

Engineering Combined

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

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 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 the Claims and Underwriting Exchange Register (CUE), where the data is controlled by the Motor Insurers' Bureau, and other relevant databases.

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.

The following steps are not applicable to inspection contract

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.

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

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 or by contacting the FSCS directly on 0800 678 1100.

Inspection contract

Please read this contract carefully to ensure that it meets your needs.

Please notify **us** immediately if **you** require any alterations to be made or if there have been any changes in **your** business or other circumstances which may affect this **contract**. This is a legal document and should be kept in a safe place.

Section 1 – Definitions

In this **contract**, unless the context requires otherwise, the following words and expressions will have the meanings set out below and apply wherever the words appear in bold. Where expressed in singular, the plural of such expressions will be construed accordingly:

Additional Services

Additional services that fall outside the scope of the **inspection service** for the purposes of this **contract**. Such services will include, without limitation, the services listed in sub clauses 1.8.1 to 1.8.8 inclusive.

Please also refer to Annex 2 for additional information from our website www.zurich.co.uk/engineering/inspectioncontract.

Competent Person

Zurich Management Services Ltd who employs engineer surveyors, senior engineers or other technical persons.

Confidential Information

All technical, business and similar information relating to the business affairs of either party.

Contract

This inspection contract, including any **schedule** forming part of it which can be viewed and/or downloaded from **our** website www.zurich.co.uk/engineering/workingwithyou/home.

Contract Price

The amount payable for the **inspection service** as stated in the **schedule** or as varied from time to time in accordance with clause 4.0 during the **term**.

Commencement Date

The date upon which the **contract** commenced.

Discount Rate

A percentage reduction in the **contract price**, applicable only where stated in the **schedule**.

Inspection

An examination of **plant** which:

- a) will, if required by **you**, be carried out in accordance with the requirements of any applicable statutory regulations and, where applicable will be carried out in accordance with any written scheme of examination; or
- b) for **plant** not requiring **inspection** in accordance with statutory regulations will be carried out as agreed between the parties.

Inspection Interval

The interval between **inspections**:

- a) as set out in statutory regulations and/or written schemes of examination (where applicable) and such additional inspections as stated in the **schedule**; or
- b) for **plant** not subject to inspection in accordance with statutory regulations will be as agreed between the parties.

Inspection Service

An **inspection** of **plant** at **inspection intervals** and provision of a **report**.

Maximum Contract Price

The maximum increase in the **contract price** upon renewal of this **contract**, applicable only where stated in the **schedule**.

Mid-Term Adjustment

A change in contract title or postal address or in the scope of the **inspection service**. Additions to the scope of the **inspection service** may result in an additional premium. Changes in **plant** or **site/plant locations** are not deemed to be mid-term adjustments.

Normal Working Hours

Between 08.00 hours and 17.00 hours Monday to Friday except for public holidays.

Plant

The machinery and equipment set out in the **schedule**.

Report

A document in **our** standard format issued electronically and/or on paper, that provides details of the **plant** inspected and the **inspection** that was undertaken.

Schedule

A schedule forming part of this **contract**.

Site/Plant Location

The locations set out in the **schedule**.

Specified Period

The period set out in the **schedule**.

Term

12 months from the date as specified in the **schedule** (unless otherwise stated therein) subject to termination in accordance with clause 9.

We, Us, Our

Zurich Management Services Limited.

You, Your

The company, person or persons or other legal entity named in the **schedule**.

Section 2 – Terms and conditions

1. Scope of the Inspection Service

- 1.1 **We** will provide **you** with the **inspection service** for **plant** at the **site**, in accordance with the terms and conditions contained in this **contract**, and, in consideration of which, **you** will pay **us** the **contract price**. (Please also see Annex 1 for additional information from our website www.zurich.co.uk/engineering/inspectioncontract).
- 1.2 Where **you** require that the **inspection service** is to be carried out in accordance with specific statutory regulations, the scope of the **inspection service** will (in so far as is possible under the terms of this **contract**) be in accordance with the terms of those statutory regulations and any respective relevant guidance or any relevant approved code or practice. The **report** will identify the regulations and any relevant guidance or any code of practice that apply.
- 1.3 For the avoidance of doubt, where the **inspection service** is carried out in accordance with any specific statutory regulation, the **competent person** will possess all necessary skills, experience and qualifications to the extent required under the applicable statutory regulation.
- 1.4 Where **you** do not require that the **inspection service** is carried out in accordance with specific statutory regulations or no such regulations apply, the scope of the **inspection service** will (in so far as is possible under the terms of this **contract**) be as instructed by **you** and agreed by **us** or, in the absence of such an instruction, as specified by **us**.
- 1.5 The scope of the **inspection service** will be limited by the extent to which **you** have prepared the **plant** for **inspection**. In this event the **report** will fully describe the scope of the **inspection**. In the event that the **plant** or part of a **plant** cannot be located or is not made available by **you** for **inspection**, the **report** will indicate that the **plant** or the relevant part of the **plant** could not be inspected and will give the reason for this.
- 1.6 The **report** may bring to **your** attention other noticeable and obvious defects that fall outside the scope of the **inspection**, although no obligation to do so exists. The impacts of such other defects are to be assessed by and are the sole responsibility of **you**.
- 1.7 The **inspection service** will not cover the preparation, operation, repair or maintenance of **plant**.

- 1.8 We may (at **our** absolute discretion) negotiate with **you** and agree to provide **additional services**. **You** acknowledge that, unless otherwise agreed in this manner, **additional services** will not be included in the scope of the **inspection service**. For the avoidance of doubt, **additional services** will include, without limitation:
- 1.8.1 the compilation and/or certification of written schemes of examination, which may be a statutory requirement
 - 1.8.2 the witnessing or provision of ultrasonic, radiographic or other non-destructive tests (NDT) or other tests of a non-routine character or any proof of load stability, anchorage or similar test
 - 1.8.3 the assessment of **plant** design and construction to verify compliance with applicable design or construction codes or European Directives
 - 1.8.4 the assessment of the suitability of **plant** for its intended use in the particular environment within which it is operated
 - 1.8.5 the assessment of the suitability of proposed repair or modification to **plant**
 - 1.8.6 the carrying out of any additional **inspections** of the **plant** required during and/or on completion of such repair or modification
 - 1.8.7 the assessment of any **plant** which is in a non-standard operating condition; and
 - 1.8.8 the postponement of **inspection** of **plant** according to specific regulations that allow this.

Please also see Annex 2 for additional information from our website www.zurich.co.uk/engineering/inspectioncontract.

2. Duration

- 2.1 This **contract** will stay in force until the end of the **term** unless terminated in accordance with Clause 9.
- 2.2 At the end of the **term**, the parties may mutually agree to renew the **contract** on the same terms. Upon any renewal **we** may adjust the **contract price** whilst the remaining provisions will continue in full force and effect.

3. Our Obligations

- 3.1 Unless otherwise agreed, **we** will provide the **inspection service** within **normal working hours**.
- 3.2 **We** will use reasonable endeavours including making contact with **you** by telephone or in writing prior to the due date of the **inspections** in order to carry out the **inspections** of the **plant** at the **inspection interval(s)**.
- 3.3 **We** will produce the **report** within 14 days following completion of an **inspection** of the **plant**, other than in circumstances where an item is judged to give rise to immediate danger. In this event an on site report will be issued prior to leaving site.

Please also see Annex 3 for additional information from our website www.zurich.co.uk/engineering/inspectioncontract.

- 3.4 **We** will notify **you** in writing within 14 days of any abortive attempts to arrange an **inspection**.
- 3.5 **We** will comply with **your** safe systems of work as notified by **you**. **We** reserve the right not to carry out an Inspection if, in its absolute discretion, to do so would pose an unacceptable risk to the health, safety or welfare of either **us**, **you** or other person.

Please also see Annex 4 for additional information from our website www.zurich.co.uk/engineering/inspectioncontract.

4. Contract Price

- 4.1 In addition to specified **mid-term adjustments** **you** agree that **we** will adjust the **contract price** at the end of the **term** to take into account:
- 4.1.1 any **plant** added to or deleted from the **schedule**
 - 4.1.2 any changes to the **inspection interval(s)** stated in the **schedule**
 - 4.1.3 any charges identified in section 5 of the **contract**
 - 4.1.4 in the case of any activities charged on a time spent basis, the actual time spent data available from either time spent reports or on-site time sheets, as agreed; and/or
 - 4.1.5 any right of set-off available to **us** in relation to this **contract**
 - 4.1.6 the revised **plant** as adjusted by 4.1.1, 4.1.2, 4.1.3 and 4.1.4 will be the basis of the **contract price** for the new **term**.
- 4.2 Unless otherwise agreed in writing any invoices will be paid by **you** within 30 days of the date of invoice, with the invoice being provided to **you** within 30 days of the commencement of the **specified period** or **term**.

