

 <p>FDM ENGINEERING UNDERWRITERS (PTY) LTD 2004/009147/007</p>	Tel: +27 11 823-6368/90 Fax: +27 11 823-6295 Fax to email: 086-511-6607 Cell: 082-493-4090 Email: Fergus@oaktreesa.co.za
	P.O. Box 10522 Fonteinriet 1464 38 Turton Road, Boksburg West 1459
Authorised Financial Services Provider – FSP NO.: 20816	

CONTRACTORS PLANT INSURANCE POLICY WORDING

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.

Subject to the terms, exceptions and conditions (precedent or otherwise) and in consideration of, and conditional upon, the prior payment of the premium by or on behalf of the Insured and receipt thereof by or on behalf of the Company, the company specified in the Schedule agrees to indemnify or compensate the Insured by payment or, at the option of the Company, by replacement, reinstatement or repair in respect of the defined events occurring during the Period of Insurance and as otherwise provided under the within sections up to the sums insured, limits of indemnity, compensation and other amounts specified.

Where more than one insurance company or insurer participates in this insurance, the expression “company” shall be amended to “insurers” wherever it appears in this policy. In this event the percentage share of each insurer will be as expressed in the schedule of this policy and the liability of each such insurer individually shall be limited to the percentage share set against its time.

Specific exceptions, conditions and provisions shall override General Exceptions, conditions and provisions.

Signed at BOKSBURG on this the AS PER POLICY SCHEDULE

For and on behalf of

F.F. McNAMARA _____

FDM Engineering Underwriters (Pty) Ltd

For and on behalf of THE RENASA INSURANCE CO. LTD

GENERAL EXCEPTIONS

1. War, riot and terrorism

- A. This Policy does not cover loss of 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 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 clause (iv) or (v) above;
 - vii) The act of lawfully established authority in controlling, preventing, suppressing or in any other way dealing with any occurrence referred to in clause A (i) (ii) (iii) (iv) (v) or (vi) above. If the Company alleges that by reason of Clause (i), (ii), (iii), (iv), (v), (vi) or (vii) of this exception, loss or damage is not covered by the 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 and Compensation Act, 1976 (No. 85 of 1976) or any similar Act operative in any of the territories to which this policy applies.

2. NUCLEAR

- A. Except as regards the Fidelity section this policy does not cover any legal liability, death, injury, loss, damage, cost or expenses whatsoever or any consequential loss directly or indirectly caused by or contributed to by or arising from:
- i) Ionizing, radiations 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 weapons;
 - iv) Nuclear waste in whatever form;
- Regardless of any other cause or event contributing concurrently or in any other sequences to the loss.

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

3. Computer losses

General Exception applicable to all sections of this policy insuring damage to property or the consequences of damage to property or any liability.

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:

- 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, correctly or at all

- i) 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 date, or
- ii) 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
- iii) 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, or
- iv) 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 or disruptive 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 General Exception 3

- A. Loss or destruction of or damage to the insured property by fire, explosion, lightning, earthquake or by the special perils referred to below or indemnified by the Glass, Employer's Liability, Stated Benefits, Group Personal Accident or Motor section is not excluded by this General Exception.

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;
 - 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);
 - e) in any structure not completely roofed;
 - f) being retaining walls;
2. aircraft and other aerial devices or articles dropped there from;
3. impact by animals, trees, aerals, satellite dishes or vehicles excluding damage to such animals, trees, aerals, satellite dishes or vehicles or property in or on such vehicles.

These special perils do not cover wear and tear or gradual deterioration.

- B. General Exception 3 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 result from damaged to insured property by the perils referred to in Special extension A above.
- C. 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 Losses General Exception and this Special extension.
- D. This Special extension shall not apply to any Public Liability indemnity.

4. Asbestos (applicable to Public Liability Section, Employers Liability Section and Sub-section D (Liability) of Buildings Combined Section.

Notwithstanding any provision of this policy including any exclusion, exception or extension or other provision which would otherwise override a general exception, this policy does not cover legal liability, loss damage, costs and expenses 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.

5. Detention, Confiscation and Forfeiture

This policy does not cover a loss, damage, costs or expense directly or indirectly arising from detention, confiscation, forfeiture, impounding or requisition legally carried out by customs, SA Police Services, crime prevention units or other officials or authorities.

