

Engineering - Machinery Damage Section

Section Definitions

Breakdown

- a** the actual breaking distortion or burning out of any part of the **Property Insured** while in use arising from mechanical or electrical defects in the **Property Insured** causing sudden stoppage
- b** fracturing of any item of the **Property Insured** by frost

which necessitates repair or replacement before it can resume normal working.

Collapse

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

Explosion

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

Insurer

Allianz Engineering
(Allianz Engineering is a trading name used by Allianz Insurance plc).

Other Property

Property belonging to **the Insured** or for which they are responsible but not **Property Insured** or anything sold supplied processed serviced or manufactured or stored in the course of the trade or **Business** of **the Insured**.

Premises

The premises at the address or addresses shown in the **Schedule**, including their grounds, all within the boundaries for which **the Insured** are responsible and being, unless more specifically described in the **Schedule**, occupied by **the Insured** for the purpose of the **Business**.

Property Insured

All plant and machinery (or as more specifically described in the **Schedule**) owned by or leased to **the Insured** at the **Premises** and ready for use in connection with the **Business**.

Property Insured shall not include

- a** foundations masonry brickwork chimneys or refractory linings
- b** materials being processed by or contained in the **Property Insured**
- c** office machinery computers or other electronic data processing equipment
- d** plant or machinery which is prototype experimental or untried
- e** plant machinery pipes or cables situated underground

unless specifically described in the **Schedule**.

Pressure Plant

- a** boiler plant
- b** plant subject to internal steam pressure
- c** plant used to contain fluids under pressure or vacuum

forming part of the **Property Insured**.

Schedule

The **Policy** Schedule and Plant Schedule forming part of this **Policy**.

Territorial Limits

Great Britain Northern Ireland the Isle of Man and the Channel Islands.

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Cover

Cover One

Sudden and Unforeseen Damage

The **Insurer** will indemnify **the Insured** for sudden and unforeseen damage (including **Breakdown Explosion** and **Collapse** as defined) to the **Property Insured** occurring during the **Period of Insurance** at any **Premises** specified in the **Schedule** within the **Territorial Limits**.

Cover Two

Own Surrounding Property (Pressure Plant)

The **Insurer** will indemnify **the Insured** for loss destruction or damage to property belonging to or held by **the Insured** in their care custody or control directly consequent upon and solely due to damage to **Pressure Plant** insured by Cover One.

Limit of Liability

The most the **Insurer** will pay for any one accident or series of accidents arising from one occurrence of loss destruction or damage is

A Cover One

The Limit of Liability shown in the **Schedule**

B Cover Two

The Limit of Liability shown in the **Schedule**

Irrespective of the number of insured parties the total liability of the **Insurer** to all of the insured parties collectively in respect of the insurance provided by this **Section** shall not exceed the Limit of Liability or in respect of any item its **Sum Insured** or any other stated Limit of Liability.

Any payment or payments by the **Insurer** to any one or more insured party shall reduce to the extent of that payment the liability of the **Insurer** to all parties arising from any one event giving rise to a claim under this **Section**.

Basis of Settlement Adjustments

In calculating the most the **Insurer** will pay for any one occurrence, adjustments shall be made in accordance with the following clauses.

1 Reinstatement

In the event of

- A** loss destruction or damage to **Property Insured** and/or
- B** loss destruction or damage to **Other Property** by **Explosion of Pressure Plant**

for which liability is accepted the basis on which the amount payable is to be calculated will be the reinstatement of the **Property Insured** lost, destroyed or damaged subject to the Special Conditions set out below.

For this purpose "reinstatement" means

- i** the rebuilding or replacement of **Property Insured** destroyed which, provided the **Insurer's** liability is not increased, may be carried out
 - a** in any manner suitable to the requirements of **the Insured**
 - b** on another site
- ii** the repair or restoration of **Property Insured** damaged

in either case to a condition equivalent to, or substantially the same as, but no better or more extensive than its condition when new.