- 4.3 **We** reserve the right to withhold further supply of the **inspection services** to any customer who fails to pay within the aforementioned period, without prejudice to any existing rights **we** may have in respect of such unpaid invoice.
- 4.4 Unless otherwise agreed in writing, prices quoted to **you** are shown in Sterling exclusive of Value Added Tax (or any other similar tax or duty levied by any Government or other Authority) on the value of the services supplied. Any such taxes or duties will be payable by **you** in addition to the prices quoted.
- 4.5 Where **we** have reached agreement to commence Inspections for a new customer, the quotation offered will have been calculated on a schedule of **plant** provided. If that schedule is not accurate then the amount, size or capacity of **plant** inspected will not tally with the schedule provided. As such the initial fee would be a deposit, adjustable dependant on Inspections having taken place in reality. If the amount of variation between quotation schedule and reality is substantial, **we** would wish to negotiate or renegotiate the fee required. This could either be at the **commencement date** or part way through an existing relationship.

5. Your Obligations

- 5.1 **You** will pay **us** the **contract price** at the start of the **term** or as otherwise agreed in writing between the parties.
- 5.2 Where the **contract price** is adjusted in accordance with Clause 4, **you** will pay to **us** the difference between the **contract price** and the adjusted **contract price**.
- 5.3 **You** may be required to pay an additional charge to **us** where:
- 5.3.1 Inspections are carried outside **normal working hours**, at **your** request
- 5.3.2 **you** require that **our** representatives are required to undertake training specific to **your** own health, safety and welfare procedures
- 5.3.3 we are unable to carry out an **inspection** of the **plant** at an agreed time through no fault of **our** own and a further appointment is necessitated
- 5.3.4 **we** are required to re-examine any **plant**
- 5.3.5 **you** request an agreement with **us** to postpone an **inspection**; and/or
- 5.3.6 **you** request duplicate copies of **reports**.
- 5.4 **You** undertake to renew the **contract** at the end of the **term** for the **specified period** where:
- 5.4.1 **you** are entitled to a **discount rate**; and/or
- 5.4.2 **we** agree to a **maximum contract price**
- and **you** agree that **we** (without prejudice to **our** rights under clause 9) will be under no obligation to accept **your** renewal request. In the event that **you** terminate this **contract** in breach of **your** obligations under clause 5.3, **we** (without prejudice to **our** rights under clause 10) will be entitled to recover any amounts that **we** would have been paid had **you** not had the benefit of the provisions of this sub-clause.
- 5.5 **You** will ensure that all **plant** that requires Inspection is included in the **schedule**. In the event of any errors or omissions in the Schedule, **you** will notify **us** in writing, in a reasonable time.
- 5.6 To ensure that **we** provide the appropriate service, **you** will notify **us** if any **plant** is being operated outside the scope of usual operating conditions ('Non-Standard Operating Condition').
- 5.7 **You** will use reasonable endeavours to comply with any arrangements proposed by **us** in order to carry out **inspections** at the **inspection interval(s)**.
- 5.8 **You** will, at **your** own expense, have the **plant** properly cleaned and prepared for Inspection and will make available any ancillary testing equipment.
- 5.9 **You** will be responsible for the reassembly of the **plant** after **inspection**.
- 5.10 **You** will make available any of **your** staff, premises, facilities and access equipment as **we** may reasonably request to enable **us** to perform the **inspection service**. In particular where the operation of **plant** is required for the purposes of an **inspection**, **you** will make available a skilled and qualified operator.
- 5.11 **You** will promptly provide **us** with such information and documents as **we** may reasonably request for the proper performance of the **inspection service**. **You** will retain sole responsibility for the operation of the **plant**.
- 5.12 **You** will provide **us** with safe access to the **site** and a safe working environment on the **site**.
- 5.13 Before the beginning of each **inspection**, **you** will provide **us** with full information concerning any modification to the **plant** that has been made since the last **inspection**.
- 5.14 Notwithstanding **our** obligations under clause 3.2, it is **your** legal duty under any relevant statutory regulations to ensure that **plant** is inspected at the prescribed **inspection interval(s)**. It is therefore recommended that **you** establish a system to monitor **inspection intervals** in order to ensure compliance with the regulations and ensure that **we** are notified in advance of the **inspection** dates required, should this be necessary.

6. Liability of Us and You

- 6.1 **We** accept no responsibility for damage sustained by the **plant** as a result of the failure of the **plant** to withstand a test applied as part of the **inspection service**.
- 6.2 Subject to sub-clause 6.1, **we** will indemnify **you** and keep **you** fully and effectively indemnified against any loss of or damage to any property or injury to or death of any person caused by any negligent act or omission or breach of this **contract** by **us**, **our** employees, agents or subcontractors.
- This will be whether the indemnity is sought in respect of claims made by **you** or a third party against **us**, or against **you**.
- 6.3 **You** will indemnify **us** and keep **us** fully and effectively indemnified against any loss of or damage to any property or injury to or death of any person caused by any negligent act or omission or breach of this **contract** by **you**, **your** employees, agents or subcontractors. This will be whether the indemnity is sought in respect of claims made against **us** or a third party against **you**, or against **us**.
- 6.4 Except in respect of injury to or death of any person or any other liability which cannot be limited or excluded by law (for which no limit applies), the respective liability of **us** and **you**, under sub-clauses 6.2 and 6.3 in respect of each event or series of connected events or in the aggregate, will not exceed £10,000,000.
- 6.5 Notwithstanding anything else contained in this **contract** neither **we** nor **you** will be liable to the other party for loss of profits or contracts, loss of goodwill or other special, indirect or consequential loss whether arising from negligence, breach of contract or howsoever.

7. Confidentiality

- 7.1 Neither party will disclose or communicate to any third party any **confidential information** obtained from the other party as a result of this **contract**.
- 7.2 Nothing in this clause will impose an obligation of confidentiality on information
- a) already in the public domain
 - b) that was rightfully in the possession of such party prior to the commencement of this **contract**
 - c) that is required to be disclosed pursuant to any applicable law or regulatory body.
- 7.3 The obligations under this clause will come into effect on the **commencement date** and will survive termination.

8. Subcontracting

- 8.1 **We** may subcontract in whole or in part any of **our** obligations under this **contract**. **We** will, in such circumstances, retain responsibility for the execution of any subcontracted work. Such subcontracting will only be to a company-approved person or legal entity that has been audited by **us** in accordance with procedures that meet the requirements of any accreditation that may apply. **You** may consult with **us** if it requires this provision to be deemed deleted or altered whilst the remaining provisions will continue in full force and effect. For the avoidance of doubt this provision will only be deemed deleted or altered if **we** have agreed to such, prior to entering the **contract**, in writing.

9. Termination

- 9.1 **We** may terminate this **contract** by giving 30 days written notice to **you** at any time throughout the duration of the **contract** without further obligation, subject to any accrued rights and the payment of the **contract price** for **inspection services** which have already been performed to the effective date of termination.
- 9.2 Either party will have the right at any time by giving notice to the other to immediately terminate this **contract** on or after the happening of any of the following events:
- a) where the other has committed a material breach of the terms of this **contract** which is incapable of remedy
 - b) where the other has committed a material breach of the terms of this **contract** which is capable of remedy and fails to remedy such breach within 30 days after receipt of a written notice by the other party giving full particulars of the breach and requiring it to be remedied
 - c) where the other is unable to pay its debts as and when they fall due within the meaning of Section 123 of the Insolvency Act 1986
 - d) where an order is made or a petition is presented or an effective resolution is passed for the winding-up of the other party otherwise than for the purpose of a solvent amalgamation or reconstruction
 - e) where the other will convene a meeting or propose or enter into any arrangement or composition with its creditors
 - f) where an event of Force Majeure delays a scheduled **inspection** for more than 30 days.

10. Right of Set Off

- 10.1 **We** will be entitled to apply any monies due to **you** under the **contract** in or towards any sum owing to **us** in relation to any matter whatsoever.

11. Force Majeure

- 11.1 **We** will not be liable for any delay or for the consequences of any delay in performing **our** obligations under this **contract** if such delay is due to any cause beyond **our** reasonable control and will be entitled to a reasonable extension of time for performance of such obligations.

12. Notices

- 12.1 All notices to be given under this **contract** will be in writing and may be delivered by first class post or facsimile transmission, and will be deemed to have been delivered, 48 hours after posting (in the case of first class pre-paid letter) and 12 hours after dispatch (in the case of facsimile transmission).

13. General

- 13.1 Failure by either party to enforce any of the rights under this **contract** will not be taken as or deemed to be a waiver of such rights.
- 13.2 If any term or provision of this **contract** is held illegal or unenforceable the remainder will remain in full force and effect.
- 13.3 This **contract** represents the entire agreement between the parties and supersedes all prior agreements and representations made by either party, whether oral or written.

14. Governing Law

- 14.1 This **contract** will be governed by and construed in accordance with the laws of England and any dispute will be subject to the exclusive jurisdiction of the English courts.

15. Sanctions

- 15.1 Notwithstanding any other terms of this **contract** **we** will not provide any service or benefit to **you** or any other party to the extent that such cover, service, benefit and/or any business or activity of **yours** would violate any applicable trade or economic sanctions law or regulation.