6. Pollution and Contamination Exclusion

1. This policy does not cover any loss, damage, costs or expense directly or indirectly arising from contamination, pollution, soot, deposition, impairment with dust, chemical precipitation, adulteration, poisoning, impurity, epidemic or disease or due to any limitation or prevention of the use of objects because of hazards to health
2. This exclusion does not apply if such loss or damage arises as a direct consequence of
 - a. The perils
 - i. fire, lightning, explosion, impact of aircraft
 - ii. vehicle impact, sonic boom.
 - iii. accidental escape of water from tank apparatus or pipes
 - iv. malicious damage
 - v. storm, hail.
 - vi. flood, inundation
 - vii. earthquake
 - viii. landslide, subsidence
 - ix. snow pressure, avalanche
 - or
 - b. a physical damage of the type insured by the original policy which occurred on the insured premises
3. If a peril not excluded from the original policy arises directly from pollution and/or contamination any loss or damage arising directly from that peril shall be covered.
4. All other terms and conditions of the policy shall be unaltered and especially the exclusions shall not be superceded by this clause

7. Terrorism Contamination and Explosive Exclusion

indirectly arising out of

- a) biological or chemical contamination
 - b) missiles, bombs, grenades, explosives
- due to any act of terrorism.

For the purpose of this endorsement an act of terrorism means an act, including but not limited to use of force or violence and/or threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organization(s) or government(s) and/or to put the public, in fear.

For the purpose of a) "contamination" means the contamination, poisoning or prevention and/or limitation of use of objects due to the effects of chemical and/or biological substances.

If the insurer alleges that by reason of this exclusion, any loss, damage, cost or expense is not covered by this policy the burden of proving the contrary shall be upon the insured.

8. Infections Epidemic Exclusion (Applicable to Fire, Buildings Combined, Office Contents, Goods in Transit, Business All Risks, Accidental Damage, Motor, Motor Traders, Electronic Equipment and any other property classes)

This insurance excludes any loss, damage, cost or expense, directly or indirectly arising out of, contributed to by, or resulting from any infectious epidemic/pandemic.

For the purpose of this clause Infectious Epidemics shall mean the sudden, unexpected, large-scale manifestation of an initially locally contained, infectious disease relating to people which spreads very rapidly and with great virulence.

If the insurer alleges that by reason of this exclusion, any loss, damage, cost or expense is not covered by this policy the burden of proving the contrary shall be upon the insured.

9. Infectious Epidemics/Pandemics Exclusion (Applicable to Money, Glass, Fidelity, Public Liability, Employer's Liability, Stated Benefits, Group Personal Accident and any other casualty classes)

This insurance excludes any loss, damage, cost or expense, directly or indirectly arising out of, contributed to by, or resulting from any infectious epidemic/pandemic (if classified either way by the appropriate national or international body/agency) which leads to:

- a) the imposition of quarantine or restriction in movement of people or animals by any national or international body or agency; and / or
- b) any travel advisory or warning being issued by a national or international body or agency and in respect of a) or b) any fear or threat thereof (whether actual or perceived).

If the insurer alleges that by reason of this exclusion, any loss, damage, cost or expense is not covered by this policy the burden of proving the contrary shall be upon the insured.

Riot and strike extension (if stated in the schedule to be included)

Subject otherwise to the terms, conditions, exclusions, exceptions and warranties contained therein, this section is extended to cover loss or damage directly occasioned by or through or in consequence of: (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 extension 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 General Exception 1(A)(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 company alleges that, by reason of provisos (a), (b), (c) (d) or (e), loss or damage is not covered by this section, the burden of proving the contrary shall rest on the insured.

SPECIFICATION – SECTION I, II AND III

INDEMNITY CLAUSE

SECTION I - Material Damage – Own Plant / Equipment (own use or hired out)

This Insurance is in respect of physical Loss of or Damage to the Insured Property from any cause not hereinafter excluded, occurring within the Territorial Limits and as described in the Schedule of Insured Property.

