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UNDERWRITERS (PTY) LTD
2004/009147/07
Authorised Financial Services Provider - FSP No: 20816

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BUSINESS INTERRUPTION FOLLOWING MACHINERY BREAKDOWN INSURANCE POLICY

PREAMBLE

Whereas an application has been made to *THE RENASA INSURANCE CO. LTD* or Co-Insurers and the Insured have paid the premium for the Insurance described herein.

THE RENASA INSURANCE CO. LTD (hereinafter referred to as *THE COMPANY*), agrees, subject to the Terms, Exceptions, Definitions and Conditions and/or Endorsements and/or otherwise expressed hereon, to indemnify the Insured against Physical loss of or Damage to the Insured's property or Third Party property or Third Party bodily injury, always occurring during the Period of Insurance or any Renewal thereof. The Company's Liability in respect of each Insurance shall not exceed the specified Limits of Indemnity / Liability or Sum Insured stated herein.

Signed at BOKSBURG on this the _____ day of _____ 2022.

For and on behalf of

F.F. McNAMARA.....

FDM Engineering Underwriters (Pty) Ltd

For and on behalf of THE RENASA INSURANCE CO. LTD

SPECIFICATION

GROSS PROFIT

This insurance is limited to loss of gross profit due to **(a) REDUCTION IN TURNOVER** and **(b) INCREASED COST OF WORKING** and the amount payable as indemnity there under shall be:-

1. (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 Breakdown fall short of the Standard Turnover.

1. (b) **IN RESPECT OF INCREASED 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 Breakdown but not exceeding the sum produces 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 Standing Charges as may cease or be reduced in consequence of the Breakdown provided that if the Sum Insured be less than the sum produced by applying the Rate of Gross Profit to the Annual Turnover the amount payable shall be proportionately reduced.

ADDITIONAL INCREASED COST OF WORKING

This insurance is limited to additional expenditure necessarily and reasonably incurred in consequence of the Breakdown in respect of Increased Cost of Working in excess of the amount payable under 1 (b) for the purpose of avoiding or diminishing the interruption or interference of the business.

WAGES & SALARIES

This insurance is limited to the actual amount which the Insured shall pay as wages and salaries for such period to employees whose services cannot in consequence of the Breakdown be utilized by the Insured at all and an equitable part (based upon shortage in hours worked) of the wages and salaries paid for such period to employees whose services cannot in consequence of the Breakdown be utilized by the Insured to the full.

The term "Wages and Salaries" shall mean the wages of all employees other than those whose wages are insured as a standing charge under Item 1.

CLAIMS PREPARATION COSTS

This insurance is limited to the reasonable fees payable by the Insured to their professional accountants for producing and certifying any particulars or details contained in the Insured's books of account or other business books documents or such other proof information or evidence as may be required by the Company under the terms of Condition 3.

DIFFERENCE BASIS

DEFINITIONS

INDEMNITY PERIOD

The period beginning with the occurrence of the Breakdown and ending not later than the expiry of the period shown opposite each item on the Schedule during which the results of the business shall be affected in consequence of the Breakdown. The Company shall not be liable for the amount of the loss arising during the Time Exclusion shown on the Schedule immediately following the occurrence of the Breakdown.

BREAKDOWN

Unforeseen and sudden physical damage to the machinery described in the Schedule from any cause as provided under the Machinery Breakdown Policy insuring the item against Breakdown Liability under that Policy shall except for the provision of the condition relating to the excess be a condition precedent to liability hereunder.

GROSS PROFIT

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 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.

SPECIFICATION (Continued)

UNINSURED COSTS

The word and expressions used shall have the meaning usually attached to them in the books and accounts of the Insured.

1. One hundred percent of purchases bad debts discounts allowed packaging and consumables.
2. Waste.
3. One hundred percent of carriage packing and freight.
4. Work in progress.

SALARIES AND WAGES

The remuneration plus motor vehicle allowances of all employees excluding shift allowance bonuses and overtime.

RATE OF GROSS PROFIT

The rate of gross profit earned on the Turnover during the financial year immediately before the date of the Breakdown.

TURNOVER

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

ANNUAL TURNOVER

The Turnover during the twelve months immediately before the date of the Breakdown.

STANDARD TURNOVER

The turnover during that period in the twelve months immediately before the date of the Breakdown which corresponds with the Indemnity Period.

In respect of **RATE OF GROSS PROFIT ANNUAL TURNOVER** and **STANDARD TURNOVER** such adjustments shall be made as may be necessary to provide for the trend of the business and for variations in or special circumstances affecting the business either before or after the Breakdown or which would have affected the business had the Breakdown not occurred so that the figures thus adjusted shall represent as near as may be reasonably practicable the results which but for the Breakdown would have been obtained during the relative period of the Breakdown.

