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CONTRACTORS WORKS AND CONTRACTORS LIABILITY 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.

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. So hereinafter specified during the Period of Insurance cover by this Policy, provided always that due observance and fulfillment of the conditions contained herein shall so far as the nature of them will be permit, be deemed to be the conditions precedent to the right of the Insured to recover hereunder.

Signed at __BOKSBURG__ on this the __ AS PER SCHEDULE

For and on behalf of

 F.F. McNAMARA
FDM Engineering Underwriters (Pty) Ltd
For and on behalf of THE RENASA INSURANCE CO. LTD

FDM Engineering Underwriters (Pty) Ltd
2004/009147/07
P.O. Box 10522
Fonteinriet
1464
Tel: (011) 823-6295
Fax: 086-511-6607
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GENERAL EXCEPTIONS

1. WAR

- 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 above;
 - 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 reform 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 (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. This policy does not cover any legal liability, loss, damage, cost or expense 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 weapon;
 - iv) Nuclear waste in whatever form.

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

- B. 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. OTHER GENERAL EXCEPTIONS

- 3. The Company shall not be liable for any claim in respect of loss damage or liability directly or indirectly caused by or arising out of:-
 - 3.1 Confiscation nationalization or requisition or destruction of or damage to property by or under the order of any Government de jure or de factor or of any Public or Local Authority;
 - 3.2 Willful act or willful negligence of the Insured or his representative.

4. ASBESTOS EXCLUSION

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 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.

**SPECIFIC CONTRACT POLICY
(Principal controlled)**

SCHEDULE

THE INSURED

1. as the employer;
 - 1.1 their subsidiary and/or associated companies and organisations including divisions and companies in which they have direct or indirect control and organisations or persons for whom any of the above undertake to arrange insurance including consortia joint ventures and partnerships;
 2. as the contractor;
 - 2.1 contractors undertaking work in connection with the insured contract;
 - 2.2 the employer to the extent that the employer undertakes work in connection with the insured contract;
 3. To the extent required by contract or agreement;
 - 3.1 sub-contractors undertaking work in connection with the insured contract;
 - 3.2 transporters and persons providing a storage facility in respect of liability loss or damage arising out of the insured contract;
 - 3.3 suppliers, manufacturers, project managers, architects, land surveyors, quantity surveyors, engineers and other advisors or consultants appointed in respect of the insured contract in respect of liability loss or damage arising at the contract site. Provided always that any such person shall not be insured hereunder in respect of liability loss or damage arising out of such person's error or omission in the performance of the professional service or off-site manufacturing activity for which he was appointed;
- for their respective right and interests

PERIOD OF INSURANCE (as specified in the policy schedule)

In the event that the insured contract is not completed by the end of this period the policy shall in consideration of terms to be agreed remain in full force and effect for an additional period necessary to achieve completion, always subject to written confirmation.

THE INSURED CONTRACT

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TERRITORIAL LIMITS

The Republic of South Africa and to the extent permitted by the relevant Insurance Acts, Namibia, Lesotho, Swaziland, Botswana and Malawi.

CONTRACT SITE

--

SPECIFIC CONTRACT POLICY (Contractor arranged)

SCHEDULE

THE INSURED

1. As the Contractor;
 - 1.1 their subsidiary and/or associated companies and organisations including divisions and companies in which they have direct or indirect control and organisations or persons for whom any of the above undertake to arrange insurance including consortia joint ventures and partnerships;
 2. To the extent required by contract or agreement;
 - 2.1 the employer;
 - 2.2 sub-contractors undertaking work in connection with the insured contract; other
 - 2.3 persons undertaking work at the contract site in respect of liability loss or damage arising at the contract site;
 - 2.4 transporters and persons providing a storage facility in respect of liability loss or damage arising out of the insured contract;
 - 2.5 suppliers, manufacturers, project managers, architects, land surveyors, quantity surveyors, engineers and other advisors or consultants appointed in respect of the insured contract in respect of liability loss or damage arising at the contract site. Provided always that any such person shall not be insured hereunder in respect of liability loss or damage arising out of such person's error or omission in the performance of the professional service or off-site manufacturing activity for which he was appointed;
- for their respective rights and interests.