SECTION II - Hired in Plant

The Company will indemnify the Insured against all sums which the Insured shall become legally liable to pay for and as a consequence of Physical Loss of or Damage to the Insured's property hired in and for which the Insured is responsible for under CPHA-Conditions or similar, arising out of or in connection with the Insured's performance on the Contract site, occurring during the Period of Insurance and within the Territorial Limits.

SECTION III

The Company will indemnify the Insured against all sums which the Insured shall become legally liable to pay for as a consequence of continuing hire changes consequent upon indemnifiable damage or Physical Loss, arising out of or in connection with the Insured's performance on the Contract site, occurring during the Period of Insurance and within the Territorial Limits.

BASIS OF LOSS SETTLEMENT / INDEMNIFICATION

SECTION I

1. PARTIAL LOSS

- (A) In cases where damage is caused to an Insured Item, as listed in The Schedule or otherwise agreed to be repaired, The Company will pay for the reasonable costs of restoration to working order including the costs of dismantling and re-erection to effect the repairs as allowed for in the Sum Insured.
- (B) In addition The Company will pay for the following reasonable costs:-
 - (1) Express delivery charges including air freight (if any);
 - (2) Custom duties and dues (if any);
 - (3) Overtime, Sundays and holiday rates of wages necessarily incurred.
- (C) The value of salvage which can be used in any way whatsoever, will be deducted and any costs of additions, improvements, alterations and overhauls carried out during the indemnifiable repair, are payable by the Insured.
- (D) Temporary repairs carried out by the Insured are not indemnifiable, unless the repair is carried out in the interest of safety or to minimize further loss, but ALWAYS only with the consent of The Company in writing.
- (E) Where the loss is restricted to parts or part of the Insured's property as listed in the Schedule, The Company shall not be liable for an amount higher or greater than the value of the part or parts allowed for in the Sum Insured plus Freight Expenses and Dismantling and Re-erection.

2. TOTAL LOSS

- (A) In cases where the Insured Item as listed in the Schedule or otherwise agreed, is destroyed or the cost of repair exceeds the Market Value of the Item immediately prior to the occurrence of the Damage or Loss, The Company may, at its option, repair, re-instate or replace the Insured property or pay the amount of the Loss or Damage in Money (South African Rands).
- (B) The amount of indemnity shall not exceed in respect of each and every Item of the Insured property the Sum Insured as listed in the Schedule.

3. AGREED VALUE OR MARKET VALUE

In cases where the Sum Insured, as stated in the Schedule as being Agreed Value or Market Value, then the basis of Loss Settlement / Indemnification shall be as follows:-

- (A) In cases where partial damage to an Insured Item, as listed on the Schedule or otherwise agreed, can be repaired, The Company will pay for the reasonable cost of restoration to working order as existing immediately prior to the occurrence of Loss or Damage. Parts exchanged or replaced shall be used parts.

- (B) In the event of a total loss or where the cost of the partial damage exceeds or equals the Agreed Value of the Plant immediately prior to the occurrence of the total Loss or Damage, the Item of Plant shall be regarded as a Total Loss and the basis of settlement / indemnification shall be calculated as the Agreed Market Value stated in the Schedule.
- (C) The Company shall not pay for extra costs incurred for overtime, night work, work or public holidays and express freight unless agreed with The Company and confirmed in writing by The Company.
- (D) No costs for alterations, additions, improvements and overhauls are recoverable under this Policy of Insurance.
- (E) Temporary repairs carried out by the Insured are not indemnifiable unless the repair is carried out in the interest of safety or to minimize further loss, but ALWAYS only with the consent of The Company in writing.
- (F) The Company may, at its option, repair, replace or re-instate any Item lost or damaged or pay the amount of the Loss or Damage in money (South African Rands). The amount of Liability shall not exceed the Sum Insured as stated in the Schedule for the relevant Insured Item.

LIMIT OF LIABILITY (SECTION II & III)

SECTION II

The amount of indemnity payable under Section II of this Policy shall not exceed, in respect of any occurrence, the amount stated in the Schedule.

SECTION III

The amount of indemnity payable under Section III of this Policy shall not exceed, during any one period of Insurance, the amount stated in the Schedule.