Additional clauses – applicable only if stated in the Schedule

001 Long Term Undertaking – Inspection Contract

In consideration of the **discount rate** applied to the **contract price** on this **contract** **you** undertake with effect from the **commencement date** to offer annually to **us** for the **specified period** the **inspection service** under this **contract** on the terms and conditions in force at the expiry of each Period of Contract, it being understood and agreed that:

- a) **we** will be under no obligation to accept an offer made in accordance with this undertaking
- b) **we** may adjust the **contract price** to take into account changes in **inspection interval**, additional **plant** or deletion of **plant** taken out of service.

This undertaking applies to any contract (or contracts) which may be issued by **us** in substitution for this **contract** and the same discount will be allowed off the fees on any substituted contract (or contracts) issued by **us**.

Payment of the first or renewal fee due at the **commencement date** with the benefit of the appropriate **discount rate** will be deemed acceptance by **you** of this undertaking.

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

002 Long Term Undertaking – Average Weekly Earnings (AWE) Index – Inspection Contract

In consideration of the **discount rate** applied to the **contract price** on this **contract** **you** undertake with effect from the **commencement date** to offer annually to **us** for the **specified period** the **inspection service** under this **contract** on the terms and conditions in force at the expiry of each Period of Contract, it being understood and agreed that:

- a) **we** will be under no obligation to accept an offer made in accordance with the above mentioned undertaking
- b) **we** may adjust the **contract price** to take into account changes in **inspection interval**, additional **plant** or deletion of **plant** taken out of service
- c) rates will be amended at each renewal date in line with the change in the Average Weekly Earnings – Regular Pay – Whole Economy – 3 Month Average Index for all employees during the period of 12 months which expires 3 months prior to the month of renewal.

This undertaking applies to any contract (or contracts) which may be issued by **us** in substitution for this **contract** and the same discount will be applied to the **contract price** on any substituted contract (or contracts) issued by **us**.

Payment of the first or renewal fee due at the **commencement date** with the benefit of the appropriate **discount rate** will be deemed acceptance by **you** of this undertaking. The **discount rate**, **commencement date** and **specified period** are as specified in the **schedule** or endorsed hereon.

003 Long Term Undertaking – Index Linked (RPI) – Inspection Contract

In consideration of the **discount rate** applied to the **contract price** on this **contract you** undertake with effect from the **commencement date** to offer annually to **us** for the **specified period** the **inspection service** under this **contract** on the terms and conditions in force at the expiry of each Period of Contract, it being understood and agreed that:

- a) **we** will be under no obligation to accept an offer made in accordance with the above mentioned undertaking
- b) **we** may adjust the **contract price** to take into account changes in **inspection interval**, additional **plant** or deletion of **plant** taken out of service
- c) rates will be amended at each renewal date in line with the change in the Retail Prices Index (all items) during the period of 12 months which expires 3 months prior to the month of renewal subject to a minimum of 0% and maximum of 5%.

This undertaking applies to any contract (or contracts) which may be issued by **us** in substitution for this **contract** and the same discount will be applied to the **contract price** on any substituted contract (or contracts) issued by **us**.

Payment of the first or renewal fee due at the **commencement date** with the benefit of the appropriate **discount rate** will be deemed acceptance by **you** of this undertaking. The **discount rate**, **commencement date** and **specified period** are as specified in the **schedule** or endorsed hereon.

Your Engineering Combined policy

This policy is a contract between the **you** and Zurich Insurance Company Ltd (also referred to as **we**, **us** or **our**).

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

We will insure **you** under those parts stated in the schedule 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 indemnity 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 the 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 as stated in **your** policy documentation. 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 and any schedule and endorsement carefully and if they do not meet **your** needs return them to **us** or **your** broker or insurance intermediary.

General definitions

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

However, certain words have special meanings that only apply to a particular part of this policy. These are stated at the beginning of the relevant part as special definitions and will apply in that part wherever the defined words commence with a capital letter.

Communicable disease

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.

Data processing system

Any computer or data processing equipment or media or microchip or integrated circuit or any similar device or any computer software or computer firmware.

Defined peril

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 or attempted theft, earthquake, subterranean fire, storm, tempest, flood, escape of water from any tank apparatus or pipe impact by any vehicle or by goods falling therefrom or by any animal.

Denial of service attack

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

Unauthorised access to any computer or other equipment or component or system or item which processes, stores, transmits, retrieves or receives data.

Nuclear installation

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

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.

Virus or similar mechanism

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.

We, Us, Our

Zurich Insurance plc.

You, Your

The company, person or persons or other legal entity named in the schedule as the policyholder.

General exclusions

This policy does not cover:

1. Excess

the exclusion period, or amount stated in the schedule as the excess in respect of the cost of each and every occurrence for which **you** are indemnified by this policy. It is agreed that any loss of or damage to the property insured arising during any one period of 72 consecutive hours caused by earthquake, storm, tempest or flood will be deemed to be a single event and therefore to constitute one occurrence. For the purpose of the foregoing the commencement of any such period will be decided by **you**, it being understood and agreed that there will be no overlapping of any two or more such periods.

2. Nuclear and war risks, government or public authority order and sonic bangs

death, injury, disablement or loss or damage to any property or any loss or expense 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 nuclear assembly or nuclear component thereof
- c) any weapon 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
- e)
 - i) war, invasion, act of foreign enemy, hostilities whether war be declared or not, civil war, rebellion, revolution, insurrection, military or usurped power
 - ii) nationalisation, confiscation, requisition, seizure or destruction by any government or public authority
- f) pressure waves caused by aircraft and other aerial devices travelling at sonic or supersonic speeds

3. Terrorism

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

- a) in respect of any occurrence in England including the Channel Tunnel up to the frontier with the Republic of France as set out by the Treaty of Canterbury 1986, Wales, Scotland, Northern Ireland, the Isle of Man and Channel Islands but not the territorial seas adjacent thereto as defined by the Territorial Sea Act 1987, the Territorial Sea Act 1987 (Isle of Man) Order 1991, the Territorial Sea Act 1987 (Jersey) Order 1997 and Territorial Sea Act 1987 (Jersey) (Amendment) Order 2002:

acts of persons acting on behalf of or in connection with any organisation which carries out activities directed towards the overthrowing or influencing by force or violence of Her Majesty's government in the United Kingdom or any other government de jure or de facto
- b) in respect of any occurrence elsewhere than as described in a) above:

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 whether acting alone or on behalf of or in connection with any organisation or government de jure or de facto and which:
 - i) involves violence against one or more persons
 - ii) involves damage to property
 - iii) endangers life other than that of the person committing the action
 - iv) creates a risk to health or safety of the public or a section of the public
 - v) is designed to interfere with or to disrupt an electronic system
- c) 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) or b) above.

In any action or suit or other proceedings where we allege that by reason of this exclusion cover is not provided under this policy the burden of proving that cover is provided under this policy will be upon you

4. Northern Ireland

in so far as this policy covers riot and civil commotion **we** will 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

5. 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 this will not exclude subsequent damage or consequential loss, additional expenditure or extra expenses (not otherwise excluded) which itself results from a **defined peril** otherwise covered under this policy

6. Wear and tear, corrosion

the cost of rectification or making good of wear and tear, gradual deterioration due to atmospheric conditions or otherwise, rust, corrosion or oxidation or scratching of painted or polished surfaces

7. Water table level

loss or damage attributable solely to a change in the water table level

8. Consequential loss

liquidated damages penalties for delay or detention or in connection with guarantees of performance or efficiency or consequential loss or damage not specifically provided for herein

9. Wilful act

loss, damage or additional expenditure caused by **your** wilful act or wilful neglect

10. Pollution

loss, damage or additional expenditure caused by pollution or contamination other than loss of or damage to the property insured caused by pollution or contamination and additional expenditure in consequence thereof

11. Multiple lifts

loss or damage arising out of any raising or lowering operations in which a single load is shared between items of lifting and handling plant unless such operations are carried out in accordance with British Standard Code of Practice for the safe use of cranes – BS7121

12. Testing

damage to any item 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.

Provided that this exclusion shall not apply to overload testing undertaken in accordance with the British Standard Code of Practice for the safe use of cranes – BS7121

13. 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 **communicable disease**

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

14. Electronic risks

(this exclusion does not apply to any Computer section of this policy)

- 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**.

General conditions

1. Access

You will afford reasonable facilities for **our** representatives to examine any property insured under this policy.

2. Change in circumstances

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

Upon notification of any such change **we** 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 **us** then **we** are under no obligation to agree to make them and may no longer be able to provide **you** with cover.

If **you** do not notify **us** of any such change **we** may exercise one or more of the options described in clauses c) i), ii) and iii) of general condition 5 – Fair presentation of the risk but only with effect from the date of the change in circumstances or material facts.

3. Cancellation

We may cancel this policy or any part or portion thereof by giving 30 days notice in writing by special delivery mail to **you** at **your** last known address and in such event **you** will be entitled to a return of premium in respect of the unexpired portion of the period of insurance.

4. Contractual right of renewal (tacit)

If **you** pay the premium to **us** using **our** Direct Debit instalment scheme **we** will have the right (which **we** may choose not to exercise) to renew this policy each year and continue to collect premiums using this method.