NOTE

If a Breakdown occurs before the completion of the first year's trading of the business at the premises the value of the rate of Gross Profit Annual Turnover and Standard Turnover 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 Breakdown.

MEMORANDA

MEM01

If during the Indemnity Period goods shall be sold or services shall be rendered elsewhere that at the premises for the benefit of the business either by the Insured or by others on his behalf the money paid or payable in respect of such sales or services shall be brought into account in arriving at the Turnover during the Indemnity Period.

MEM02

In the event of the Gross Profit earned during the accounting period of twelve months most nearly concurrent with any Period of Insurance as certified by the Insured's Professional Accountants being less than the Sum Insured thereon a pro rata return of premium not exceeding fifty per cent of the premium paid on such Sum Insured for such Period of Insurance will be made in respect of the difference.

Where the Indemnity Period exceeds twelve months the amount of Gross Profit shall for the purpose of this calculation be adjusted in the proportion which the Indemnity Period bears to twelve months.

If any Breakdown shall have occurred giving rise to a claim under this Policy such adjustment shall be made in respect only of so much of the said difference as is not due to such Breakdown.

MEM03

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

MEM04

Any particulars or details contained in the Insured's books of account or other business books or documents which may be required by the Company under Condition 3 for the purpose of investigating or verifying any claim hereunder may be produced by Professional Accountants if at the time they are regularly acting as such for the Insured and their report shall be prima facie evidence of the particulars and details to which such reports relate.

MEMOS

Payments on account will be made to the Insured during the Indemnity Period if required.

MEM06

In adjusting any loss account shall be taken and an equitable allowance made if any shortage in Turnover due to the Breakdown is postponed by reason of the Turnover being temporarily maintained from accumulated stocks of finished goods in warehouses and depots.

MEMORANDA (Continued)

MEMO7

In the event of payment by the Company of any sum or sums in discharge of the Company's liability the Sum Insured shall automatically be reinstated for the remainder of the current Period of Insurance.

The Insured shall pay the additional premium required by the Company calculated pro-rata from the day the repaired item is available for work in respect of all claims settled by the Company for Twenty Five Thousand Rands or more.

MEMOS

If the business be conducted in departments the independent trading results of which are ascertainable the provisions of clauses 1 (a) and 1 (b) of the Gross Profit shall apply separately to each department affected by the Breakdown except that if the Sum Insured by the said item be less than the aggregate of the sums produced by applying the Rate of Gross Profit for each department of the business (whether affected by the Breakdown or not) to the relative Annual Turnover thereof the amount payable shall be proportionately reduced.

MEMO9

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

MEMO 10

At the option of the Insured the term "Output" may be substituted for the term "Turnover" except in the definition of Gross Profit.

Provided that

- a) the word "Turnover" wherever used in this section shall have the word "Output" substituted therefor
- b) for the purpose of this substitution the definition of "Output" shall be the sale or transfer value of goods manufactured or processed by the Insured at the premises
- c) memo 1 shall read:

If during the Indemnity Period goods shall be produced elsewhere that at the premises for the benefit of the business either by the Insured or by others on behalf of the Insured the sale value of such goods shall be brought into account in arriving at the output during the Indemnity Period.

GENERAL EXCEPTIONS (Continued)

1. WAR RIOT AND TERRORISM

This policy does not indemnify

- A. Loss or damage to property 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.
b. insurrection rebellion or revolution.
 - iv) any act (whether on behalf of any organization 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 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 clause 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 A i) ii) iii) iv) v) or vi) above.

If the Company alleges that be reason of clauses A i) ii) iii) iv) v) vi) or vii) of this Exception loss or damage is not indemnified by the Policy the burden of proving the contrary shall rest on the Insured.

- B. This policy does not indemnify 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 and Compensation Act 1976 (**No. 85 of 1976**) 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 indemnify 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 1c 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 organization 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 by proving the contrary shall rest on the Insured.

2. Nuclear

- i) This policy does not indemnify
 - a. loss or destruction of or damage to any property whatsoever or any loss or expense whatsoever resulting or arising therefrom or any consequential loss
 - b. any legal liability of whatsoever nature directly or indirectly caused by or contributed to by or arising from ionizing radiations or contamination by radio-activity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel.

For the purpose of this exception only combustion shall include any self-sustaining process of nuclear fission.

- ii) The indemnity provided by this policy shall not apply to nor include any loss destruction damage or legal liability directly or indirectly caused by or contributed to by or arising from nuclear weapons material.

3. **ASBESTOS EXCLUSION**

Notwithstanding any provision of this policy including any exclusions, exception or extension or other provision which would otherwise override a general exception, this policy does not cover any legal liability, loss, damage, cost or expense whatsoever or any consequential loss directly or indirectly caused by, arising out of, resulting from, in consequence of, in any way involving, or to the extent contributed to by, the hazardous nature of asbestos in whatever form or quantity.

