

# SUDDEN AND UNFORESEEN DAMAGE SECTION

*Only applicable if this Section is shown as operative in the Schedule*

## Definitions

### DAMAGE

The word DAMAGE in capital letters shall mean accidental loss destruction or damage

### Explosion

The sudden and violent rending of the Machinery by force of internal steam or other fluid pressure (other than the pressure of chemical action or ignition of the contents or of the ignited flue gases) causing bodily displacement of any part of the Machinery together with forcible ejection of the contents

including any resultant loss of cooling lubricating or insulating oil refrigerant or brine

### Limit of Indemnity

The liability of the Company in respect of any one accident or series of accidents arising out of any one occurrence

### Machinery

All component parts of the permanent structure of any item described in the Schedule commencing in the case of a fixed unit at the point of anchorage and in the case of a travelling unit at the road or track wheels excluding

- a) supporting structures lift enclosures (other than landing gates) rail tracks anchorage bolts or fixing appliances brickwork or foundations
- b) computer or data processing equipment (unless controlling any manufacturing process) or office equipment such as typewriters adding machines calculators and equipment for the printing or reproduction of documents or other records communications or alarm systems or vending machines

- c) superheaters economisers piping and ancillary electrical or mechanical plant attached to boilers or pressure vessels chimneys appliances used for attaching the load to any lifting machine glass bulbs or valves or electronic apparatus unless specified in the Schedule
- d) tools cutting edges moulds dies patterns non-metallic linings pulverising and crushing surfaces flexible pipes trailing cables driving belts or bands or parts requiring periodic renewal
- e) parts not made of metal (other than ropes integral gearing bearings bushes batteries tyres the slabs of switchboards and the insulation of electrical conductors)
- f) equipment serviced processed or manufactured as a product of the Insureds trade or business

### Breakdown

- a) the actual failure breaking distortion or burning out of any part of Machinery whilst in ordinary use arising from defects in the Machinery causing its sudden stoppage and necessitating repair or replacement before it can resume work
- b) fracturing of any part of the Machinery by frost when such fracture renders the Machinery inoperative
- c) the actual and complete severance of a rope but not breakage or abrasion of wires or strands even though replacement may be necessary

including any resultant loss of cooling lubricating or insulating oil refrigerant or brine

### **Collapse**

The sudden and dangerous distortion (whether or not attended by rupture of any part of the Machinery caused by crushing stress by force or steam or other fluid pressure (other than pressure of chemical action or ignited flue gases or ignition of contents)

### **Indemnity**

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The Company agrees if any Machinery described in the Schedule is DAMAGED by any cause not otherwise excluded at

- i) the Premises
- ii) whilst temporarily elsewhere in the European Community or European Free Trade Area

the Company will pay the Insured the amount of the destruction or damage or at the Companys option replace or repair the Machinery or any part of it provided that the liability of the Company under this Section shall not exceed the Limit of Indemnity shown in the Schedule

This Section incorporates the Schedule memoranda and endorsements which shall be read together as one contract Words and expressions to which specific meaning is given in any part of this Section shall have the same meaning wherever they appear

### **Clauses**

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#### **Reinstatement**

In the event of

- A) DAMAGE to boiler and pressure plant meaning
  - i) boilers
  - ii) Machinery subject to internal steam pressure
  - iii) Machinery used for storage of fluids under pressure
  - iv) piping associated with any of the above

B) DAMAGE to Machinery other than that described in A) above which at the time of DAMAGE is less than 3 years old

C) DAMAGE by Explosion of Machinery to any other property (excluding stock in trade or goods in process of manufacture) belonging to the Insured or for which the Insured is responsible

for which indemnity is provided by this insurance the Company will pay

- i) the cost of reinstatement meaning
  - a) where the Machinery or property is lost destroyed or is damaged to the extent that it cannot be economically repaired the cost of replacement by similar Machinery or property or if a building the cost of rebuilding
  - b) where the Machinery or property is damaged the cost of repairing or restoring the damaged portions

to a condition substantially the same as but not better or more extensive than its condition when new

- ii) such additional cost of reinstatement as may be incurred in complying with Building Regulations or local authority or statutory requirements

In the event of DAMAGE other than as described in clauses A) B) and C) above the Company will pay the amount of loss meaning

- a) where the Machinery or property is lost or destroyed the value of the Machinery or property prior to its loss or destruction
- b) where the Machinery or property is damaged the cost of repairing or restoring the damaged portions to a condition substantially the same as but not better or more extensive than its condition prior to the occurrence of the DAMAGE