We may vary the terms of this policy (including the premium) at renewal. If **you** decide that **you** do not want **us** to renew this policy provided **you** tell **us** or **your** broker or insurance intermediary before the next renewal date **we** will not renew it.

5. Fair presentation of the risk

- a) At inception and renewal of this policy and also whenever changes are made to it at **your** request **you** must:
 - i) disclose to **us** all material facts in a clear and accessible manner; and
 - ii) not misrepresent any material facts.
- b) If **you** do not comply with clause a) of this condition **we** may:
 - i) avoid this policy which means that **we** will treat it as if it had never existed and refuse all claims where any non-disclosure or misrepresentation by **you** is proven by **us** to be deliberate or reckless in which case **we** will not return the premium paid by **you**; and
 - ii) recover from **you** any amount **we** have already paid for any claims including costs or expenses **we** have incurred.
- c) If **you** do 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 **we** would have done if **we** had known about the facts which **you** failed to disclose or misrepresented:
 - i) if **we** would not have provided **you** with any cover **we** will have the option to:
 - 1) avoid the policy which means that **we** will treat it as if it had never existed and repay the premium paid; and
 - 2) recover from **you** any amount **we** have already paid for any claims including costs or expenses **we** have incurred
 - ii) if **we** would have applied different terms to the cover **we** will have the option to treat this policy as if those different terms apply. **We** may recover any payments made by **us** 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 **we** would have charged **you** a higher premium for providing the cover **we** will charge **you** the additional premium which **you** must pay in full.

- d) Where this policy provides cover for any person other than **you** 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 **we** will not invoke the remedies which might otherwise have been available to **us** 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 **you**.

Provided always that if the person concerned or **you** acting on their behalf makes a careless misrepresentation of fact **we** may invoke the remedies available to **us** 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. Payment by instalments

Reference to the payment of premium includes payment by monthly instalments. If **you** 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.

7. Reasonable care

You will comply with all regulations imposed by any competent authority and take all reasonable precautions to prevent or minimise accident, injury or damage. In addition **you** will comply with maker's recommendations made in respect of property insured under this policy.

8. Sanctions

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

9. Fraudulent claims

If **you** or anyone acting on **your** 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 **you** or anyone acting on **your** behalf or in connivance with **you** deliberately caused; or
- e) realises after submitting what **you** reasonably believed was a genuine claim under this policy and then fails to tell **us** that **you** have not suffered any loss or damage; or
- f) suppresses information which **you** know would otherwise enable **us** to refuse to pay a claim under this policy

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

We may also notify **you** that **we** 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 **we** terminate this policy under this condition **you** 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 **you** 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.

10. Premium adjustment

If any part of the premium is calculated on estimates supplied by **you** an accurate record will be kept by **you** containing all information relative thereto and **you** will allow **us** to inspect such record. **You** will within one month from the expiry of each period of insurance supply to **us** such particulars and information as **we** may require. The premium for such period will thereupon be adjusted and the difference paid by or allowed to **you** as the case may be subject always to the minimum premium stipulated.

General claims conditions

1. Claims procedure

In the event of any occurrence which may give rise to a claim under this policy **you** will:

- a) give as soon as reasonably practicable notice by telephone and in writing to **us** supplying such proofs of claim as may reasonably be required by **us**
- b) preserve any damaged or defective property which might prove necessary as evidence for examination by **our** representatives
- c) in the case of property lost, stolen or maliciously damaged take all practicable steps (including the giving of immediate notice to the Police) to discover any guilty person and to trace and recover the missing property
- d) in the case of any claim made upon **you** by any third party forward to **us** immediately and unacknowledged every written communication or information as to any verbal notice of claim and all proceedings
- e) in the case of property lost or damaged as a result of riot inform **us** within seven days of any such occurrence.

2. Control of claims

We will be entitled in **your** name to take all necessary steps for enforcing any rights against any other party before or after meeting **your** claim and may at **our** discretion take over defend or settle any claim by a third party. **We** will be given such information and assistance by **you** as may be required.

3. Arbitration rights

If **we** admit 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 **you** and **us** in accordance with the law at the time. **You** may not take any legal action against **us** over the dispute before the arbitrator has reached a decision.

4. Other insurance

We will not be liable for any loss damage or liability which at the time of the happening of such loss damage or liability is insured by or would but for the existence of this policy be insured by any other policy or policies except in respect of any excess beyond the amount which would have been payable under the policy or policies had this insurance not been effected.

Part A – Machinery movement

Section 1 – Special definitions

Machinery

Machinery and plant belonging to **you** or in **your** custody or control or as more specifically described in the schedule.

Operations

Operations means whichever of the following is stated in the schedule: Transit, Erection, Dismantling, Positioning, Lifting or Lowering, Resiting.

a) **Transit**

Conveyance other than by sea or air including loading and unloading and any transshipments incidental storage or deviations en route.

b) **Erection**

Erection or installation from the time of completion of unloading from the transport vehicle until commencement of testing or running.

c) **Dismantling**

Dismantling and/or disconnecting until commencement of loading onto the transport vehicle.

d) **Positioning**

Bodily removal from unloading point to the actual working position and placing on foundations or bedplate.

e) **Lifting or Lowering**

Lifting or lowering from the commencement of slinging until slings are removed after grounding.

f) **Resiting**

Removal from one site to another and not involving the use of road or rail vehicles.

Section 2 – Cover

We will indemnify **you** in respect of loss of or damage to the Machinery occurring in the course of the Operations at the situation specified in the schedule or in the case of Transit between the situations specified in the schedule.

The limit of liability under this part will not exceed the sum insured stated in the schedule.

Where the sum insured is reduced by payment made hereunder the sum insured will be reinstated provided always that **you** will pay such additional premium as may be required by **us** which additional premium will be disregarded for the purpose of any adjustment under this policy.

Section 3 – Special exclusions

This part does not cover:

1. **Breakdown**

loss of or damage to any item of Machinery caused by its own breakdown or explosion

2. **Defects**

any costs necessary to correct defects in design material or workmanship whether or not such defects give rise to loss or damage indemnifiable hereunder

3. **Fire and perils**

loss or damage caused by or in consequence of fire, lightning, explosion, aircraft or other aerial devices or articles dropped there from at premises owned or occupied by **you**

4. **Inventory losses**

loss of the Machinery by its disappearance or by shortage if disappearance or shortage is only revealed when an inventory is made or loss of the Machinery due to its being stolen or otherwise missing unless such loss is identifiable by **you** with a specific occurrence which has been the subject of notification under the terms of the claims procedure condition including reporting the matter to the Police.

Section 4 – Special claims conditions

1. Third party claims procedure

In the event of any claim made upon **you** by a third party in respect of which **we** may be liable under this insurance **you** will not incur any expense whether by litigation or otherwise or make any payment settlement arrangement or admission of liability without the written authority of **us**. **We** shall be entitled to use **your** name for all purposes in connection with this insurance including the bringing, defending, enforcing or settling any legal proceedings for the benefit of **us**.

2. Supplementary claims charges

In connection with any claim for loss or damage **you** are entitled to recover supplementary charges such as custom dues packing freight profit and the like only if and so far as such charges have been provided for in the sum insured.

3. Options for claims settlement

We may at **our** option repair, reinstate or replace any property lost or damaged or pay the amount of the loss or damage in money. **We** will not be responsible for temporary repairs carried out without **our** consent and any consequences thereof nor for the cost of any alterations, additions, improvements or overhauls carried out on the occasion of a repair. Where loss or damage is confined to a part of a machine or structure **we** will be liable for only the value of that part plus the cost of any necessary dismantling and erection for which **you** are responsible. **You** will not be entitled to abandon any property to **us** whether taken into possession by **us** or not.

Part B – Machinery sudden and unforeseen damage

Section 1 – Special definitions

Sudden and Unforeseen Damage

Sudden and unforeseen damage which in **our** opinion necessitates immediate repair or replacement to enable normal working to continue.

Machinery

All installed machinery and plant owned by or leased to **you** for the purpose of **your** 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 **your** business

or as more specifically described in the schedule.

Section 2 – Cover

We will indemnify **you** in respect of Sudden and Unforeseen Damage to the Machinery whilst at the situation specified in the schedule.

The limit of liability under this part will not exceed the sum insured stated in the schedule.

2.1 Temporary removal

We will also indemnify **you** in respect of Sudden and Unforeseen Damage to the Machinery occurring whilst the Machinery is temporarily removed from the situation specified in the schedule to any other situation in the United Kingdom and whilst in transit (other than by sea or air) to and from such situation.

Provided always that payment under this extension will not increase our maximum liability under this section.

Special exclusion 2 of this part will not apply in respect of Machinery in transit.

2.2 Expediting expenses

We will pay expenses necessarily and reasonably incurred by **you** in making temporary repairs and expediting permanent repair including overtime working and the use of rapid transport in consequence of Sudden and Unforeseen Damage for which **you** are indemnified under this part.

Provided always that the amount payable in respect of any one occurrence will not exceed 50% of the normal cost of repair or £2,500 whichever is the lower and this limit will be in addition to the sum insured stated in the schedule.