PERIOD OF INSURANCE (as specified in the policy schedule)

In the event that construction of the insured contract is not completed by the end of the period the policy shall in consideration of terms to be agreed remain in full force and effect for an additional period necessary to achieve completion, always subject to written confirmation.

THE INSURED CONTRACT

--

TERRITORIAL LIMITS

The Republic of South Africa and to the extent permitted by the relevant Insurance Acts, Namibia, Lesotho, Swaziland, Botswana and Malawi.

CONTRACT SITE

--

**ANNUAL POLICY
(Principal controlled)**

SCHEDULE

THE INSURED

1. As the employer;
 - 1.1 their subsidiary and/or associated companies and organisations including divisions and companies in which they have direct or indirect control and organisations or persons for whom any of the above undertake to arrange insurance including consortia joint ventures and partnerships;
 2. As the contractor;
 - 2.1 contractors undertaking work in connection with the insured contract;
 - 2.2 the employer to the extent that the employer undertakes work in connection with the insured contract;
 3. To the extent required by contract or agreement;
 - 3.1 sub-contractors undertaking work in connection with the insured contract;
 - 3.2 transporters and persons providing a storage facility in respect of liability loss or damage arising out of the insured contract;
 - 3.3 suppliers, manufacturers, project managers, architects, land surveyors, quantity surveyors, engineers and other advisors or consultants appointed in respect of the insured contract in respect of liability loss or damage arising at the contract site. Provided always that any such person shall not be insured hereunder in respect of liability loss or damage arising out of such person's error or omission in the performance of the professional service or off-site manufacturing activity for which he was appointed;
- for their respective rights and interests.

PERIOD OF INSURANCE (as specified in the policy schedule)

Inclusive of:

- a) any subsequent periods for which this insurance may be renewed;
- b) any period described by the provisions relating to non-renewal/cancellation and runoff, always subject to written confirmation;

THE INSURED CONTRACT

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TERRITORIAL LIMITS

The Republic of South Africa and to the extent permitted by the relevant Insurance Acts, Namibia, Lesotho, Swaziland, Botswana and Malawi.

CONTRACT SITE

--

**ANNUAL POLICY
(Contractor arranged)**

SCHEDULE

THE INSURED

1. As the contractor;
- 1.1 their subsidiary and/or associated companies and organisations including divisions and companies in which they have direct or indirect control and organisations or persons for whom any of the above undertake to arrange insurance including consortia joint ventures and partnerships;
2. To the extent required by contract or agreement;
 - 2.1 the employer;
 - 2.2 sub-contractors undertaking work in connection with the insured contract;
 - 2.3 other persons undertaking work at the contract site in respect of liability loss or damage arising at the contract site;
 - 2.4 transporters and persons providing a storage facility in respect of liability loss or damage arising out of the insured contract;
 - 2.5 suppliers, manufacturers, project managers, architects, land surveyors, quantity surveyors, engineers and other advisors or consultants appointed in respect of the insured contract in respect of liability loss or damage arising at the contract site. Provided always that any such person shall not be insured hereunder in respect of liability loss or damage arising out of such person's error or omission in the performance of the professional service or off-site manufacturing activity for which he was appointed.

for their respective rights and interests.

PERIOD OF INSURANCE (as specified in the Policy Schedule)

Inclusive of:

- a) any subsequent periods for which this insurance may be renewed;
- b) any period described by the provisions relating to non-renewal/cancellation and runoff, always subject to written confirmation.

THE INSURED CONTRACT

As Specified on policy schedule or any contract that the insured is involved with.
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TERRITORIAL LIMITS

The Republic of South Africa and to the extent permitted by the relevant Insurance Acts, Namibia, Lesotho, Swaziland, Botswana and Malawi.

CONTRACT SITE

As specified in policy schedule

SECTION 1 – MATERIAL DAMAGE

The insurers hereby agree with the Insured that if at any time during the period of cover the items or any part thereof entered in the Schedule shall suffer any unforeseen and sudden physical loss or damage from any cause, other than those specifically excluded, in a manner necessitating repair or replacement, the Insurers will indemnify the Insured in respect of such loss or damage as hereinafter provided by payment in cash, replacement or repair (at their own option) up to an amount not exceeding in respect of each of the items specified in the Schedule the sum set opposite thereto and not exceeding in any one event the limit of indemnity where applicable and not exceeding in all the total sum expressed in the Schedule as insured hereby, within the Territorial Limits.