The following provisions apply

1. Where DAMAGE occurs to only part of the Machinery or property the liability of the Company shall not exceed the amount which the Company would have been liable to pay had the Machinery or property been wholly destroyed
2. The Company shall not be liable for
  - a) the cost of complying with Building Regulations or local authority or statutory requirements
    - i) relating to undamaged property or undamaged portions of property
    - ii) under which notice has been served prior to the DAMAGE
  - b) any rate tax duty development or other charge or assessment arising out of capital appreciation as a result of complying with any of the said regulations or requirements
3. The work of reinstatement must be commenced and carried out without unreasonable delay and in any case must be completed within twelve months after the DAMAGE or within such further time as the Company may allow during the said twelve months and may be carried out wholly or partially upon another site and in any manner suitable to the requirements of the Insured provided that it does not increase the liability of the Company
4. The Company's liability for the cost of reinstatement shall be limited to the value of the Machinery or property prior to the occurrence of DAMAGE until the cost of reinstatement shall have actually been incurred

### **Payments on Account**

In the event of DAMAGE the Company will make monthly payments on account to the Insured if desired

### **Extensions of Cover**

The insurance by this Section extends to include

#### **Expediting Costs and Temporary Repairs**

Costs necessarily and reasonably incurred in making temporary repairs upon and/or expediting the repair reinstatement or replacement of insured items as a result of DAMAGE

provided the liability of the Company shall not exceed

- a) in respect of Machinery 50% of the normal cost of repair or £2,500 whichever is the less
- b) in respect of all other property 50% of the cost of such DAMAGE or £50,000 whichever is the less

#### **Automatic Cover**

Additional Machinery belonging to or leased by the Insured from the time the installation is completed and the Machinery is ready to commence normal working at the Situation shown in the Schedule provided that

- a) the Machinery belongs to a Category shown in the Schedule and is of a type similar to that which the Insured previously declared his intention to insure
- b) the Machinery is free from defects so far as the Insured is aware and complies with any statutory obligations concerning its examination and certification
- c) the Insured shall inform the Company in writing of such Machinery within twelve months of installation and shall pay the appropriate additional premium
- d) if any such item proves to be unacceptable to the Company the insurance on the item shall terminate from the date of notification to the Insured

Subject otherwise to the terms conditions and exclusions of this Policy

### **Repair Costs Investigation**

Additional costs relating to repair investigations and tests following indemnifiable damage to insured items by consulting engineers not exceeding £25,000 in any one Period of Insurance with the prior written agreement of the Company. The Company shall not be liable under this Extension for fees incurred in preparing a claim under this Section.

### **Debris Removal Costs**

Subject to the Sum Insured the Company will pay for costs incurred with the Company's consent in the removal of Machinery or other insured property consequent upon DAMAGE for which indemnity is provided by this insurance but excluding any costs and expenses arising from pollution or contamination of property not covered by this Section provided the liability of the Company shall not exceed £25,000 or 20% of the indemnifiable DAMAGE whichever is the lower.

### **Loss Avoidance Procedures**

Subject to the Sum Insured the Company will pay reasonable costs incurred in taking exceptional measures to prevent or mitigate impending DAMAGE for which indemnity is provided by this Section provided that

- a) DAMAGE would reasonably be expected if such measures were not implemented
- b) the Company are satisfied that DAMAGE has been avoided or mitigated by means of the exceptional measures
- c) the amount payable will be limited to the cost of DAMAGE which would have otherwise occurred
- d) the terms and conditions of this Policy apply as if DAMAGE had occurred

## **Special Conditions**

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### **Inspection**

Where contracted to do so HSB Haughton Engineering Insurance Services Limited will on behalf of the Company periodically inspect the Machinery described in the Schedule and will supply reports on the basis agreed between the Company and the Insured.

The Insured shall at their expense have the insured Machinery properly prepared to enable HSB Haughton Engineering Insurance Services Limited to carry out inspections.

In undertaking inspections the HSB Haughton Engineering Insurance Services Limited shall be deemed to be acting as the agent of the Insured.

HSB Haughton Engineering Insurance Services Limited shall not carry out or witness special tests of a non routine nature (including any ultrasonic radiographic tests or in the case of Lifting and Handling Plant any proof load stability anchorage or similar tests) unless specifically agreed otherwise.

### **Average**

If any Item has an individual Sum Insured set against it and at the time of any loss or damage to the item its value exceeds that Sum Insured then the Insured shall be considered his own insurer for the difference and shall bear a rateable proportion of the loss or damage accordingly.

### **Multiple Lifting Operations**

For the insurance provided under this Section to be operative during any operation in which a load is shared between any items of Machinery classed as lifting plant or lifting equipment (whether insured under this Section or not) the lifting operation must be conducted in accordance with BS7121.

