

# Machinery Loss of Profits

## Policy document



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# Data protection statement

Zurich takes the privacy and security of your personal information seriously. We collect, use and share your personal information so that we can provide policies and services that meet your insurance needs, in accordance with applicable data protection laws.

The type of personal information we will collect includes: basic personal information (i.e. name, address and date of birth), occupation and financial details, health and family information, claims and convictions information and where you have requested other individuals be included in the arrangement, personal information about those individuals.

We and our selected third parties will only collect and use personal information (i) where the processing is necessary in connection with providing a quotation and/or contract of insurance; (ii) to meet our legal or regulatory obligations; (iii) where you have provided the appropriate consent; (iv) for our 'legitimate interests'.

It is in our legitimate interests to collect personal information as it provides us with the information that we need to provide our services more effectively including providing information about our products and services. We will always ensure that we keep the amount of information collected and the extent of any processing to the absolute minimum to meet this legitimate interest.

A full copy of our data protection statement can be viewed via [www.zurich.co.uk/dataprotection](http://www.zurich.co.uk/dataprotection)

## How you can contact us

If you have any questions or queries about how we use your data, or require a paper copy of the statement, you can contact us via [gbz.general.data.protection@uk.zurich.com](mailto:gbz.general.data.protection@uk.zurich.com) or alternatively contact our Data Protection Officer at Zurich Insurance, Unity Place, 1 Carfax Close, Swindon, SN1 1AP.

# Important notes

## **Fraud prevention and detection**

In order to prevent and detect fraud we may at any time:

- check your personal data against counter fraud systems
- use your information to search against various publicly available and third party resources
- use industry fraud tools including undertaking credit searches and to review your claims history
- share information about you with other organisations including but not limited to the police, the Insurance Fraud Bureau (IFB), other insurers and other interested parties.

If you provide false or inaccurate information and fraud is identified, the matter will be investigated and appropriate action taken. This may result in your case being referred to the Insurance Fraud Enforcement Department (IFED) or other police forces and fraud prevention agencies. You may face fines or criminal prosecution. In addition, Zurich may register your name on the Insurance Fraud Register, an industry-wide fraud database.

## **Claims history**

We may pass information relating to claims or potential claims to any relevant database.

We and other insurers may search these databases when you apply for insurance, when claims or potential claims are notified to us or at time of renewal to validate your claims history or that of any other person or property likely to be involved in the policy or claim.

This helps to check information provided and prevent fraudulent claims.

# Our complaints procedure

## **Our commitment to customer service**

We are committed to providing a high level of customer service. If you feel we have not delivered this, we would welcome the opportunity to put things right for you.

## **Who to contact in the first instance**

Many concerns can be resolved straight away. Therefore in the first instance, please get in touch with your usual contact at Zurich or your broker or insurance intermediary, as they will generally be able to provide you with a prompt response to your satisfaction.

Contact details will be provided on correspondence that we or our representatives have sent you.

## **Many complaints can be resolved within a few days of receipt**

If we can resolve your complaint to your satisfaction within the first few days of receipt, we will do so. Otherwise, we will keep you updated with progress and will provide you with our decision as quickly as possible.

## **Next steps if you are still unhappy**

If you are not happy with the outcome of your complaint, you may be able to ask the Financial Ombudsman Service to review your case.

We will let you know if we believe the ombudsman service can consider your complaint when we provide you with our decision. The service they provide is free and impartial, but you would need to contact them within 6 months of the date of our decision.

More information about the ombudsman and the type of complaints they can review is available via their website [www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk).

You can also contact them as follows:

**Post:** Financial Ombudsman Service, Exchange Tower, London, E14 9SR

**Telephone:** 08000 234567 (free on mobile phones and landlines)

**Email:** [complaint.info@financial-ombudsman.org.uk](mailto:complaint.info@financial-ombudsman.org.uk)

If the Financial Ombudsman Service is unable to consider your complaint, you may wish to obtain advice from the Citizens Advice Bureau or seek legal advice.