LEGAL COSTS APPLICABLE TO SECTION II AND III ABOVE

The Company, on giving written consent, will pay all Legal charges for which the Insured may be liable where legal proceedings have been defended.

EXCEPTIONS

This Policy of Insurance does not cover the following Exceptions:-

- 1) The amount of the Deductible specified in the Schedule;
- 2) Damage or Loss whilst operating underground unless otherwise agreed in writing and so endorsed on this Policy of Insurance;
- 3) Cost of maintenance or damage to tyres caused by punctures, cuts and bursts;
- 4) Loss or damage to waterborne vessels or Craft or Plant thereon;
- 5) Absconcion;

- 6) Loss of or Damage due to mechanical breakdown, breakage or failure, electrical breakdown, failure or breakage or derangement;
- 7) Freezing of engine or other coolant or other fluid, lack of oil or coolant and or defective lubrication;
- 8) Loss and or Damage caused by gradual wear and tear, deterioration, defective design or any other atmospheric action;
- 9) Loss or Damage arising from confiscation, detention, destruction or requisition by customs, officials or authorities, including non compliance with any statutory requirements or where the Loss or Damage under contract is the responsibility of the manufacturer or supplier;
- 10) Loss or Damage to Aircraft, Railway Locomotive or Rolling Stock;
- 11) Loss or Damage as a result of a defect or fault known to the Insured at or on the inception of this Policy of Insurance;
- 12) Consequential Loss or Liability or Depreciation other than as more specifically provided for in this Policy of Insurance;
- 13) Loss of or Damage due to defects, faults or stress existing or placed upon the Insured property whilst undergoing tests of any kind, or being used in a way or purpose other than for which it was designed. Loss or Damage arising from tandem or multi lifting, unless specifically agreed with The Company and accepted in writing by The Company;
- 14) Losses due to penalties, delays, detention and or in connection with guarantees of performance and or efficiency;
- 15) Loss or Damage or by shortage discovered during an Inventory or periodic stock taking and or during Routine Servicing, which results directly from the dishonesty of any Director, Partner or Employee of the Insured;
- 16) Theft of any Item as listed on the Schedule from any unattended vehicle unless removed by forcible and violent means from a secure portion of the vehicle (such vehicle must be parked in a secure area after working hours).
- 17) Any operator of the machine under the influence of intoxicating Liquor or Drugs or who is suspected of being under the influence of intoxicating Liquor or Drugs.

GENERAL CONDITIONS

1. PROPERTY INSURED WHILST OUTSIDE THE REPUBLIC OF SOUTH AFRICA

Loss or Damage to Property Insured whilst outside the Republic of South Africa and shall be subject to:

- a) The cost of salvaging and delivering the item(s) to the nearest border port of the Republic of South Africa shall be borne by the Insured.
- b) Should the Loss or Damage require the services of an Assessor, the Insured shall be required to bear 50% (Fifty Percent) of the Assessor's fees incurred, due to the extra travel costs.

2. CHANGE / TRANSFER OF INTEREST

Unless notified to the contrary and noted by The Company, either in writing or by endorsement, the Policy shall be void where there has been any alteration in "Risk" or change in the "amounts insured" or where the Insured's interest ceases. No rights against The Company are given to any person other than the Insured.

The above notification does not apply where interest ceases by death or by the operation of law. The extension of The Company's liability in respect of any person other than the

Insured shall give no right of claim hereunder to such person or party as The Company's intention is that the Insured shall, in all cases, claim for and on behalf of such party.

3. MISREPRESENTATION AND MISDESCRIPTION

This Policy of Insurance shall be void if and in the event of:-

- a) Misrepresentation;
- b) misdescription;
- c) non disclosure of any material fact;
- d) any breach of any condition or warranty applicable thereto.