Section 3 – Special exclusions

This part does not cover:

1. Excess

the amount stated in the schedule as the excess in respect of the cost of each and every occurrence for which **you** are indemnified under this part

2. Fire and perils

damage caused by or in consequence of fire, lightning, explosion, aircraft or other aerial devices or articles dropped therefrom, storm, tempest, flood, subsidence, earthquake or theft

3. 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

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 in the schedule

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 burnthrough 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

damage to tools, dies, moulds and parts requiring periodical renewal.

Section 4 – Special claims conditions

1. Options for claims settlement

We may at **our** option repair, reinstate or replace any property lost or damaged or pay the amount of the loss or damage in money. **We** will not be responsible for temporary repairs carried out without **our** consent unless such temporary repairs are made in accordance with extension 2.2 Expediting expenses and any consequences thereof nor for the cost of any alterations, additions, improvements or overhauls carried out on the occasion of a repair. Where loss or damage is confined to a part of a machine or structure **we** will be liable for only the value of that part plus the cost of any necessary dismantling and erection for which you are responsible. **You** will not be entitled to abandon any property to **us** whether taken into possession by **us** or not.

2. Supplementary claims charges

In connection with any claim for loss or damage **you** are entitled to recover supplementary charges such as custom dues packing freight profit and the like only if and so far as such charges have been provided for in the sum insured.

Part C – Machinery loss of profits

Section 1 – Special definitions

Accident

Accident means whichever of the following definitions appear by reference in the schedule: SUD, FOPES, FOPWS, FOPGS.

a) SUD

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

b) 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.

c) 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.

d) 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.

Business

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

Estimated Gross Profit

The amount declared by **you** to **us** 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 Indemnity Period exceeds twelve months.

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 will 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 will be arrived at in accordance with **your** 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 will be affected in consequence of the Accident. Provided always that we will 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 **you** 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. For the purpose of any claim arising from an Accident occurring before the completion of the first years trading of the Business 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.

Adjustments will 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.

Standard turnover

The Turnover during that period in the twelve months immediately before the date of the Accident which corresponds with the Indemnity Period. For the purpose of any claim arising from an Accident occurring before the completion of the first years trading of the Business 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.

Adjustments will 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.

Turnover

The money paid or payable to **you** 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.

Section 2 – Cover

We will indemnify **you** 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.

The limit of liability under this part will be:

- i) in respect a) above: the sum produced by applying the Rate of Gross Profit to the amount by which the Turnover during the Indemnity Period will in consequence of the Accident fall short of the Standard Turnover
- ii) in respect of b) above: 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 always that the liability under this part will in no case exceed 1331/3% of the Estimated Gross Profit stated in the schedule.

For the purposes of calculating the reduction in Turnover or increase in cost of working as above any adjustment implemented in current cost accounting shall be disregarded and to the extent that the **you** are accountable to the tax authorities for Value Added Tax all terms in this part shall be exclusive of such tax.

In the absence of written notice by **you** or **us** to the contrary **our** liability will not stand reduced by the amount of any loss provided always that **you** will pay the appropriate additional premium for such automatic reinstatement of cover.

2.1 Accountants' fees

We will pay any 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 **your** books of accounts or other business books or documents.

Provided always that payment under this extension will not increase our maximum liability under this section.

Section 3 – Special exclusions

This part does not cover:

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. 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

4. 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

5. 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

6. Brickwork

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

7. Renewable parts and fuses

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

8. 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.

Section 4 – Special conditions

1. Alternative situation

If during the Indemnity Period goods will be sold or services will be rendered elsewhere than at the situation specified in the schedule for the benefit of the Business either by **you** or by others on **your** behalf the money paid or payable in respect of such sales or services will 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 Section 2 – Cover will apply separately to each department affected by the Accident.

3. Renewal requirement

You will prior to each renewal date furnish **us** with the Estimated Gross Profit for the financial year most nearly concurrent with the ensuing period of insurance proportionally increased if the Indemnity Period exceeds twelve months.

4. Premium adjustment

You will furnish to **us** not later than six months after the expiry of each period of insurance a declaration certified by **your** auditors of the Gross Profit earned during the financial year most nearly concurrent with the period of insurance.

If any Accident will have occurred giving rise to a claim under this part the above mentioned declaration will be increased by **us** 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 **we** will 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 **you** will pay a pro rata addition to the premium paid on the Estimated Gross Profit.

Provided always that **we** will maintain the amount specified in the schedule as the minimum retained premium.

Part D – Computer

Section 1 – Special definitions

Accident

Loss of or damage to Computer Equipment, Auxiliary Equipment or Computer Media.

The failure or fluctuation of the supply of electricity to the Computer Equipment or Auxiliary Equipment.

The failure of any telecommunication system linked to the Computer Equipment.

Physical loss of or damage to property in the vicinity of the Computer Equipment or the situation specified or the exercise by any public or police authority of its powers for the sole purpose of safeguarding life or property which prevents access to or use of the Computer Equipment by **you**.

Erasure, destruction, corruption or distortion of software contained or data stored on fixed disks or Computer Media.

Approved Maintenance Agreement

An agreement which provides on-call remedial maintenance encompassing free repair or replacement in the event of breakdown arising out of normal use. **You** will supply to **us** a copy of any such agreement on request.

Auxiliary Equipment

Auxiliary equipment comprising temperature and environmental control, power supply and voltage regulating equipment and protective devices exclusively for use with the Computer Equipment belonging to **you** or leased hired or rented to **you**.

Computer Equipment

Computer equipment (including fixed disks and interconnecting wiring) used for electronic processing communication and storage of data belonging to **you** or leased, hired or rented to **you**. Excluding equipment more specifically described under Auxiliary Equipment and Computer Media.

Computer Media

Computer Media of all types (other than paper records) belonging to **you** or leased, hired or licensed to **you**.

Section 2 – Material damage

We will indemnify **you** in respect of loss of or damage to Computer Equipment and Auxiliary Equipment at the situation specified in the schedule and Computer Media at any situation or in transit anywhere in the world.

The limit of liability under this section will not exceed the sum insured stated in the schedule.

Payment of a claim made under this policy will not reduce the sums insured except upon written notice by **us** to the contrary.

Provided always that **you** will take immediate steps to comply with any requirements of **us** relating to amendments to the protections of the property insured.

2.1 Transit

We will also indemnify **you** in respect of loss of or damage to Computer Equipment whilst in transit and whilst at any situation in the world other than the situation specified in the schedule.

Provided always that the amount payable under section 2 of this part will not exceed:

- a) £5,000 in respect of each occurrence of theft
- b) £25,000 in respect of any other occurrence

and these limits will form part of and not be in addition to the sum insured stated in the schedule.

2.2 Investigation costs

We will pay the costs (including cost of consultants' fees) incurred with **our** prior consent conducting investigations and tests in respect of possible repair replacement or restoration following loss or damage covered by section 2 of this part.

Provided always that the amount payable in respect of any one occurrence will not exceed £25,000 and this limit will be in addition to the sum insured stated in the schedule.

2.3 Incompatibility of computer media

We will pay the costs of:

- a) modification of the Computer Equipment; or
- b) replacement of Computer Media together with the restoration of data or software on such media

whichever is the lesser amount to achieve compatibility in the event that the loss of Computer Equipment covered under section 2 has resulted in undamaged Computer Media being incompatible with the replacement Computer Equipment.

Provided always that the amount payable will not exceed in respect of any one occurrence twenty five percent (25%) of the sums insured in respect of sections 2 and 3 in the aggregate or £50,000 whichever is the lesser amount and this limit will be in addition to the sum insured stated in the schedule.

2.4 Recharging of gas cylinders

We will pay the cost of recharging gas cylinders installed solely for the protection of the property covered by section 2 following accidental discharge but excluding discharge arising:

- a) during repairs or alterations to the building in which the cylinders are situated
- b) during installation repair removal alteration extension or testing of all or part of the gas flooding system
- c) during the operation of the gas flooding system with the intention of preventing or extinguishing fire.

Provided always that the amount payable in respect of any one occurrence will not exceed £10,000 and this limit will be in addition to the sum insured stated in the schedule.

2.5 Additional equipment

This section includes additions to the property insured at the situation specified in the schedule occurring during the period of insurance at no additional charge subject to the increase in sum insured under section 2 in any one period of insurance not exceeding twenty percent (20%) of the amounts stated in the schedule or £250,000 whichever is the lesser amount.

Exclusions to section 2

Section 2 does not cover:

1. Breakdown

loss of or damage to any item of Computer Equipment or Auxiliary Equipment occasioned by its own breakdown unless there is in force an Approved Maintenance Agreement in respect of the item

2. Guarantee or maintenance

loss or damage for which:

- a) any manufacturer supplier agent or maintenance undertaking is responsible under the terms of a guarantee or maintenance agreement
- b) **you** are relieved of responsibility under any rental hire or lease agreement

3. Viruses and hacking

loss or damage directly or indirectly occasioned by or in consequence of **virus or similar mechanism or hacking**.

Section 3 – Additional expenditure

We will indemnify **you** in respect of additional expenditure necessarily and reasonably incurred by **you** to:

- a) prevent or minimise the interruption of or interference with the work normally carried out by or on the Computer Equipment

excluding additional expenditure more specifically described under b)

- b) recompile or restore data or software or replace third party proprietary software

in consequence of an Accident which manifests itself during the period of insurance.