CONDITIONS

1. This Policy and Schedule shall be read together as one contract and any word or expression to which a specific meaning has been attached shall bear such specific meaning wherever it may appear.
2. The Insured shall exercise all reasonable care in the selection employment and supervision for all employees and in the prevention of loss or damage and in compliance with any statutory regulation.
3. On the happening of any event giving rise or likely to give rise to a claim coming to the knowledge of the Insured the Insured shall
 - a) give notice thereof to the Company as soon as possible.
 - b) exercise all means in his power to limit the loss.
 - c) when called upon to do so furnish the Company with all details of the event together with such evidence vouchers proof and explanation as the Company may reasonably require.
4. If at any time after commencement of this insurance
 - a) the business of the Insured be wound up or carried on by a liquidator or receiver or permanently discontinued the Insured's interest shall cease otherwise than by death.
 - b) any alteration be made whereby the risk of Breakdown is increased.

This Policy shall be avoided unless its continuance be admitted by an endorsement signed by and on behalf of the Company.

5. The Insured shall at the expense of the Company do or permit to be done all such acts and things as may be necessary or reasonably required by the Company for the purpose of enforcing any rights remedies or obtaining relief or indemnity from other parties to which the Company shall be or would become entitled or subrogated upon its paying for or making good any loss under this Policy whether such acts and things shall become necessary or required before or after indemnification by the Company.
6. If any claim be in any respect fraudulent or if any fraudulent means or devices be used by the Insured or anyone acting on his behalf to obtain any benefit under this Policy or if any Breakdown be occasioned with the connivance of the Insured all benefit under this Policy shall be forfeited.
7. If at the time of any Breakdown resulting in a loss under this Policy there shall be any other insurance in respect of the resultant loss effected by or on behalf of the Insured the Company shall not be liable for more than its rateable proportion of such loss. If such other insurance is subject to any condition of advantage to the Insurers this Policy shall be subject to such condition.
8. The Company may be giving thirty days notice in writing to the Insured cancel this Policy paying on demand the proportion of the premium corresponding to the unexpired risk under the Policy The insured may likewise terminate this Policy by giving thirty days notice in writing to the Company in which event the last premium paid less the customary short period charge will be refunded on demand.

CONDITIONS (Continued)

9. 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 arbitration in accordance with the laws in force at the time. The making of an award shall be a condition precedent to any right of action.

10. In the event of the Company disclaiming liability in respect of any claim and an action or suit not being commenced within twelve months after such disclaimer or in the case of arbitration taking place in pursuance of Condition 9 within twelve months after the arbitration award shall have been made all benefit in respect of such claim shall be forfeited.

GENERAL EXCEPTIONS

Notwithstanding any provision of this Policy including any special exclusion or extension or other provision not included herein which would otherwise override a General Exception this Policy does not indemnify

- a. loss or destruction of or damage to any property whatsoever (including a computer) or any loss or expense whatsoever resulting or arising therefrom
 - b. any legal liability of whatsoever nature
 - c. 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
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- a. to treat any date as the correct date or true calendar date or correctly or appropriately to recognize 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 data or
 - b. 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
 - c. 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.
 - d. 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 unauthorized 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.

Special Extension to the above General Exception

- A. Loss or destruction of or damage to the insured property by fire explosion lightning earthquake or by the special perils referred to in B below or indemnified by the Glass Employer's Liability Stated Benefits Group Personal Accident or Motor section is not excluded by this General Exception.
- B. The special perils that are not excluded for the purpose of this special extension are damage caused by
 1. storm wind water hail or snow excluding damage to property
 - a. arising from its undergoing any process necessarily involving the use or application of water.
 - b. caused by tidal wave originating from earthquake or volcanic eruption
 - c. in the underground workings of any mine.
 - d. in the open (other than buildings structures and plant designed to exist or operate in the open) so described and specifically insured.
 - e. in any structure not completely roofed.
 - f. being retaining walls.

2. aircraft and other aerial devices or articles dropped therefrom.
3. impact by animals trees aerials satellite dishes or vehicles excluding damage to such animals trees aerials satellite dishes or vehicles or property in or on such vehicles.

These special perils do not indemnify wear and tear or gradual deterioration

- C. The above General Exception also does not apply to consequential loss as insured by any Business Interruption indemnity provided by this policy to the extent that such consequential loss results from damage to insured property by the perils referred to in A above.
- D. This Special Extension will not insure any loss destruction damage or consequential loss if it would not have been insured in the absence of this Computer Loss General Exception and this Special Extension.

This Special Extension shall not apply to any Public Liability Indemnity.