4. CLAIMS NOTIFICATION PROCEDURE

Should any event happen which could result in a claim under this Policy of Insurance:-

- a) the Insured or his representative shall, as soon as possible, give notice to The Company (facsimile or email where possible) however, not more than 30 (Thirty) days may elapse from the time of the incident to the notification to The Company. Should the notification not be received within 30 (Thirty) days, in writing, from the date of the incident, the Insurer has the right to reject the claim due to late notification;
- b) the Insured shall preserve any damaged part(s) and make them available for inspection;
- c) the Insured shall take all reasonable steps to minimize the Loss or Damage;
- d) in the event of theft or attempted threat, the Insured shall inform the Police and take all reasonable steps to recover any stolen or lost insured items;
- e) the Insured shall, within 30 (Thirty) days, submit to The Company a fully completed Claim Form and all documentation that The Company may require from time to time, including Sworn Declarations;
- f) where an event occurred and the Insurer has been notified in the relevant 30 (Thirty) days, the Insured shall immediately, on receipt of any communication, writ, summons or other legal process issued or commenced, notify The Company.

5. REASONABLE PRECAUTIONS IN THE PREVENTION OF LOSS

The Insured shall always, in all circumstances and under all conditions, take all reasonable precautions to prevent Loss or Damage, maintain all Insured Property in proper working order, employ competent employees that are correctly trained to perform their designated work, comply with all Acts of Parliament and all By-Laws and ensure that Statutory or Local Authority Laws are observed and complied with.

Fraudulent claims or exaggerated or false declarations / statements that are made in respect to any claim, the Policy will be void and The Company shall not be liable to make any payments in respect of this Policy. The Company may suspend cover by written notice, if in the opinion of The Company, the Insured Property is discovered to be in a condition which is unsafe or worsens the Risk.

6. CONTRIBUTION

If at the time of any Damage or Loss covered by this Policy and agreed with The Company, there shall be any other Insurance Policy, covering damage, effected by or on behalf of the Insured, The Company shall not be liable for more than its ratable proportion of such damage. If any other Insurance, covering this Loss or Damage, shall be subject to any conditions of Average. This Policy shall be subject to Average in like manner, if such other Insurance is subject to any condition of advantage to the other Insurer, this Policy shall be subject to such condition in similar manner.

7. ARBITRATION

If The Company or the Insured so require and should any difference arise between them as to the amount of any claim settlement under this Policy, the same shall be referred to arbitration in accordance with statutory provision in force with the Law in the Republic of South Africa and the obtaining of any award shall be a condition precedent to any Right of Action against The Company.

8. SUBROGATION

The Company, if it so desires, shall be entitled to prosecute in the name of the Insured for indemnity or otherwise against any Third Party. The Insured shall give all such information and assistance as The Company requires.

9. PRESCRIPTION

The Company shall only be liable for any Loss or Damage to the Insured's property for a period of 12 (Twelve) months, after which time indemnity expires. The Company may, on request in writing, extend the prescription period. The above prescription period does not apply when the Loss or Damage is the subject of a pending Court action or arbitration.

Should The Company reject a claim and the Insured has not commenced with an action or suit against the Company within 12 (Twelve) months after such rejection, all benefits in respect of this Policy of Insurance and in respect of the relevant claim shall be forfeited.

10. THE COMPANY'S RIGHTS AFTER DAMAGE GIVING RISE TO A CLAIM

On the happening of any event that may give rise to a claim, The Company shall be entitled to, in the name of the Insured:-

- i) enter, take or keep possession of or collect, have delivered to The Company, any of the Insured's property which it may retain and with which it may deal for all reasonable purposes and manner;
- ii) have the absolute conduct and control of any proceedings that The Company, from time to time, may consider necessary for the purpose of locating or recovering or securing reimbursements in respect of the Insured's property whether Lost or Damaged.

The Insured may not abandon any property that is the subject matter of this particular claim.

If the Insured or the representative of the Insured will not comply with or hinder or obstruct with the reasonable requests and requirements of The Company, then all benefits in terms of this Policy shall be forfeited.

11. CANCELLATION

This Policy of Insurance may be cancelled by either The Company or the Insured, by giving 30 (Thirty) days notice in writing.

If any amount due, in terms of the debit order facility in respect of this Policy of Insurance, is not paid by later than 15 (Fifteen) days after the "due date" of payment, the Policy of Insurance shall be cancelled without further notice.

12. AVERAGE

Every Item listed on the Schedule is subject to this condition separately. If the "sum insured" is less than the amount of the new replacement value, The Company will only pay in such proportion as the "Sum Insured" bears to the amount of the new replacement value. The company will limit the amount of average applied to a maximum of 10%.