## **The Financial Services Compensation Scheme (FSCS)**

We are covered by the Financial Services Compensation Scheme (FSCS) which means that you may be entitled to compensation if we are unable to meet our obligations to you. Further information is available on [www.fscs.org.uk](http://www.fscs.org.uk) or by contacting the FSCS directly on 0800 678 1100.

# Your Machinery Loss of Profits policy

This policy is a contract between the Insured as stated in the schedule (also referred to as you, your, yours or yourselves) and Zurich Insurance Company Ltd (also referred to as the Company, we, our, ours or us).

This policy, schedule and any endorsement should be read as if they are one document.

We will insure you during any period of insurance for which we have accepted your premium. Our liability will in no case exceed the amount of any sum insured or limit of liability stated in this policy, the schedule or any endorsement to this policy.

Any reference to the singular will include the plural and vice versa.

Any reference to any statute or statutory instrument will include any amendments thereto or re-enactment thereof.

Any heading in this policy is for ease of reference only and does not affect its interpretation.

## **Law applicable to this contract**

In the UK the law allows both you and us to choose the law applicable to this contract. This contract will be subject to the relevant law of England and Wales, Scotland, Northern Ireland, the Isle of Man or the Channel Islands depending upon your address stated in the schedule. If there is any dispute as to which law applies it will be English law. The parties agree to submit to the exclusive jurisdiction of the English courts.

This is a legal document and should be kept in a safe place.

Please read this policy, schedule and any endorsement carefully and if they do not meet your needs return them to us or your broker or insurance intermediary.

# Definitions

Certain words in this policy have special meanings. These meanings are given below and apply wherever the words appear in bold.

## Accident

**Accident** means whichever of the following definitions appear by reference in the schedule.

## Business

The **business** described in the schedule carried on by the Insured at the situation specified in the schedule.

## Estimated gross profit

The amount declared by the Insured to the Company as representing not less than the **gross profit** which it is anticipated will be earned by the **business** during the financial year most nearly concurrent with the period of insurance proportionately increased if the **maximum indemnity period** exceeds twelve months.

## FOPES

A **failure of the public supply of electricity** at the terminal point of the supply undertaking's feed for a period exceeding thirty minutes.

## FOPGS

A **failure of the public supply of gas** at the terminal point of the supply undertaking's feed for a period exceeding thirty minutes.

## FOPWS

A **failure of the public supply of water** at the terminal point of the supply undertaking's feed for a period exceeding thirty minutes.

## Gross profit

The amount by which the sum of the amount of the **turnover** and the amounts of the closing stock and work in progress shall exceed the sum of the amount of the opening stock and work in progress and the amount of the **uninsured working expenses**.

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

## Indemnity period

The period beginning with the occurrence of the **accident** and ending not later than the maximum **indemnity period** stated in the schedule thereafter during which the results of the **business** shall be affected in consequence of the **accident**.

Provided that the Company shall not be liable for the amount of loss arising during the exclusion period stated in the schedule immediately following the occurrence of the **accident** other than in the case of a failure of the public supply of electricity, water or gas.

## Machinery

All installed **machinery** and plant owned by or leased to the Insured for the purpose of the **business** but excluding:

- a) office machinery and data processing equipment
- b) vehicles or self-propelled machinery other than purpose built lifting and handling machinery
- c) machinery and plant which is prototype or experimental
- d) machinery and plant located underground
- e) stock in trade and products of the **business**

or as more specifically described in the schedule.

### Rate of gross profit

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

### Standard turnover

The **turnover** during that period in the twelve months immediately before the date of the **accident** which corresponds with the **indemnity period**.