The limit of liability under this section will not exceed the sum insured stated in the schedule.

Payment of a claim made under this policy will not reduce the sums insured except upon written notice by **us** to the contrary.

Provided always that:

- i) **you** will take immediate steps to comply with any requirements of **us** relating to amendments to the protections of the property insured
- ii) the amount payable in respect of additional expenditure incurred directly or indirectly in consequence of **virus or similar mechanism** or **hacking** will not exceed in any one period of insurance the sum of £100,000 or the sum insured stated in the schedule against Section 3 whichever is the lesser amount.

3.1 Additional lease

We will pay additional lease or hire charges arising out of the replacement of a lease or hire agreement in respect of the Computer Equipment by a new agreement for similar equipment in consequence of loss or damage covered by section 2.

Provided always that:

- a) the period in respect of which such charges will be paid will not extend beyond the expiry date of the original agreement
- b) the total additional charges payable in respect of any one occurrence will not exceed £25,000 and this limit will be in addition to the sum insured stated in the schedule.

3.2 Accountants' fees

We will pay any 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 **your** books of accounts or other business books or documents.

Provided always that the amount payable in respect of any one occurrence will not exceed £25,000 and this limit will be in addition to the sum insured stated in the schedule.

Exclusions to section 3

Section 3 does not cover:

1. Acts of supply authorities

any additional expenditure in consequence of a failure or fluctuation of the supply of electricity 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's 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

2. Acts of telecommunications authorities

any additional expenditure in consequence of a failure of any telecommunications system directly or indirectly due to:

- a) a deliberate act of the telecommunications authority or the exercise by the telecommunications authority of its power to withhold or restrict operation of the system
- b) the inability of the telecommunications authority to maintain the system due to industrial action by any of its employees
- c) the use by **you** of equipment which is not approved by the telecommunications authority
- d) failure of any satellite prior to its obtaining its full operating function or while in or beyond the final year of its design life
- e) atmospheric solar or lunar conditions causing temporary interference with transmission to or from any satellite

3. Unproven software

any additional expenditure in consequence of the use by **you** of software in respect of which development has not been finalised or which has not passed all testing procedures or which has not been successfully proven

4. Incorrect storage

any additional expenditure in consequence of failure to comply with manufacturers' recommendations relating to storage of Computer Media

5. Time limitation

any additional expenditure commencing more than twelve (12) months after the date on which the Accident manifests itself.

Section 4 – Special exclusions applicable to sections 2 and 3

This part does not cover:

1. Excess

the amount stated in the schedule as the excess in respect of the cost of each and every occurrence for which **you** are indemnified by this section

2. Theft from buildings

loss, damage or additional expenditure by or in consequence of theft from any building unless entry to or exit from the external perimeter of the building is by forcible and violent means

3. Property in vehicles

loss of or damage to the property insured and any additional expenditure in consequence thereof whilst such property is in a vehicle unless:

- a) the property is securely mounted or kept in a suitable container in the vehicle
- b) the vehicle is in a locked garage when left unattended overnight
- c) the doors of the vehicle are locked and all its windows and other openings fully closed and properly fastened when unattended
- d) the property is concealed from view in a locked boot in any unattended motor car

4. Inventory losses

loss of the property insured and any additional expenditure in consequence thereof by its disappearance or by shortage if such disappearance or shortage is only revealed when an inventory is made or loss of the property insured due to its being stolen or otherwise missing unless such loss is identifiable by **you** with a specific occurrence which has been the subject of notification under the terms of the claims procedure condition including reporting the matter to the Police

5. Programming errors or design defects

- a) the costs of rectifying programming errors or design defects in software
- b) in respect of third party proprietary software only any additional expenditure in consequence of programming errors or design defects but this exclusion will not apply to additional expenditure consequent upon erasure, destruction, corruption or distortion of other software caused by programming errors or design defects in third party proprietary software

6. Value of data

the value to **you** of data stored on Computer Equipment or Computer Media.

Section 5 – Special conditions

1. Backup

Data records must be backed up no less frequently than once every 7 days and stored off site. Adequate backup facilities must be provided to ensure that all essential business information and software can be recovered following a disaster or media failure. Backup arrangements for individual systems must be regularly tested. Backup information must be given an appropriate level of physical and environmental protection and backup media must be regularly tested, where practicable, to ensure that they can be relied upon for emergency use.

2. Information security

- a) A documented information security policy must be maintained; this must be approved by management, published and communicated as appropriate to all employees.
- b) Access to all networks and systems must be authenticated by means of individual user identifications and passwords which are unpredictable, alphanumeric of at least 6 characters and required to be changed at least every 90 days.

- c) Firewalls must be in place to prevent unauthorised access on all connections from internal networks and systems to external networks.
- d) Remote users must be authenticated before being allowed to connect to internal networks and systems.
- e) Anti-virus software must be in place on all desktops and mission critical servers to protect against viruses, worms and other malicious code; it must be installed on all entry points including email attachments and Internet downloads.

3. Physical protection

All external doors of the building housing the computer equipment, together with internal doors which give access to any part of the building not occupied by **you**, must be fitted and secured with one of the following:

- a) a mortice deadlock with matching boxed striking plate or a rim lock which in either case conforms to BS3621: 1980 Specification for Thief Resistant Locks; or
- b) a five (or more) lever close shackle padlock and locking bar; or
- c) in the case of aluminium or UPVC framed doors, an integral cylinder operated swingbolt mortice lock; or
- d) an alternative form of lock or locking system of at least similar quality and strength to BS3621: 1980 which is approved by **us** in writing.

All outward opening external doors of the building and internal doors which give access to any part of the building not occupied by **you** must be fitted and secured with hinge bolts.

All accessible opening windows, fanlights and skylights, including those accessible from decks, roofs, fire escapes or downpipes must be fitted and secured with key operated window locks and the keys of such locks removed when activated. This requirement does not apply to windows protected by solid steel bars, grilles, expanded metal or weld-mesh.

Note: Any door or window officially designated a fire exit by the fire authority will require consultation with the fire authority so that the interests of both safety and security can be met.

Section 6 – Special claims conditions

1. Waiver of subrogation rights

Notwithstanding the control of claims condition of this section **we** agree to waive any rights against any parent company and/or subsidiary company of yours and/or any company whose activities are conducted and/or managed by **you** in whole or in part and/or any regular shared time users of the Computer Equipment arising out of any payment made under this section.

Provided always that:

- a) **you** do not receive any form of indemnity or damages or other compensation from such company and/or user
- b) any such company and/or user will as though they were **you** observe fulfil and be subject to the terms limitations and conditions of this section.

2. Average

If at the time of the loss or damage the sum representing eighty-five percent (85%) of the new replacement value of the property insured exceeds the sum insured thereon **you** will be considered as being **your** own insurer for the difference and will bear a rateable share of the loss or damage accordingly.

For the purpose of this condition reference to the 'property insured' will not include additional property for which insurance is provided by extension 2.5 – Additional equipment.

For the avoidance of doubt solely in respect of the application of average to any item under this policy clause c) iii) of general condition 5 – Fair presentation of the risk will not apply.

3. Claims settlement

The amount payable under this part will be the cost of reinstatement of property insured, lost or damaged to its condition when new.

Provided always that:

- a) reinstatement will mean:
 - i) replacement of any item lost or damaged beyond repair by new property of equal performance and/or capacity or if such be impossible its replacement by new property having the nearest higher performance and/or capacity to the item lost or damaged
 - ii) repair of any item otherwise damaged
- b) reinstatement will be carried out without delay and in the most economical manner
- c) where any property insured is damaged or lost in part only **our** liability will not exceed the cost of reinstatement had it been wholly lost
- d) no payment will be made until reinstatement has been carried out
- e) the sum insured will be the new replacement value of the property insured
- f) if reinstatement is not carried out the amount payable will be the cost of indemnifying **you** provided such cost does not exceed the cost of reinstatement.

We will not be responsible for temporary repairs carried out without **our** consent and any consequences thereof nor for the cost of any alterations additions improvements or overhauls carried out on the occasion of a repair. Where loss or damage is confined to a part of a machine or structure **we** will be liable for only the value of that part plus the cost of any necessary dismantling and erection for which **you** are responsible. **You** will not be entitled to abandon any property to **us** whether taken into possession by **us** or not.

Part E – Deterioration of stock

Section 1 – Special definitions

Goods

Foodstuffs including work in progress belonging to **you** or held in trust for which **you** are responsible or as more specifically described in the schedule.

Section 2 – Cover

We will indemnify **you** in respect of loss of or damage to the Goods in the cold storage spaces of the insured property described in the schedule by deterioration or putrefaction caused by:

- a) a change in temperature due to:
 - i) sudden and unforeseen damage to the refrigerating plant
 - ii) non-operation of the controlling devices of the refrigerating plant
 - iii) the accidental failure of the public electricity supply at the terminal points of the supply authority's feed to the premises
- b) the action of escaping refrigerant fumes.

The limit of liability under this part will not exceed the sum insured specified in the schedule.