Indemnity applies

- a) Whilst in transit (including dismantling, loading and unloading);
- b) Whilst temporarily stored at any premises whilst en route to the contract site within the Territorial Limits and not exceeding 10% (ten percent) of the estimate contract value;
- c) During the maintenance period, but only insofar as the contractor and/or subsidiaries may be liable in terms of the conditions of contract;
- d) To temporary works which includes (to the extent that the value thereof is included in the estimated contract value) constructional aids, equipment, structures, property and works for use on the insured contract, but excludes the following:
 - i) property forming part of the permanent works;
 - ii) tracked or self propelled wheeled plant;
 - iii) property which has no residual value (except scrap value) on completion of the insured(s) contract. This exclusion excludes shuttering, formwork, girders, scaffolding and similar property and which is not intended for re-use on other contracts.
- e) To testing and commissioning to a maximum of 30 (thirty) days (consecutive) and/or as agreed with the Insurer, whichever is lower.

The insurers will also reimburse the Insured for the cost of clearance of debris following upon any event giving rise to a claim under this Policy, provided a separate sum therefore has been entered in the Schedule.

SPECIAL EXCLUSIONS TO SECTION 1

The Insurers shall not, however, be liable for

- a) the deductible stated in the Schedule to be borne by the Insured in any one occurrence;
- b) consequential loss of any kind or description whatsoever including penalties, losses due to delay, lack of performance, loss of contract and any consequential loss;
- c) loss or damage due to faulty design, plan and/or specification;
- d) the cost of replacement, repair or rectification of defective material and/or workmanship, but this exclusion shall be limited to the items immediately affected and shall not be deemed to exclude loss of or damage to correctly executed items resulting from an accident due to such defective material and/or workmanship;
- e) wear and tear, corrosion, oxidation, deterioration due to lack of use and normal atmospheric conditions;

- f) loss or damage to file, drawings, accounts, bills, currency, stamps, deeds, evidences of debt, notes, securities, cheques;
- g) loss or damage discovered only at the time of taking an inventory;
- h) loss or damage due to total cessation of work and abandonment of the Insured contract for a period not exceeding 60 (sixty) consecutive days;
- i) loss or damage to insured property caused by termites, moths, insects, vermin, inherent vice, fumes, flaws, latent defect, fluctuations in atmospheric or climatic conditions, the action of light.

PROVISIONS APPLYING TO SECTION 1

Memo 1 – Sums Insured

- a) It is a requirement of this insurance that the sums insured stated in the Schedule shall not be less than

for item 1: the full value of the contract works at the completion of the construction, inclusive of all material, wages, freight, customs duties, dues and materials or items supplied by the Principal;

and the Insured undertakes to increase or decrease the amounts of insurance in the event of any material fluctuation in wages or prices provided always that such increase or decrease shall take effect only after the same has been recorded in the Policy by the Insurers.

- b) If, in the event of loss or damage, it is found that the sums insured are less than the amounts required to be insured, then the amount recoverable by the Insured under this Policy shall be reduced in such proportion as the sums insured bear to the amounts required to be insured. Every object and cost item is subject to this condition separately.
- c) The contract value may not exceed the maximum any one contract value as specified in the schedule by more than 10% (ten percent), or no indemnity will be payable in terms of this Policy. The Policy includes contract escalation of 10% (ten percent) of the sum insured if so noted in the schedule.

Memo 2 – Basis of loss settlement

- a) In the event of any loss or damage the basis of any settlement under this Policy shall be
 - i) in the case of damage which can be repaired – the cost of repairs necessary to restore the items to their condition immediately before the occurrence of the damage less salvage; or
 - ii) in the case of a total loss – the actual value of the items immediately before the occurrence of the loss less salvage,

however, only to the extent the costs claimed had to be borne by the Insured and to the extent they are included in the sums insured and provided always that the provisions and conditions have been complied with.

- b) The insurers will make payments only after being satisfied by production of the necessary bills and documents that the repairs have been effected or replacement has taken place, as the case may be. All damage which can be repaired shall be repaired, but if the cost of repairing any damage equals or exceeds the value of the items immediately before the occurrence of the damage, the settlement shall be made on the basis provided for in b) above.
- c) The cost of any provisional repairs will be borne by the Insurers if such repairs constitute part of the final repairs and do not increase the total repair expenses.
- d) The cost of any alterations, additions and/or improvements shall not be recoverable under this Policy.