### New business

For the purpose of any claim arising from an **accident** occurring before the completion of the first year's trading of the **business** the definitions of **rate of gross profit** and **standard turnover** shall be as follows and not as stated above:

### Rate of gross profit

The rate of **gross profit** earned on the **turnover** during the period between the date of the commencement of the **business** and the date of the **accident**

### Standard turnover

The proportional equivalent for a period equal to the **indemnity period** of the **turnover** during the period between the date of the commencement of the **business** and the date of the **accident**

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

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

### SUD

**Sudden and unforeseen damage** to the **machinery** which in the opinion of the Company necessitates immediate repair or replacement to enable normal working to continue.

### Turnover

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

### Uninsured working expenses

All expenses of the **business** which vary in direct proportion to any variation in the **turnover**.

### Note

1. For the purpose of these definitions any adjustment implemented in current cost accounting shall be disregarded.
2. To the extent that the Insured is accountable to the tax authorities for Value Added Tax all terms in this policy shall be exclusive of such tax.



# The cover

The insurance by this policy is in respect of loss of **gross profit** due to (a) **reduction in turnover** and (b) increase in cost of working in consequence of an **accident** which occurs during the period of insurance at the situation specified in the schedule.

## Limit of liability

The amount of liability under this policy shall be:

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

less any sum saved during the **indemnity period** in respect of such charges and expenses payable out of **gross profit** as may cease or be reduced in consequence of the **accident**.

Provided that the liability under this policy shall in no case exceed 133 1/3% of the **estimated gross profit** stated in the schedule.

In the absence of written notice by the Insured or the Company to the contrary the Company's liability shall not stand reduced by the amount of any loss the Insured undertaking to pay the appropriate additional premium for such automatic reinstatement of cover.

## Extension

The insurance by this policy is extended to cover:

### 1. Accountants fees

Professional accountants fees necessarily and reasonably incurred for producing any particulars or any other proofs information or evidence as may be required under the claims procedure condition and reporting that such particulars are in accordance with the Insured's books of accounts or other business books or documents.

Provided that the sum of the amount payable under this extension and the amount otherwise payable under this policy shall in no case exceed the limit of liability.

# Exclusions

The Company shall not be liable under this policy in respect of loss in consequence of:

**1. Fire and perils**

damage to **machinery** caused by fire, lightning, explosion, aircraft or other aerial devices or articles dropped therefrom storm, tempest, flood, subsidence, earthquake or theft

**2. Application of tools**

damage caused by the application of any tool or process to any item of **machinery** in the course of maintenance, inspection, repair, alteration, modification or overhaul

**3. Testing**

damage to any item of **machinery** which at the time of the occurrence of such damage is undergoing an hydraulic test or any form of testing involving abnormal stresses or intentional overloading

**4. Breakdown of new machinery**

damage to any item of **machinery** due to its own breakdown or explosion occurring within 30 days of its initial installation at the situation specified

**5. Solidification of materials**

damage caused by or arising from solidification of any materials in the course of process unless such solidification itself arises from a cause not otherwise excluded

**6. Furnaces**

damage caused by the burn through of molten material contained in a furnace or damage to refractory linings or brickwork or other parts of furnaces ovens or kilns by burning, cracking or distortion due to heat

**7. Brickwork**

damage to brickwork (other than refractory brickwork) masonry, foundations or chimneys

**8. Renewable parts and fuses**

damage to tools, dies, moulds and parts requiring periodical renewal or the operation of fuses and kindred devices

**9. Wear and tear**

- a) wear and tear, gradual deterioration due to atmospheric conditions or otherwise, rust, corrosion or oxidation or scratching of painted or polished surfaces
- b) gradually developing defects, flaws, deformation, distortion, cracks or partial fractures but loss in consequence of damage resulting therefrom is not excluded

**10. Acts of supply authorities**

a failure of the public supply of electricity gas or water directly or indirectly due to:

- a) a deliberate act of the supply authority not performed for the sole purpose of safeguarding life or protecting any part of the supply system; or
- b) a scheme of rationing not necessitated by accidental damage to the supply authority generating or supply equipment; or
- c) the inability of the supply authority to maintain the supply system due to industrial action by any of its employees