### Claims Notification and Requirements

In the event of loss or damage for which a claim is to be made under this Section the Insured shall retain any damaged Machinery or parts for inspection

### Minor Repairs

The Insured may without prejudice to liability proceed with minor repairs subject to compliance with General Condition 3

### Precautions

The Insured shall take

- a) all reasonable precautions to prevent DAMAGE and shall maintain the Machinery in efficient working condition
- b) comply with any statute or order

### Access

The Company or their representatives shall have right of access to the Machinery at reasonable times

### Alteration or Modification

The Insured shall notify the Company of any proposed alterations or modifications to the insured Machinery

### Suspension of Cover

The Company reserves the right to suspend the insurance at any time by written notice to the Insured until the Company requirements have been fulfilled

### Premium Adjustment

Where the premium has been calculated on estimates the Insured shall within one month from the expiry of each Period of Insurance furnish such particulars and information as the Company may require and the premium for such period shall then be adjusted subject to the Company retaining the minimum retained premium shown in the Schedule Should the Insured fail to supply such particulars the Company shall be entitled to charge a reasonable additional premium in respect of that Period of Insurance

### General Exclusions

The insurance by this Section does not cover

#### 1. Excess

The first £100 of each and every loss

#### 2. War Risks

Any loss or damage directly or indirectly occasioned by or in consequence of war invasion acts of foreign enemies hostilities (whether war be declared or not) civil war rebellion revolution insurrection military or usurped power or confiscation or nationalisation or requisition or destruction of or damage to property by or under the order of any government or public or local authority

#### 3. Nuclear Risks

Loss destruction or damage to property or loss expense or consequential loss directly or indirectly caused by or arising from

- i) ionising radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel
- ii) the radioactive toxic explosive or other hazardous properties of any explosive nuclear assembly or nuclear component

#### 4. Sonic Bangs

Any loss directly caused by the pressure waves of aircraft or other aerial devices travelling at sonic or supersonic speeds

#### 5. Intentional Acts

DAMAGE caused by

- a) the intentional act or wilful neglect of the Insured:
- b) i) intentional overloading
- ii) testing or experiments involving the imposition of any abnormal conditions

### 6. Wear and Tear

- a) the cost of remedying
- i) wear and tear or gradual deterioration whether by wasting grooving rust corrosion erosion or otherwise
  - ii) gradually developing defects flaws deformation distortion cracks or partial fractures
  - iii) loose parts or defective joints or seams (other than joints between the sections of sectional heating or hot water supply boilers)

but insured DAMAGE resulting from the foregoing is not excluded

- b) i) scratching of painted or polished surfaces
- ii) damage to rubber tyres non metallic protective linings batteries flexible pipes or hoses and driving or conveyor belts
  - iii) pipes or hoses and driving or conveyor belts damage to ropes (other than damage resulting in complete severance)

unless forming part of other damage for which indemnity is provided by this insurance

### 7. Guarantees of Performance

Penalties for delay or detention or in connection with guarantees of performance or efficiency

### 8. Erection Risk

DAMAGE to machinery during installation erection dismantling resiting transportation or removal other than resiting transportation or removal under its own power whilst at its operating site

### 9. Excluded Parts

DAMAGE to safety or protective devices due to their functioning

### 10. Date Recognition

DAMAGE directly or indirectly caused by or contributed to by or arising from the failure of any computer or other equipment data processing service product microchip micro processor integrated circuit embedded chip or similar device computer software program or process or any other electronic system or any design or advice in connection with any of the foregoing irrespective of ownership possession or use and whether occurring before during or after the Year 2000

- i) correctly to recognise any date as its true calendar date
- ii) to capture save or retain and/or correctly to manipulate interpret or process any data or information or command or instruction as a result of treating any date otherwise than as its true calendar date
- iii) to capture save or retain or correctly to process any data as a result of the operation of any command which has been programmed into any computer software being a command which causes the loss of data or the inability to capture save retain or correctly to process such data on or after any date

but this shall not exclude subsequent DAMAGE not otherwise excluded which itself results from fire lightning explosion aircraft or other aerial devices or articles dropped therefrom riot civil commotion strikers locked out workers persons taking part in labour disturbances malicious persons theft earthquake storm flood escape of water from any tank apparatus or pipe or impact by any road vehicle or animal provided such contingency is insured by this Section



**11. Terrorism**

This Section does not cover

Loss damage cost or expense of whatsoever nature directly or indirectly caused by resulting from or in connection with

1. any act of Terrorism regardless of any other cause or event contributing concurrently or in any other sequence to the loss
2. any action taken in controlling preventing suppressing or in any way relating to any act of Terrorism

If the Company alleges that by reason of this exclusion any loss damage cost or expense is not covered by this Section of the Policy the burden of proving the contrary shall be upon the Insured