13. AUTOMATIC REINSTATEMENT OF SUM INSURED

The "Sum Insured" shall not be reduced by any claim paid or payable by The Company and the Insured hereby agrees to pay The Company a pro-rata premium from the date of the Loss or Damage to the next renewal date or end of the current period of Insurance.

14. POLICY OF INSURANCE AND SCHEDULE

This Policy of Insurance 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 meaning, wherever it may appear. The limit of indemnity payable under this Policy of Insurance in respect of any one Item is the "Sum Insured" as stated in the Schedule against such Item.

15. TOWING & RECOVERIES (Following a Material Damage Claim)

This Policy of Insurance will contribute to any towing cost or recovery cost of the plant item, which has suffered a loss up to a maximum of 10% of the value of this item, as listed in the schedule, but limited to a maximum of R75, 000.00 per incident, but only if it follows an Indemnifiable Material Damage claim in terms of the Policy Wording.

GENERAL MEMORANDA

MEMO 1

In the event of total loss General Condition 12 does not apply and is deleted in respect of all items insured on an Agreed Value Basis.

MEMO 2

This Policy of Insurance extends to include the interest of any Financial Institution in the subject matter of this Insurance.

MEMO 3

The Policy of Insurance is extended to include the renewal of Oil in Engines on an indemnifiable loss.

GENERAL MEMORANDA – CONTINUED

MEMO 4 – DEPOSIT PREMIUMS

Where The Company has agreed to a deposit premium, the premium shall be calculated as an agreed percentage of the total annual premium. If the client's net claims, in terms of this Policy of Insurance exceed 60% (Sixty Percent) of the deposit premium, the remaining premium will become due and payable immediately, being the difference between the deposit premium and the total annual premium.

MEMO 5 – TERRITORIAL LIMITS

Africa South of the Equator

MEMO 6 – JURISDICTION CLAUSE

The Jurisdiction in all disputes arising out of this Policy of Insurance shall be covered by the Laws of the Republic of South Africa.

MEMO 7 – VALUE ADDED TAX

"Sums Insured" and Deductibles are deemed to be inclusive of VAT (Value Added Tax).

MEMO 8 – PAYMENT ON ACCOUNT

The Company may consider payments on account to the Insured if required, at the discretion of The Company, where there are delays pending the finalization of any indemnifiable claim.

MEMO 9 – DEDUCTIBLE / FIRST AMOUNT PAYABLE

The Deductible / First Amount Payable as reflected in the Schedule shall be deducted from the agreed value of any claim.

MEMO 10 – CLAIMS PREPARATION COSTS

If the Insured elects to effect the above cover and The Company so reflects the Limit of Indemnity in the Schedule, the cover effected is for the expenses and costs reasonably

incurred in producing and certifying details required by The Company and includes, but is limited to additional costs incurred by the Insured’s Employers and Auditors, and at all times limited to the amount specified in the Schedule.

MEMO 11 – DEPOSIT PREMIUM / DECLARATION ADJUSTMENT

In respect of Section II and III the premium of Hired in Plant shall be regarded as a Deposit only and calculated at the given rate on the estimated Contracting Turnover for the ensuing year at the end of each Period of Insurance. The Insured shall declare the Hire Fee Expenditure and the premium shall be adjusted accordingly. Minimum premium retention, as stated in the Schedule, shall be applied.

MEMO 12

It is understood and agreed that in the case of the Insured Plant hired for re-hire, the Insured shall undertake such re-hire only upon the same conditions of Contract as applies to the original hiring or as agreed with The Company in writing.

MEMO 13 – CONSEQUENTIAL DAMAGE AS A RESULT OF ELECTRICAL OR MECHANICAL FAILURE

If, as a consequence of Electrical or Mechanical breakdown or derangement, any accident occurs, causing external Damage or Loss, such consequential damage shall be covered to applicable Item of Plant as listed in the Schedule.

MEMO 14

Should the Insurer / Insured not agree on Market Value in the event of a loss, the following Depreciation Table will be used to determine Market Value. (Based on original Purchase Invoice.)

- Year 1 – 15% Depreciation
- Year 2 – 7% Depreciation
- Year 3 & onwards – 4% per year Depreciation