**11. Wilful act**

damage caused by the wilful act or wilful neglect of the Insured

**12. Water table level**

damage attributable solely to a change in the water table level

**13. Pollution**

damage caused by pollution or contamination other than damage to the **machinery** caused by pollution or contamination

**14. Sonic waves**

damage occasioned by pressure waves caused by aircraft and other aerial devices travelling at sonic or supersonic speeds

## 15. Nuclear risks

damage to any property whatsoever or any loss or expense whatsoever resulting or arising therefrom or any consequential loss or any legal liability of whatsoever nature directly or indirectly caused by or contributed to by or arising from:

- a) ionising radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel
- b) the radioactive, toxic, explosive or other hazardous or contaminating properties of any **nuclear installation**, **nuclear reactor** or other explosive nuclear assembly or nuclear component thereof
- c) any weapon or device employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter
- d) the radioactive, toxic, explosive or other hazardous or contaminating properties of any radioactive matter but this exclusion d) will not apply to radioactive isotopes other than nuclear fuel when such isotopes are being prepared, carried, stored or used for commercial, agricultural, medical, scientific or other peaceful purposes

### Definitions

For the purposes of this exclusion:

**Nuclear installation** shall mean any installation of such class or description as may be prescribed by regulations made by the relevant Secretary of State from time to time by statutory instrument being an installation adapted for:

- a) the production or use of atomic energy
- b) the carrying out of any process which is preparatory or ancillary to the production or use of atomic energy and which involves or is capable of causing the emission of ionising radiation
- c) the storage, processing or disposal of nuclear fuel or of bulk quantities of other radioactive matter being matter which has been produced or irradiated in the production or use of nuclear fuel.

**Nuclear reactor** shall mean any plant including any machinery, equipment or appliance whether affixed to land or not designed or adapted for the production of atomic energy by a fission process in which a controlled chain reaction can be maintained without an additional source of neutrons.

## 16. Terrorism

loss, damage, cost or expense directly or indirectly caused by, contributed to by, resulting from, or arising out of or in connection with:

- a) any act, or preparation in respect of action, or threat of action designed to influence the government de jure or de facto of any nation or any political division thereof, or in pursuit of political, religious, ideological, or similar purposes to intimidate the public or a section of the public of any nation by any person or group(s) of persons whether acting alone or on behalf of or in connection with any organisation(s) or government(s) de jure or de facto, and which:
  - i) involves violence against one or more persons; or
  - ii) involves damage to property; or
  - iii) endangers life other than that of the person committing the action; or
  - iv) creates a risk to health or safety of the public or a section of the public; or
  - v) is designed to interfere with or to disrupt an electronic system
- b) any action in controlling, preventing, suppressing, retaliating against, or responding to any act, or preparation in respect of action, or threat of action described in a) above.

In any action or suit or other proceedings where the Company alleges that by reason of this general exclusion cover is not provided under this policy, the burden of proving that cover is provided under this policy shall be upon the Insured

## 17. Northern Ireland

in so far as this policy covers riot and civil commotion the Company shall not be liable under this policy in respect of loss or damage or consequential loss occasioned by or happening through or in consequence directly or indirectly of riot or civil commotion in Northern Ireland

## 18. War and riot

whether direct or indirect war, invasion, act of foreign enemy hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, military or usurped power, confiscation, commandeering, nationalisation or requisition or destruction of or damage to property by or under the order of any Government Public Municipal or Local Authority, riot, civil commotion, strike or lock-out

## 19. Date related performance and functionality

- a) loss or **damage**
- b) consequential loss, additional expenditure or extra expenses
- c) legal liability
- d) fees, costs, disbursements, awards or other expenses

of whatsoever nature directly or indirectly caused by or contributed to by or consisting of or arising in whole or in part from:

- i) the way in which any **data processing system** responds to or deals with or fails to respond to or fails to deal with any true calendar date
- ii) any **data processing system** responding to or dealing in any way with:
  - 1) any data denoting a calendar date or dates as if such data did not denote a calendar date or dates
  - 2) any data not denoting a calendar date or dates as if such data denoted a calendar date or dates

whether such **data processing system** is **your** property or not but will not exclude subsequent **damage** or consequential loss, additional expenditure or extra expenses (not otherwise excluded) which itself results from a cause otherwise covered under this policy

### Definition

For the purposes of this exclusion:

**Data processing system** shall mean any computer or data processing equipment or media or microchip or integrated circuit or any similar device or any computer software or computer firmware.