2.1 Decontamination of cold stores

We will also indemnify **you** in respect of costs incurred for the cleaning and decontamination of the cold storage spaces following indemnifiable damage.

Provided that the amount payable in respect of any one occurrence shall not exceed 10% of the limit of liability stated in the schedule or £5,000, whichever is the lesser.

2.2 Disposal of Condemned Goods

We will also pay the costs of:

- a) obtaining a condemnation certificate issued by an environmental health officer as proof of loss in respect of any indemnifiable claim
- b) the disposal of Goods for which a condemnation certificate has been issued as a result of an indemnifiable claim.

Provided that the amount payable in respect of any one occurrence shall not exceed 10% of the limit of liability stated in the schedule or £5,000, whichever is the lesser.

Section 3 – Special exclusions

This part does not cover:

1. Excess

the amount stated in the schedule as the excess in respect of the cost of each and every occurrence for which **you** are indemnified by this section

2. Fire and perils

loss of or damage caused by or in consequence of fire, lightning, flood, explosion, aircraft or other aerial devices or articles dropped therefrom occurring at the premises specified in the schedule

3. Deliberate act of the supply authority

failure of the public supply of electricity arising from the deliberate act of the supply authority or the exercise by such authority of its power to withhold or restrict supply

Section 3 – Special claims conditions

1. Options for claims settlement

We may at **our** option replace any property lost or damaged or pay the amount of the loss or damage in money. Such amount shall be the amount paid by **you** for the purchase of raw materials or products plus the cost of any processing or packaging undertaken by **you**. **We** will not be responsible for temporary repairs carried out without **our** consent and any consequences thereof nor for the cost of any alterations, additions, improvements or overhauls carried out on the occasion of a repair. **You** will not be entitled to abandon any property to **us** whether taken into possession by **us** or not.

2. Supplementary claims charges

In connection with any claim for loss or damage **you** are entitled to recover supplementary charges such as custom dues packing freight profit and the like only if and so far as such charges have been provided for in the sum insured.

Part F – Contractors' plant

Section 1 – Special definitions

Owned Plant

Your property comprising all types of contractors' plant including scaffolding, access equipment and self-propelled industrial plant or as more specifically described in the schedule.

Hired-in Plant

Contractors' plant hired-in by **you** but not on hire purchase or free loan to **you** comprising all types of contractors' plant including scaffolding, access equipment and self-propelled industrial plant or as more specifically described in the schedule.

Section 2 – Owned Plant

We will indemnify **you** in respect of loss of or damage to Owned Plant whilst at any situation in the United Kingdom and whilst in transit (other than by sea or air) between such situations.

The limit of liability under this section will not exceed:

- a) in respect of any one item of property insured the market value of the item at the time of the loss or damage
- b) the sum insured stated in the schedule.

Exclusions to Section 2

This part does not cover:

1. Breakdown

loss of or damage to any item of plant caused by its own breakdown or explosion but not loss or damage by any ensuing cause otherwise indemnifiable under Section 2

2. Attachments

loss of or damage to cutting edges tools trailing cables or flexible pipes other than when such loss or damage results from the total loss of the complete item or items of insured plant

3. Materials treated

loss or damage caused by or arising out of materials treated by **your** plant or by foreign bodies entering the plant with such materials.

Section 3 – Hired-in Plant

We will indemnify **you** in respect of **your** legal liability under the terms of **your** hiring agreement or otherwise to pay:

- a) compensation for loss of or damage to Hired-in Plant whilst in **your** custody or under **your** control at any situation in the United Kingdom and whilst in transit (other than by sea or air) between such situations
- b) continuing hire charges in consequence of loss or damage covered under a) above.

The limit of liability under this section will not exceed:

- i) in respect of a) above: the sum insured stated in the schedule
- ii) in respect of b) above: the sum insured stated in the schedule provided always that the period in respect of which payment is made hereunder will commence twenty four hours after the occurrence of the loss or damage and be limited to the indemnity period stated in the schedule.

3.1 Defence costs

We will where legal proceedings have been defended with **our** written consent pay all legal charges for which **you** may be liable.

Provided always that payment under this extension will not increase **our** maximum liability under this section.

Section 4 – Special exclusions

This part does not cover:

1. Excess

the amount stated in the schedule as the excess in respect of the cost of each and every occurrence for which **you** are indemnified by this section

2. Inventory losses

loss of the property insured by its disappearance or by shortage if such disappearance or shortage is only revealed when an inventory is made or loss of the property insured due to its being stolen or otherwise missing unless such loss is identifiable by **you** with a specific occurrence which has been the subject of notification under the terms of the claims procedure condition including reporting the matter to the Police

3. Motor vehicles

loss of or damage to any mechanically propelled vehicle other than any such vehicle not more specifically insured and which is:

- a) not licensed for road use and used in circumstances which do not require insurance or security under any Road Traffic Act legislation; or
- b) designed or adapted primarily for use as a tool of trade

4. Waterborne risks

loss of or damage to any airborne or waterborne vessel or craft marine rig platform or property situated on any such vessel craft rig or platform.

Section 5 – Special condition

1. Hiring out

In the case of plant hired out by **you** the conditions of such hirings will be no less onerous than the standard conditions of The Construction Plant-Hire Association except as agreed by **us**.

Section 6 – Special claims conditions

1. Options for claims settlement

We may at **our** option repair, reinstate or replace any property lost or damaged or pay the amount of the loss or damage in money. **We** will not be responsible for temporary repairs carried out without **our** consent and any consequences thereof nor for the cost of any alterations, additions, improvements or overhauls carried out on the occasion of a repair. Where loss or damage is confined to a part of a machine or structure **we** will be liable for only the value of that part plus the cost of any necessary dismantling and erection for which **you** are responsible. **You** will not be entitled to abandon any property to **us** whether taken into possession by **us** or not.

2. Supplementary claims charges

In connection with any claim for loss or damage **you** are entitled to recover supplementary charges such as custom dues packing freight profit and the like only if and so far as such charges have been provided for in the sum insured.

Part G – Contract works construction

Section 1 – Special definitions

Contract

The agreement under which the Contract Works are undertaken.

Contract Site

As stated in the schedule.

Contract Works

The permanent and temporary works executed in performance of the Contract and materials for use in connection therewith.

Nuclear Material

- a) Nuclear fuel (other than natural uranium and depleted uranium) capable of producing energy by a self-sustaining chain process of nuclear fission outside a nuclear reactor either alone or in combination with some other material
- b) radioactive products or waste produced in or any material made radioactive by exposure to the radiation incidental to the production or use of nuclear fuel not including fabricated radioisotopes.

Production, Use or Storage of Nuclear Material

The production, manufacture, enrichment, conditioning, processing, reprocessing, use, storage, handling and disposal of Nuclear Material.

Section 2 – Cover

We will indemnify **you** in respect of loss of or damage to the Contract Works occurring:

- a) whilst in transit (other than by sea or air) in the United Kingdom to or from the Contract Site
- b) whilst on the Contract Site or adjacent thereto until the issue of a certificate of completion or until taken over by the principal and for fourteen days thereafter where **you** are required to insure under the terms of the Contract
- c) during the period of maintenance or defects liability not exceeding twelve months
 - i) arising from a cause occurring prior to the commencement of such period or
 - ii) occasioned by the contractor in the course of any operations carried out by him for the purpose of complying with his obligations under the maintenance or defects liability clause in the Contract.

Provided always that **you** will demonstrate that any loss or damage which is first revealed during the period of maintenance or defects liability is the responsibility of the contractor under the terms of the Contract.

The limit of liability under this part will not exceed the sum insured stated in the schedule which may be increased by an amount not exceeding twenty percent (20%) should the original estimated contract price of any insured contract (including the value of free-issue materials) increase by such an amount.

Where the sum insured is reduced by payment made hereunder the sum insured will be reinstated provided **you** will pay such additional premium as may be required by **us** which additional premium will be disregarded for the purpose of any adjustment of premium under this part.

2.1 Free-issue materials

We will also indemnify **you** in respect of loss of or damage to free-issue materials supplied by **you** or **your** agents and for which **you** are responsible under the terms of the Contract.

Provided always that:

- a) the total value of all such free-issue materials is included in any declaration made to **us**
- b) payment under this extension will not increase **our** maximum liability under this section.

2.2 Offsite storage

We will also indemnify **you** in respect of loss or damage as herein provided to the property insured whilst in store at any situation in the United Kingdom other than the Contract Site but not where the value of the property insured in store exceeds £250,000 unless **our** prior consent has been obtained and this limit will form part of and not be in addition to the sum insured stated in the schedule.

Provided always that **you** are responsible for such loss or damage under the terms of the Contract.

2.3 Speculative building

We will also indemnify **you** in respect of loss of or damage to property being built or erected by **you** other than under Contract. In respect of such property cover will cease to apply from the date of completion of the work.

Provided always that payment under this extension will not increase **our** maximum liability under this section.

2.4 Principals or contractors indemnity

We will also indemnify any principal or contractor in a like manner to **you** where required by the conditions of the Contract in respect of contracts undertaken in the United Kingdom only. Provided always that payment under this extension will not increase **our** maximum liability under this section.