In the event any portion of this exclusion is found to be invalid or unenforceable the remainder shall remain in full force and effect

**Definition – Terrorism**

For the purpose of this exclusion an act of Terrorism shall mean an act including but not limited to the 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 organisation(s) or government(s) committed for political religious ideological or similar purposes including the intention to influence any government and or put the public or any section of the public in fear

**12. Riot Strike and Civil Commotion**

DAMAGE resulting from riot strike lock-out or civil commotion

**13. Airborne and Waterborne Craft**

DAMAGE to any airborne or waterborne vessel craft platform or rig nor any Machinery situated thereon

**14. Consequential Loss**

Loss of use of Machinery or other property or any other consequential loss whatsoever incurred by the Insured

**15. Contingencies**

DAMAGE (except while the Machinery and Plant is temporarily located away from the Situation) caused by

- a) fire lightning aircraft and other aerial devices or articles dropped therefrom malicious persons theft earthquake storm flood escape of water from any tank apparatus or pipe or impact by any road vehicle or animal or water discharged or leaking from an installation of automatic sprinklers
- b) explosion (other than Explosion as defined under Definitions)

**16. Northern Ireland**

DAMAGE in Northern Ireland occasioned by or happening through or in consequence directly or indirectly of

- i) civil commotion
- ii) TERRORISM as defined in the Terrorism Exclusion Clause

In any action suit or other proceedings where the Company alleges that by reason of this definition any DAMAGE is not covered by this Section the burden of proving that such DAMAGE is covered shall be upon the Insured

**17. Application of Tools**

DAMAGE caused by or arising out of the application of any tool or process during the course of maintenance inspection modification or overhaul

**Cover Extensions and Limitations**

Where any of the following clause references appear against insured Machinery in the Schedule the indemnity otherwise granted herein for such Machinery is amended accordingly

**Cover Clause ADL (Accidental Damage Limitation)**

The Company shall not be liable for DAMAGE to Machinery caused by or arising from Breakdown Collapse or Explosion<sup>ER003N (11/04) (6434)</sup>

Subject otherwise to the terms conditions and exclusions of the Policy

**Cover Clause BKL  
(Breakdown Limitation)**

The liability of the Company for DAMAGE from sudden and unforeseen cause shall be limited to DAMAGE to such Machinery by its Breakdown

Subject otherwise to the terms and conditions and exclusions of the Policy

**Cover Clause EXC (Explosion/  
Collapse Limitation)**

The liability of the Company for DAMAGE from sudden and unforeseen cause shall be limited to DAMAGE to such machinery by its explosion (as insured by this Section) or Collapse

Subject otherwise to the terms conditions and exclusions of the Policy

**Cover Clause FRA (Fragmentation)**

The Company will subject to the Sum Insured indemnify the Insured against accidental damage by impact to surrounding property to property belonging to or in the custody and control of the Insured and for which they are responsible resulting from fragmentation of the Machinery

This clause does not cover DAMAGE

- a) caused by fire howsoever the fire may have been caused
- b) to the item of Machinery itself or to property which at the time is actually being handled or processed by the Machinery
- c) caused by and occurring during testing or intentional overloading of the Machinery or by the application of any tool or process in the course of any modification maintenance repair or overhaul of the Machinery
- d) resulting from lack of heat light power steam refrigeration or air conditioning

Subject otherwise to the terms and conditions of the Policy

**Cover Clause MDL (Material Damage  
Limitation)**

The Company shall not be liable for DAMAGE to any Machinery

Subject otherwise to the terms conditions and exclusions of the Policy



## Special Clauses

*Clause 1 applicable only if the Clause number is entered in the Schedule Clause 2 applicable only if referred to in the Schedule*

### **1. Temporary Cover**

The first premium has been calculated to take into account the cost of temporary cover (in accordance with particulars lodged with the Company) pending issue of this Policy

### **2. Long Term Agreement**

The discount shown in the Schedule is allowed off the net premiums on this Section in consideration of the Insured having given an undertaking expiring on the date stated in the Schedule to offer annually the insurance under this Section on the terms and conditions in force at the expiry of each Period of Insurance and to pay the premium annually in advance it being understood that

- a) the Company shall be under no obligation to accept an offer made in accordance with the above-mentioned undertaking
- b) where appropriate the Sum Insured may be reduced at any time to correspond with any reduction in value

The above-mentioned undertaking applies to any Policy (or policies) which may be issued by the Company in substitution for this Section and the same discount shall be allowed off the net premiums on any substituted Policy or policies issued by the Company as aforesaid

Payment of the premium due at the expiry date shown in the Schedule shall be deemed acceptance by the Insured of the terms of this Clause