## 20. Electronic risks

- a) damage caused by **virus or similar mechanism** or **hacking** or **denial of service attack** to any computer or other equipment or component or system or item which processes, stores, transmits, retrieves or receives data or any part thereof whether tangible or intangible including but without limitation any information or programs or software and whether the property is insured or not
- b) business interruption consequential loss or loss of **gross profit** directly or indirectly caused by or arising from **virus or similar mechanism** or **hacking** or **denial of service attack**

### Definitions

For the purpose of this exclusion:

**Denial of service attack** shall mean any actions or instructions constructed or generated with the ability to damage, interfere with or otherwise affect the availability of networks, network services, network connectivity or information systems including but not limited to the generation of excess network traffic into network addresses, the exploitation of system or network weaknesses and the generation of excess or non-genuine traffic between and amongst networks.

**Hacking** shall mean unauthorised access to any computer or other equipment or component or system or item which processes, stores, transmits, retrieves or receives data.

**Virus or similar mechanism** shall mean program code, programming instruction or any set of instructions intentionally constructed with the ability to damage, interfere with or otherwise adversely affect computer programs, data files or operations whether involving self-replication or not including but not limited to Trojan horses, worms and logic bombs.

## 21. Communicable diseases

any loss, damage, liability, claim, cost or expense of whatsoever nature, directly or indirectly caused by, contributed to by, resulting from, arising out of, or in connection with the following:

- a) a **communicable disease**; or
- b) the fear or threat (whether actual or perceived) of a **communicable disease**

regardless of any other cause or event contributing concurrently or in any other sequence thereto.

### Definition

For the purposes of this exclusion:

**Communicable disease** shall mean any disease which can be transmitted by means of any substance or agent from any organism to another organism where:

- a) the substance or agent includes, but is not limited to, a virus, bacterium, parasite or other organism or any variation thereof, whether deemed living or not; and
- b) the method of transmission, whether direct or indirect, includes but is not limited to, airborne transmission, bodily fluid transmission, transmission from or to any surface or object, solid, liquid or gas or between organisms; and
- c) the disease, substance or agent can cause or threaten damage to human health or human welfare or can cause or threaten damage to, deterioration of, loss of value of, marketability of or loss of use of property.

# Conditions

## 1. Alternative situation

If during the **indemnity period** goods shall be sold or services shall be rendered elsewhere than at the situation specified in the schedule for the benefit of the **business** either by the Insured or by others on the Insured's behalf the money paid or payable in respect of such sales or services shall be brought into account in arriving at the **turnover** during the **indemnity period**.

## 2. Departmental clause

If the **business** be conducted in departments the independent trading results of which are ascertainable the provisions of clauses a) and b) of the limit of liability shall apply separately to each department affected by the **accident**.

## 3. Policy interpretation

The policy and schedule shall be read together as one contract and words and expressions to which specific meanings have been attached in any part of this policy or of the schedule shall bear such specific meanings wherever they may appear.

## 4. Observance of policy terms

Observance of the terms, limitations and conditions of the policy shall as far as the nature of them respectively will permit be precedent to any liability of the Company.