2.5 JCT contract conditions

This part includes the following where **you** undertake a contract under JCT Standard Building Contract 2011 (or the equivalent thereof). In respect of loss of or damage to the property insured by any of the specified perils defined in the above mentioned Standard Form of Building Contract it is agreed that so far as is required by the sub-contract **we** will not pursue any rights of subrogation against sub-contractors directly engaged by **you**.

2.6 Expediting expenses

We will pay the costs necessarily and reasonably incurred by **you** in making temporary repairs and expediting permanent repair including overtime working and the use of rapid transport in consequence of loss of or damage to the Contract Works for which **you** are indemnified by this section.

Provided always that the amount payable will not exceed fifty percent (50%) of the cost of repair had such costs not been incurred and this limit will be in addition to the sum insured stated in the schedule.

2.7 Professional fees

We will pay the cost of architects, surveyors, consulting engineers and other professional reasonable fees necessarily incurred in the reinstatement of the property insured following loss of or damage to the Contract Works for which **you** are indemnified by this section not being fees for preparing any claim.

Provided always that:

- a) the amount payable will not exceed those authorised by the appropriate professional body
- b) payment under this extension will not increase **our** maximum liability under this section.

2.8 Plans

This part also covers the cost of rewriting or redrawing documents, drawings and business books but only for the value of the materials as stationery and the cost of clerical labour in writing up and not for the value of the information contained therein.

Provided always that the amount payable will not exceed one percent (1%) of the Contract price and this limit will form part of and not be in addition to the sum insured stated in the schedule.

2.9 Public authorities clause

We will also indemnify **you** in respect of the additional cost of reinstatement following damage to property insured for which **you** are indemnified by this section solely to comply with any regulations arising out of an Act of Parliament or with bye-laws of any Municipal or Local Authority or European Union directive.

Provided always that:

- a) reinstatement (which may be carried out upon another site subject to the liability not being increased thereby) is carried out without delay
- b) the amount recoverable under this clause will not include:
 - i) the costs incurred in complying with regulations or bye-laws intimated to **you** prior to the happening of the damage
 - ii) the costs incurred in respect of undamaged property
 - iii) the amount of any rate tax duty development or other charge which may become payable following compliance with such regulations or bye-laws.
- c) payment under this extension will not increase **our** maximum liability under this section.

Section 3 – Special exclusions

This part does not cover:

1. Existing structures

loss of or damage to any property forming or which has formed part of any existing structure prior to the commencement of the Contract (or speculative building as provided for by extension 2.3)

2. Breakdown

loss of or damage to any item of machinery caused by its own breakdown or explosion

3. Normal upkeep

the cost of normal upkeep or normal making good

4. Limited defective condition exclusion (DE3)

the cost of repairing, replacing or rectifying any:

- a) property insured which is in a defective condition due to a defect in design, plan, specification, materials or workmanship of such property insured or any part thereof
- b) property insured lost or damaged to enable the repair, replacement or rectification of property insured excluded by a) above

Part a) above will not apply to other property insured which is free of the defective condition but is damaged as a consequence thereof

For the purpose of the policy and not merely this exclusion the property insured will not be regarded as lost or damaged solely by virtue of the existence of any defect in design, plan, specification, materials or workmanship in the property insured or part thereof

5. Occupation of the works

loss or damage due to the use or occupancy other than as dwellings or offices of any portion of the permanent works by any owner tenant or occupier other than as herein provided

6. Relief under contract

loss or damage for which **you** are relieved of responsibility by the conditions of the Contract

7. Non-ferrous metals

theft of unfixed non-ferrous metals of any description unless at the time of the theft either:

- a) one of **your** authorised employees or agents is actually on site or
- b) such property is contained in a securely locked hut or building

8. Inventory losses

loss of the property insured by its disappearance or by shortage if such disappearance or shortage is only revealed when an inventory is made or loss of the property insured due to its being stolen or otherwise missing unless such loss is identifiable by **you** with a specific occurrence which has been the subject of notification under the terms of the claims procedure condition including reporting the matter to the Police

9. Nuclear site risks

loss of or damage to any:

- a) Nuclear Material
- b) property in the high radioactivity zone of a nuclear reactor or in any area where the level of radioactivity requires the provision of a biological shield
- c) Contract Works, not being property described by part b) of this exclusion, for construction, erection, installation, repair, maintenance or decommissioning of or in or on any building or plant which has been used is used or is designated to be used for the Production, Use or Storage of Nuclear Material other than with **our** prior agreement

10. Motor vehicles

loss of or damage to any mechanically propelled vehicle other than any such vehicle not more specifically insured and which is:

- a) not licensed for road use and used in circumstances which do not require insurance or security under any Road Traffic Act legislation or
- b) designed or adapted primarily for use as a tool of trade

11. Waterborne risks

loss of or damage to any airborne or waterborne vessel or craft, marine rig, platform or property situated on any such vessel, craft, rig or platform.

Section 4 – Special conditions

1. Stoppage of work

In the event of stoppage of work by **you** on the Contract Site from any cause for a period of three consecutive months cover under this section will be suspended unless its continuance be agreed in writing by **us**.

In the event of such total or partial cessation of work **you** will use due diligence and do all things reasonably practicable to protect the property insured.

2. Series defects

If the development or discovery of a defect in any part of the property insured by this section will indicate or suggest that similar defects exist in other parts of the said property **you** will forthwith investigate and if necessary rectify the defects in such other parts at **your** own expense or alternatively bear all losses arising out of the said defects.

3. Joint code of practice

You undertake to comply with The Joint Code of Practice on the Protection from Fire of Construction Sites and Buildings Undergoing Renovation dated May 1992 or any subsequent amendment to or revised edition thereof current at inception (or subsequent renewal if applicable) of the policy hereinafter referred to as The Joint Code.

This additional clause will apply to the Contract provided always that the original Contract price is £2,500,000 or more and for the purpose of paragraph 6.3 of The Joint Code if the estimated Contract price exceeds £20,000,000 it will be deemed to be a large project.

Our appointed representative will have the right at all reasonable times to enter and inspect the Contract Site for the purpose of checking whether the conditions thereon in all respects comply with The Joint Code.

In the event of **us** becoming aware of a breach of The Joint Code, **we** may inform the main/management contractor's site management of the nature of the breach specifying the remedial measures required by **us** (the remedial measures) and the period within which these must be completed.

Where **we** consider such a breach is of sufficient importance **we** may confirm the same by notice in writing (the notice) to the employer and the main/management contractor and the first named party informing **you** when this is not the employer or the main/management contractor at their respective addresses nominated by **you** at the inception of cover or as subsequently amended. Under the terms of this or any subsequent notice **we** may suspend or cancel all cover at the Contract Site concerned from the date named in the notice not being a date earlier than the date named for completion of the remedial measures it being understood that upon suspension such cover will be reinstated when **we** are satisfied that the remedial measures have been completed. Such notice will be given by registered post, recorded delivery, facsimile transmission or by hand.

This additional clause will not in itself be considered a condition precedent to liability but its inclusion will not prejudice, waive or remove **our** rights under the terms of this policy.

This additional clause does not apply to any public liability, employers liability, or 21.2.1 insurance provided by this policy. In the event of cancellation only **we** agree to return to **you** a pro-rata proportion of the relevant part of the policy premium.

Section 5 – Special claims conditions

1. Payments on account

At **our** discretion payments on account may be made to **you** following indemnifiable loss or damage under this section but in no case will any payment exceed **our** liability in respect of such loss or damage.

2. Options for claims settlement

We may at **our** option repair, reinstate or replace any property lost or damaged or pay the amount of the loss or damage in money. **We** will not be responsible for temporary repairs carried out without **our** consent unless such temporary repairs are made in accordance with extension 2.6 and any consequences thereof nor for the cost of any alterations, additions, improvements or overhauls carried out on the occasion of a repair. Where loss or damage is confined to a part of a machine or structure **we** will be liable for only the value of that part plus the cost of any necessary dismantling and erection for which **you** are responsible. **You** will not be entitled to abandon any property to **us** whether taken into possession by **us** or not.

3. Supplementary claims charges

In connection with any claim for loss or damage **you** are entitled to recover supplementary charges such as custom dues packing freight profit and the like only if and so far as such charges have been provided for in the sum insured.

General extension

This policy is extended to cover:

1. Debris removal

the costs and expenses necessarily incurred by **you** with **our** consent in:

- a) removing debris, extended to include reasonable costs necessarily incurred for debris removal and compliance with the Waste Electrical and Electronic Equipment Directive (WEEE)
- b) dismantling and/or demolishing
- c) shoring up propping and fencing off
- d) repairing or cleaning drains sewers service mains and the like and/or dewatering
- e) temporary boarding up of windows following breakage of glass.

Following loss of or damage to insured property for which the amount payable will not exceed ten percent (10%) of the limit of liability in respect of insured property and this limit will be in addition to the sum insured stated in the schedule.

Zurich Management Services Limited

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Registered Office: The Zurich Centre, 3000 Parkway, Whiteley, Fareham, Hampshire PO15 7JZ.

Zurich Insurance Company Ltd

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