Memo 3 – Extension of cover

Extra charges for overtime, night work, work on public holidays and express freight are covered by this Policy of Insurance only if previously and specially agreed upon in writing.

Memo 4 – Electro Mechanical, Pressure Plant and Equipment

Should an indemnifiable loss occur, the basis of loss settlement shall be the necessary and reasonable cost of:

- a) ***Insured Property over 3 (three) years of age***
The cost of b) below but not exceeding the South African market value;
- b) ***Insured Property less than 3 (three) years old***
Repair, replacement or reinstatement or cash in lieu thereof (Insurer's discretion) in respect of the insured property included in the sum insured.

SPECIAL EXCLUSIONS APPLICABLE ONLY TO CONTRACTS FOR MECHANICAL, ELECTRICAL AND PRESSURE PLANT

The Insurer(s) will not indemnify the Insured for:

- 1) loss of or damage to any part of the (used) property insured which has operated under service conditions (other than at the premises of manufacturers, suppliers or refurbishers) prior to use for the insured contract due to its own electrical or mechanical breakdown or its own explosion by force of internal steam or fluid pressure (unless otherwise agreed by Insurer(s) or unless refurbished to "as new" operating specifications);
- 2) loss of or damage to any part of the (new) property insured due to its own electrical or mechanical breakdown or its own explosion by force of internal gas steam or fluid pressure occurring after the testing period and before the commencement of the maintenance or defects liability period while that part of the property insured is operating under load conditions (whether partial or full load whether before or after the introduction of feedstock or other raw materials if applicable). The testing period shall exclude any period during which hydrostatic, pneumatic, electrical, mechanical or electronic tests are carried out or during which ancillary or peripheral equipment is operated or tested;

- 3) loss or damage to refractory linings unless specifically agreed by endorsement;
- 4) loss or damage due to the failure to follow prescribed techniques or due to the intentional nullifying of safety devices or automatic controls during testing commissioning or other running of the insured property.

SECTION 2 – THIRD PARTY LIABILITY

The Insurers will indemnify the Insured up to but not exceeding the amounts specified in the Schedule against such sums which the Insured shall become 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,

occurring in direct connection with the construction or erection of the items insured under Section 1 and happening on or in the immediate vicinity of the site during the period of cover.

In respect of a claim for compensation to which the indemnity provided herein applies, the Insurers will in addition indemnify the Insured against:

- a) all costs and expenses of litigation recovered by any claimant from the Insured; and
- b) all cost and expenses incurred with the written consent of the Insurers.

provided always that the liability of the Insurers under this Section shall not exceed the limits of indemnity stated in the Schedule.

SPECIAL EXCLUSIONS TO SECTION 2

The Insurers will not indemnify the Insured in respect of:

- 1) the deductible stated in the Schedule to be borne by the Insured in any one occurrence;
- 2) the expenditure incurred in doing or redoing or making good or repairing or replacing anything covered or coverable under Section 1 of this Policy;
- 3) damage to any property or land or building caused by vibration or by the removal or weakening of support or injury or damage to any person or property occasioned by or resulting from any such damage (unless especially agreed upon by endorsement);
- 4) ***liability consequent upon:***
 - a) bodily injury to or illness of employees or workmen of the Contractor(s) or the Principal(s) or any other firm connected with the project which or part of which is insured under Section 1, or members of their families;
 - b) loss of or damage to property belonging to or held in care, custody or control of the Contractor(s), the Principal(s) or any other firm connected with the project which or part of which is insured under Section 1, or an employee or workman of one of the aforesaid;
 - c) any accident caused by vehicles licensed for general road use or by waterborne vessels or aircraft.

- d) 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.

SPECIAL CONDITIONS APPLYING TO SECTION 2

1. 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 Insurers who shall be entitled, if they so desire, to take over and conduct in the name of the Insured the defence or settlement of any claim or to prosecute for their own benefit in the name of the Insured any claim for indemnity or damages or otherwise and shall have full discretion in the conduct of any proceedings or in the settlement of any claim and the Insured shall give all such information and assistance as the Insurers may require.
2. The Insurers 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 the Insurers shall thereafter be under no further liability in respect of such accident under this Section.