## 5. Fair presentation of the risk

- a) At inception and renewal of this policy and also whenever changes are made to it at the Insured's request the Insured must:
  - i) disclose to the Company all material facts in a clear and accessible manner; and
  - ii) not misrepresent any material facts.
- b) If the Insured does not comply with clause a) of this condition the Company may:
  - i) avoid this policy which means that the Company will treat it as if it had never existed and refuse all claims where any non-disclosure or misrepresentation by the Insured is proven by the Company to be deliberate or reckless in which case the Company will not return the premium paid by the Insured; and
  - ii) recover from the Insured any amount the Company has already paid for any claims including costs or expenses the Company has incurred.
- c) If the Insured does not comply with clause a) of this condition and the non-disclosure or misrepresentation is not deliberate or reckless this policy may be affected in one or more of the following ways depending on what the Company would have done if the Company had known about the facts which the Insured failed to disclose or misrepresented:
  - i) if the Company would not have provided the Insured with any cover the Company will have the option to:
    - 1) avoid the policy which means that the Company will treat it as if it had never existed and repay the premium paid; and
    - 2) recover from the Insured any amount the Company has already paid for any claims including costs or expenses the Company has incurred
  - ii) if the Company would have applied different terms to the cover the Company will have the option to treat this policy as if those different terms apply. The Company may recover any payments made by the Company on claims which have already been paid to the extent that such claims would not have been payable had such additional terms been applied
  - iii) if the Company would have charged the Insured a higher premium for providing the cover the Company will charge the Insured the additional premium which the Insured must pay in full.
- d) Where this policy provides cover for any person other than the Insured and that person would if they had taken out such cover in their own name have done so for purposes wholly or mainly unconnected with their trade, business or profession the Company will not invoke the remedies which might otherwise have been available to the Company under this condition if the failure to make a fair presentation of the risk concerns only facts or information which relate to a particular insured person other than the Insured.

Provided always that if the person concerned or the Insured acting on their behalf makes a careless misrepresentation of fact the Company may invoke the remedies available to the Company under this condition as against that particular person as if a separate insurance contract had been issued to them leaving the remainder of the policy unaffected.

## 6. Change in circumstances

The Insured must notify the Company as soon as possible during the period of insurance if there is any change in circumstances or to the material facts previously disclosed by the Insured to the Company or stated as material facts by the Company to the Insured which increases the risk of accident, injury, loss, damage or liability.

Upon notification of any such change the Company will be entitled to vary the premium and terms for the rest of the period of insurance. If the changes make the risk unacceptable to the Company then the Company is under no obligation to agree to make them and may no longer be able to provide the Insured with cover.

If the Insured does not notify the Company of any such change the Company may exercise one or more of the options described in clauses c) i), ii) and iii) of Condition 5 – Fair presentation of the risk but only with effect from the date of the change in circumstances or material facts.

This policy shall be avoided if:

- a) the **business** be wound up or carried on by a liquidator or receiver or permanently discontinued
- b) the Insured's interest ceases otherwise than by death
- c) the reserve **machinery** or any other loss minimising factors current when the insurance was effected be reduced at any time after the commencement of this insurance unless its continuance be admitted by memorandum signed on behalf of the Company.

## 7. Reasonable precautions

The Insured shall take and cause to be taken all reasonable precautions to prevent accidents and to safeguard the **machinery** against damage and to ensure that all statutory and other regulations relating to the **machinery** are observed.

## 8. Access

The Insured shall afford reasonable facilities for representatives of the Company to examine any item of **machinery**.

## 9. Cancellation rights

The Company shall not be bound to invite or accept renewal of this policy and may by fourteen days' notice in writing to the Insured by recorded delivery cancel this policy at any time. The Insured shall then be entitled to a rebate of premium for the unexpired period of insurance.

## 10. Payment by instalments

Reference to the payment of premium includes payment by monthly instalments. If the Insured pay by this method this policy remains an annual contract and the date of the payment and the amount of instalments are governed by the terms of the credit agreement. If an instalment is not received by the due date then subject to the Consumer Credit Act 1974 (if applicable) the credit agreement and this policy will be cancelled immediately.

