries other than those insured as a standing charge under Gross Profit.

### **“Hire of machinery” extension (if so stated in the Schedule to be included)**

The policy is extended in respect of Hiring Costs incurred by the Insured during the Period of Indemnity specified in the Schedule for the hire of similar substitute plant and equipment of equal performance and capacity consequent upon indemnifiable damage occurring to the Insured Property listed on the underlying Machinery Breakdown policy commencing after the number of Days specified in the Schedule as the Time Excess and ending not later than the period specified in the Schedule as the Indemnity Period less any cause that may cease or be reduced in consequence of the indemnifiable loss or damage. Payment under this Sub-section of the Policy will be paid out proportionately over the period of the loss in the ratio that the sum insured bears to the Indemnity Period.

### **“Maximum demand charges” extension (if so stated in the Schedule to be included)**

Following Indemnifiable damage to plant and machinery insured on the underlying machinery breakdown policy resulting in an increased electrical maximum demand charge during the Indemnity Period the policy is so extended to cover the difference between normal demand charges and the billed maximum demand charges subject to the limits specified in the increased cost of working section of the policy.

### **Deposit Premium clause**

In consideration of the premium by Items 1 or 2 being provisional in that it is calculated on 75 percent of the sum insured, the premium is subject to adjustment on expiry of each period of insurance as follows:

In the event of the gross profit/revenue earned (proportionately increased if the number of months referred to in the definitions of indemnity period exceeds twelve) during the financial year most nearly concurrent with any period of insurance being less or greater than 75 percent of the sum insured thereon, a pro rata return or additional premium not exceeding 33,3 percent of the provisional premium paid for such period of insurance will be made in respect of the difference.

In the event of a claim being made under this section, the amount paid or payable thereon shall be regarded as actually earned.

## **Notice supplied in addition to the Statutory Notice supplied with this Policy**

Insurance policies are legal contracts entered into between the Insurance Company (we/us) and the Insured (you/your). The Intermediary (broker) used by you, as your agent and in terms of the Financial Advisers and Intermediary Services Act (FAIS), is obliged to bring to your attention all aspects of the insurance policy that affect the coverage purchased, both the positive and negative aspects.

### **Definitions**

To assist all concerned, and in particular you, we have produced/reproduced various definitions utilised by us that could affect you in your understanding of the cover provided by this Policy in the General Definitions Section of the Policy.

These definitions are not a comprehensive list of all those used in this Policy, but we believe that they are of such a nature that we should bring them to your specific attention.

There are other definitions used in this Policy but we are confident that the broker is fully aware of definitions used in the South African Business insurance market upon which this Policy has been based.

These definitions do not necessarily appear in this Policy in the same order as they are listed.

Should you require any additional information, or explanation, as to the application of these definitions, or any aspect of this Policy, it is recommended that you contact the broker that arranged this Policy on your behalf.

However, we are always available to assist you should the need arise.



## Contact

### Registered Address

15 Marshall Street, Ferreirasdorp,  
Johannesburg, 2001, South Africa

**T** +27 (0) 11 370 9111  
[www.brytesa.com](http://www.brytesa.com)

Postal Address  
PO Box 61489, Marshalltown, 2107

### **Bryte Insurance Company Limited**

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