SECTION 2 - PUBLIC LIABILITY (Continued)

CLAUSES

1. JOINT INSURED CLAUSE

a) The Insurers will treat as the Insured:

any person or body (including any owner of plant or other property hired by or on loan to the Insured) with whom the Insured enters into an agreement for the purposes of the Contract but only to the extent that it is a requirement of such agreement.

b) And at the discretion of the Insured

- i) any officer or employee of the Insured and any person or party treated as the Insured in respect of liability incurred by the Insured or by such person or party;
- ii) the personal representatives of the Insured and any person or party treated as the insured in respect of liability incurred by the Insured or by such person or party,

Provided always that all persons and parties so treated as the Insured shall as though they were the Insured, observe, fulfill and be subject to the Terms, Exceptions and Conditions so far as they can apply.

2. CROSS LIABILITIES CLAUSE

Each Party comprising or treated as the Insured shall be separately indemnified as though a separate policy existed for each such party in respect of claims made by any of them against any other provided always that the liability of the Insurers shall not be increased beyond the amount for which the Insurers would be liable in the absence of this Clause.

3. LEGAL DEFENCE COSTS (if included in the schedule)

It is hereby agreed that notwithstanding the Exceptions or anything else contained herein to the contrary, the Insurers shall indemnify the Insured against costs and expenses incurred with the written consent of the Insurers in the defence of any legal action brought against the Insured, arising from an alleged contravention of any statute or duty at common law.

Provided that:

- a) in the case of an appeal, the Insurers will not indemnify the Insured unless a Senior Counsel, approved by the Insurer, advised that such an appeal should in his opinion succeed.
- b) the Insurers will not indemnify the Insured in respect of any fine or penalty imposed by any Magistrate or Judge nor any loss consequent thereto;
- c) the liability of the Insurers in respect of any one occurrence shall not exceed the Limit as Indicated in the Policy schedule.

4. EMERGENCY MEDICAL EXPENSES (if included in the schedule)

It is hereby agreed that the Insurers shall indemnify the Insured in respect of costs and expenses incurred by the Insured for such medical treatment as may be reasonable at the time of any occurrence causing injury to any person who may be connected with a claim for indemnity in terms of this insurance. The liability of the insurers in respect of any one occurrence shall not exceed Fifteen Thousand Rand (R15, 000) and extends to include Staff Members.

5. ARREST ASSAULT DISCHARGE AND DEFAMATION (if included in the schedule)

It is hereby agreed that notwithstanding the Exceptions or anything else herein contained to the contrary this Policy is extended to include any legal liability of the Insured (not necessarily consequent upon death or injury to any person or loss or damage to any property):

- a) arising from malicious or wrongful arrest or alleged malicious wrongful arrest of any person;
- b) arising from malicious or wrongful assault or alleged malicious or wrongful assault of any person;
- c) arising from malicious or wrongful discharge or alleged malicious or wrongful discharge of any employee;
- d) in respect of defamation or alleged defamation whether negligence is imputed or not.

The liability of the Insurers in respect of any one occurrence shall not exceed One Hundred Thousand Rand (R100,000).

GENERAL CONDITIONS

1. DUE OBSERVANCE

The due observance and fulfillment of the terms of this Policy in so far as they relate to anything to be done or complied with by the Insured and the truth of the statement and answers to any questions and or proposal made by the Insured shall be a condition precedent to any liability of the Insurer(s).

2. RIGHT TO INSPECT

Representatives of the Insurers shall at any reasonable time have the right to inspect and examine the risk and the Insured shall provide the representatives of the Insurers with all details and information necessary for the assessment of the risk.

3. BREACH

A breach of or other non compliance with anything to be done or not done under this Insurance (whether expressed or implied) shall not invalidate the Insurance or prejudice an insured person / insured Company other than the insured person / Company guilty of such breach or non-compliance and then only to the extent that such breach or non-compliance was to the prejudice of the Insurers.

4. MATERIAL CHANGE IN RISK

The Insured shall immediately notify the Insurers in writing of any material change in the risk and cause at his own expense such additional precautions to be taken as circumstances may require, and the scope of cover and / or premium shall, if necessary, be adjusted accordingly. No material alteration shall be made or admitted by the Insured whereby the risk is increased, unless the continuance of the insurance is confirmed in writing by the Insurers.