## 11. Contractual right of renewal (tacit)

If the Insured pays the premium to the Company using the Company's Direct Debit instalment scheme the Company will have the right (which the Company may choose not to exercise) to renew this policy each year and continue to collect premiums using this method. The Company may vary the terms of this policy (including the premium) at renewal. If the Insured decides that they do not want the Company to renew this policy provided the Insured tells the Company (or the Insured's broker or insurance intermediary) before the next renewal date the Company will not renew it.

## 12. Renewal requirement

The Insured shall prior to each renewal date furnish the Company with the **estimated gross profit** for the financial year most nearly concurrent with the ensuing period of insurance proportionally increased if the maximum **indemnity period** exceeds twelve months.

### 13. Premium adjustment

The Insured shall furnish to the Company not later than six months after the expiry of each period of insurance a declaration certified by the Insured's auditors of the **gross profit** earned during the financial year most nearly concurrent with the period of insurance.

If any accident shall have occurred giving rise to a claim under this policy the above mentioned declaration shall be increased by the Company for the purpose of premium adjustment by the amount by which the **gross profit** was reduced during the financial year solely in consequence of the accident.

If the declaration (adjusted as provided for above and proportionately increased where the **indemnity period** exceeds 12 months):

- a) is less than the **estimated gross profit** for the relative period of insurance the Company shall allow a pro rata return of the premium paid on the **estimated gross profit** but not exceeding 50% of such premium
- b) is greater than the **estimated gross profit** for the relative period of insurance the Insured shall pay a pro rata addition to the premium paid on the **estimated gross profit**.

Provided the Company shall maintain the amount specified in the schedule as the minimum retained premium.

### 14. Sanctions

Notwithstanding any other terms of this policy the Company will be deemed not to provide cover nor will the Company make any payment or provide any service or benefit to the Insured or any other party to the extent that such cover, payment, service, benefit and/or any business or activity of the Insured would violate any applicable trade or economic sanctions law or regulation.



# Claims conditions

## 1. Contribution

If at the time of any **accident** resulting in a loss under this policy there be any other insurance effected by or on behalf of the Insured covering such loss or any part of it the liability of the Company shall be limited to its rateable proportion of such loss.

## 2. Claims procedure

In the event of any **accident** which may give rise to a claim under this policy the Insured shall:

- a) give immediate notice by telephone and in writing to the Company supplying as much information as possible concerning the **accident**
- b) with due diligence do and permit to be done all things which may be reasonably practicable to minimise or check any interruption of or interference with the **business** or to avoid or diminish the loss
- c) not later than thirty days after the expiry of the **indemnity period** or within such further time as the Company may in writing allow at his own expense deliver to the Company in writing a statement setting forth particulars of his claim together with details of all other insurances covering the **accident** or any part of it or consequential loss of any kind resulting therefrom
- d) provide books of account and other business books, vouchers, invoices, balance sheets and other documents, proofs, information, explanation and other evidence as may reasonably be required by the Company for the purpose of investigating or verifying the claim together with if demanded a statutory declaration of the truth of the claim and of any matters connected therewith.

If the terms of this condition are not met no claim under this policy shall be payable and any payments made on account of this claim shall be repaid to the Company.

## 3. Control of claims

The Company shall be entitled in the name of the Insured to take all necessary steps for enforcing any rights against any other party before or after meeting the Insured's claim and may at its discretion take over defend or settle any claim by a third party. The Company shall be given such information and assistance by the Insured as may be required.

## 4. Fraudulent claims

If the Insured or anyone acting on the Insured's behalf:

- a) makes a fraudulent or exaggerated claim under this policy; or
- b) uses fraudulent means or devices including the submission of false or forged documents in support of a claim whether or not the claim is itself genuine; or
- c) makes a false statement in support of a claim whether or not the claim is itself genuine; or
- d) submits a claim under this policy for loss or damage which the Insured or anyone acting on the Insured's behalf or in connivance with the Insured deliberately caused; or
- e) realises after submitting what the Insured reasonably believed was a genuine claim under this policy and then fails to tell the Company that the Insured has not suffered any loss or damage; or
- f) suppresses information which the Insured knows would otherwise enable the Company to refuse to pay a claim under this policy

the Company will be entitled to refuse to pay the whole of the claim and recover any sums that the Company has already paid in respect of the claim.