5. INSURED'S OBLIGATIONS FOLLOWING AN INSURED EVENT AND CLAIMS NOTIFICATION PROCEDURE

- a) Should an insured event or possible insured event occur which will or may give rise to a claim under this Policy of Insurance, the Insured shall:
 - i) immediately notify Insurers in writing of the event, provide any additional information required as well as to the nature and extent of loss or damage;
 - ii) notify the Police in the event of theft or burglary, in the event of other perils, keep and store the parts effected and make them available to the Insurers representatives;
 - iii) Take all redeemable steps to minimize the extent of the loss or damage;
- b) The Insurers shall not be liable for damage, loss or liabilities unless notice is received within 14 (fourteen) days of the occurrence. All summons or notice of other proceedings which may be brought against the Insured should be notified to the Insurers as soon as possible.

6. ABANDONMENT OF CLAIMS

This condition should not apply to third party claims made against the Insured. If Insurers disclaim liability in writing for any claim made by the Insured and the Insured institutes no action or suit at law against the insurers within 6 (six) months from the date of receipt of the written disclaimer, the Insurers shall assume that the claim has been abandoned and the Insurers shall not be liable to make any payment in connection with the relevant claim.

7. 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;
- e) fraud.

8. REASONABLE PRECAUTIONS FOR 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 or contract site is discovered to be in a condition which is unsafe or worsens the Risk.

9. 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.

10. ARBITRATION

If The Company or the Insured so require and should any difference arise between the two 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.

11. 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 6 (six) months after such rejection, all benefits in respect of this Policy of Insurance and in respect of the relevant claim shall be forfeited.

12. 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.

13. CANCELLATION

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

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. SUBROGATION

The Insured shall at the expense of the Insurers do or permit to be done all such acts and things as may be necessary and required by the Insurer(s) for the purpose of enforcing any rights of remedies against or obtaining relief on Indemnity from other parties to which the Insurers shall be entitled to subrogate against under this Policy.

16. PREMIUM ADJUSTMENT

The premium is based on estimates provided by the Insured. It is agreed that the Insured shall, after completion of the Insured Contract, declare the actual applicable contracting expenditure to the Insurer, who will then adjust the premium accordingly. A minimum deposit premium of 80% (eighty percent) will apply to all contracts.

17. ENTIRE AGREEMENT

This Policy of Insurance shall form the entire agreement between the insurance and the insuring party and any party claiming as an Insured and supercedes and replaces all prior communications, representations, undertakings and agreements between the parties whether oral or written.

18. UNDERGROUND SERVICES

Special condition concerning underground cables, pipes and other facilities.
It is agreed and understood that otherwise subject to the terms, exclusions, provisions And conditions contained in the Policy or endorsed thereon, the Insurers shall only Indemnify the Insured in respect of loss of or damage to existing underground cables And / or pipes or other underground facilities if, prior to the commencement of works, The Insured has enquired with the relevant authorities about the exact position of such Cables, pipes or other underground facilities (wayleave) and takes all necessary steps to avoid Damage to same or a Double excess will apply if no Wayleave has been applied for. Claims in respect of loss or damage to such underground facilities which are in the same position as shown on the underground maps (drawings indicating the position of the Underground facilities) shall be payable after applying the deductible in the Schedule. Claims in respect of loss of or damage to underground facilities incorrectly shown on the underground map shall be payable after applying the deductible of 20% of the loss Amount with a minimum of R7 500. The Indemnity shall in any case be restricted to the repair costs of such cables, pipes or Other Underground facilities. Any consequential damage and penalties being excluded from the cover.

MEMORANDA

It is hereby declared and agreed that the following memoranda are incorporated in this policy:

Memo 1 – Transit

This Policy extends to include Transit cover (which for the purpose of this Extension shall mean conveyance by road or rail) of the property insured under Section 1 between any situation within the Territorial Limits and the Contract Site if such Transit is at the risk of the Insured and not more specifically insured.

The liability of the Company under this Extension shall not exceed AS PER SCHEDULE in respect of any one conveyance.

Memo 2 – Temporary storage

This Policy extends to cover Temporary Storage of property insured under Section 1 at any situation within the Territorial Limits other than the Insured's own permanent premises and if not more specifically insured.