The Company may also notify the Insured that the Company will be treating this policy as having terminated with effect from the date of any of the acts or omissions set out in clauses a) to f) of this condition.

If the Company terminates this policy under this condition the Insured will have no cover under this policy from the date of termination and not be entitled to any refund of premium.

If any fraud is perpetrated by or on behalf of an insured person and not on behalf of the Insured this condition should be read as if it applies only to that insured person's claim and references to this policy should be read as if they were references to the cover effected for that person alone and not to the policy as a whole.

## 5. Arbitration rights

If the Company admits liability for a claim but there is a dispute as to the amount to be paid the dispute will be referred to an arbitrator. The arbitrator will be appointed jointly by the Insured and the Company in accordance with the law at the time. The Insured may not take any legal action against the Company over the dispute before the arbitrator has reached a decision.

# Additional clauses – applicable only if stated in schedule

## 001 Long term undertaking

In consideration of the discount being allowed off the premium(s) on this policy the Insured undertakes with effect from the commencement date to offer annually to the Company for the specified period the insurance under this policy on the terms and conditions in force at the expiry of each Period of Insurance, 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) the Company may adjust the premium to take into account changes in sum insured or scope of cover.

The above undertaking applies to any policy (or policies) which may be issued by the Company in substitution for this policy and the same discount shall be allowed off the premiums on any substituted policy(or policies) issued by the Company.

Payment of the first or renewal premium due at the commencement date with the benefit of the appropriate discount shall be deemed acceptance by the Insured of this undertaking.

The discount, commencement date and specified period are as specified in the schedule or endorsed hereon.

## 002 Material damage policy in force

It is a condition precedent to the Company's liability that whilst this policy remains in force there shall also be in force a material damage insurance providing indemnity to the Insured in respect of damage to the **machinery** in accordance with the definition of **accident**.

## 003 Option to convert to output

At the option of the Insured the term 'Output' may be substituted for the term 'Turnover' and for the purposes of this policy 'Output' shall mean the sale value of the goods manufactured by the Insured in the course of the **business**

Provided that:

- a) only one of such terms shall be operative in connection with any one **accident**
- b) if the term 'Output' be adopted the alternative situation condition shall read as follows:

If during the **indemnity period** goods shall be manufactured elsewhere than at the situation specified in the schedule for the benefit of the **business** either by the Insured or by others on the Insured's behalf the sale value of such goods shall be brought into account in arriving at the Output during the **indemnity period**.

## 004 Explosion of pressure plant

**Accident** is extended to include the following definition by reference in the schedule:

### EPP

Damage caused by **explosion** of any item of pressure plant forming part of the **machinery**.

### Definition

#### Explosion

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

### Exclusion

Exclusion 1 is deleted and replaced with the following:

The Company shall not be liable under this policy in respect of loss in consequence of damage to **machinery** caused by fire lighting explosion (other than **explosion** as defined above) aircraft or other aerial devices or articles dropped therefrom, storm, tempest, flood, subsidence, earthquake or theft.

#### 005 Breakdown cover only

**Accident** is extended to include the following definition by reference in the schedule:

##### BD

**Sudden and unforeseen damage** caused by **breakdown** which in the opinion of the Company necessitates immediate repair or replacement to enable normal working to continue.

##### Definition

##### Breakdown

- a) the actual breaking distortion or burning out of any part of an item of **machinery** whilst in ordinary use arising from either mechanical or electrical defect in the item causing its sudden stoppage
- b) the fracturing of any part of an item of **machinery** by frost when such fracture renders the item inoperative.

**Zurich Insurance Company Ltd**

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