The Liability of the Company under this Extension shall not exceed AS PER SCHEDULE (when applicable and by appearing in the Schedule).

Memo 3 – Maintenance Period

From the time that the contracts works are taken over by the Employer or put into use the insurance shall include the liability of the Contractor for loss of or damage to the contract works occurring during the maintenance period stated in the Schedule which:

- a) arises from a cause occurring prior to the commencement of the period of maintenance;
- b) is occasioned by the Contractor in the course of or as a direct result of any operations carried out by him for the purpose of complying with his obligations in respect of maintenance or the making good of defects as may be referred to in the conditions of contracts.

The insurance by this Extension shall not apply to nor include:

- i) the cost of repairing or rectifying property which is defective in material or workmanship. If any defect gives rise to damage which but for this exception is insured under this Policy the Company shall in respect of such damage be liable for costs additional to the cost that would have been incurred in rectifying such defects had the damage not occurred.
- ii) loss or damage due to fault defect error or omission in design plan or specification.

Memo 4 – Claims Preparation Costs

It is hereby agreed that this Policy of Insurance, when appearing on the Schedule, is extended to cover costs reasonably incurred by the Insured in producing or certifying any particulars required by the Insurer. Amount is to be specified in the Policy Schedule of Insurance.

Memo 5 – Temporary Works

The Policy is extended to indemnify the Insured against loss of or damage to property not otherwise insured under this Policy and which is in the Contractor's custody or control for work thereon and arising directly from work in performing the insured contract.

Provided that:

- a) this indemnity shall not apply to loss or damage for which indemnity is provided for under any Liability Section or Liability Policy nor to any constructional plant machinery or equipment used or intended for use on the Contract;
- b) the liability of The Company under this Extension shall not exceed the limit as stated in the Schedule;
- c) in respect of each and every occurrence or series of occurrences arising from one original cause, claims under this Extension shall be subject to a Deductible as stated in the Schedule.

Memo 6 – Property Taken Over / Beneficial Occupation

In the event that the Company agrees in writing that any part of the works / property insured may be taken over by the Principal and / or access and / or occupies any part of the property insured, cover will continue until such work is complete and the Insured Principal takes over the property as a whole.

Provided always that the period of beneficial occupation should last no longer than 90 (ninety) days;

Memo 7 – Payments on Account

In respect of any amount recoverable and where Insurer(s) admit liability, payment on account may be made to the Insured, if required and agreed in writing by the Underwriters.

Memo 8 – Temporary Repairs

The Insurer(s) shall not be responsible for temporary repairs or any consequence thereof, unless agreed in writing.

Memo 9 – The Deductibles

Unless otherwise agreed and so endorsed on the schedule of the Policy of Insurance, the Deductibles shall be applicable in respect of each and every occurrence or series of occurrences arising out of or in connection with any one event at any one site, giving rise loss or damage or liability insured by this Policy. Where more than one of the Deductibles could reasonably be applied to a claim in terms of this Policy of Insurance, then only the largest applicable Deductible shall be applied.

Memo 10 – Insured Contracts (Annual Renewable Policies only)

Insurance in respect of this Policy shall apply separately to each contract as declared after each period of insurance, as if a separate Policy had been insured for each such contract.

Memo 11 – Non Contribution

This Policy of Insurance is only to pay any claim as specifically stated in the Schedule to the extent of loss, damage or liability against which the Insured is not indemnified by a more specific insurance, if any, effected for the benefit of the Insured.

Memo 12 – Own Surrounding Property (if included in the Schedule)

Property (other than contract works or construction plant and equipment used or intended for use on the insured contract) being worked or in the care, custody or control of the contractor and arising from or in connection with the Insured Contract, provided that this indemnity shall only operate to the extent that indemnity is not obtained under any other Policy of Insurance effected for the benefit of the Insured. In order for indemnity to apply, it must be expressed in the Schedule and be agreed in writing with the Insurer(s).

Memo 13 – Marine Contribution Clause

In the event of loss of or damage to the property insured being discovered after cover under a Marine Cargo policy has terminated and if after reasonable investigation is not possible to ascertain whether the cause of such loss or damage happened prior to the termination of the Marine insurance, it is understood and agreed that the Insurers hereon shall contribute 50% (fifty percent) of the properly adjusted claim such contribution to be without prejudice to subsequent final apportionment of the claim.