Provided that

- a** where the parts necessary for repair of the **Property Insured** or **Other Property** are not available at manufacturers listed prices the **Insurer** shall be liable to pay for the cost of an equivalent repair to similar property for which parts are available at manufacturers listed prices

Engineering - Machinery Damage Section continued

Basis of Settlement Adjustments

(continued)

- b** where the **Property Insured** is
 - i** used for the generation of electricity (other than standby reciprocating engine and generator sets up to one mega watt per set)
 - ii** glass lined vessels (other than spray lined boilers)
 - iii** mainly used outdoors or installed outdoors (other than **Property Insured** used in connection with supplying utilities and other similar services)

the basis of settlement will be indemnity and no payment beyond that which would have been payable if this Basis of Settlement Adjustment had not been included shall be made.

Special Conditions

- 1** The **Insurer's** liability for the repair or restoration of **Property Insured** or **Other Property** lost destroyed or damaged in part only, shall not exceed the amount which would have been payable if such **Property Insured** had been wholly destroyed.
- 2** No payment beyond the amount the **Insurer** would have paid in the absence of this clause will be made
 - a** unless reinstatement commences and proceeds without unreasonable delay
 - b** until the cost of reinstatement has actually been incurred
 - c** where **Property Insured** or **Other Property** at the time of loss destruction or damage is covered by any other insurance effected by **the Insured**, or on behalf of **the Insured**, which is not on the same basis of reinstatement.
- 3** Each item insured under this clause is declared to be separately subject to the following Underinsurance (Average) condition namely:

If, at the time of loss destruction or damage, the **Sum Insured** represents less than 85% of the full reinstatement cost of the property covered within such **Sum Insured**, the **Insurer** shall pay only for that proportion of any loss destruction or damage which the **Sum Insured** bears to such cost.

- 4** Where by reason of any of the above Special Conditions no payment is to be made beyond the amount which would have been payable under this **Section** if this clause had not been incorporated therein, the terms and conditions of this **Section**, including any Underinsurance (Average) condition, shall apply as if this clause had not been incorporated.

2 Public Authorities

Subject to the Special Conditions set out below, cover for **Property Insured** includes an amount in respect of any additional cost of reinstatement which is incurred solely by reason of the necessity to comply with building or other regulations under or framed in pursuance of any Act of Parliament, with bye-laws of any public authority or to comply with the stipulations of European Union legislation, in consequence of loss destruction or damage, excluding

- a** the cost incurred in complying with such regulations, bye-laws or stipulations
 - i** in respect of loss destruction or damage occurring prior to the granting of this cover
 - ii** in respect of loss destruction or damage not insured by this **Section**
 - iii** under which notice has been served upon **the Insured** before the date of the loss destruction or damage
 - iv** in respect of undamaged property or undamaged portions of property, other than foundations (unless specifically excluded) of that portion of the property lost destroyed or damaged
- b** the additional cost that would have been required to make good the **Property Insured** lost destroyed or damaged to a condition equal to its condition when new, had the necessity to comply with such regulations, bye-laws or stipulations not arisen.
- c** the amount of any charge or assessment arising out of capital appreciation, which may be payable in respect of the **Property Insured**, by reason of compliance with any such regulations, bye-laws or stipulations.

Engineering - Machinery Damage Section continued

Basis of Settlement Adjustments (continued)

Special Conditions

- 1 The work of reinstatement must be commenced and carried out without unreasonable delay and in any case must be completed within twelve months after the loss destruction or damage, or within such further time as the **Insurer** may allow, and may be carried out upon another site (if such regulations, bye-laws or stipulations so necessitate), subject to there being no resulting increase in the liability of the **Insurer**.
- 2 Where the parts necessary for repair of the **Property Insured** or **Other Property** are not available at manufacturers listed prices the **Insurer** shall be liable to pay for the cost of an equivalent repair to similar property for which parts are available at manufacturers listed prices
- 3 If the liability of the **Insurer** is reduced by the application of any of their terms and conditions of this **Section** or the **Policy** (other than as a result of this clause) the liability of the **Insurer** under this clause will be reduced in like proportion.
- 4 All the terms and conditions of this **Section** and the **Policy** shall apply to any claim payable under the provisions of this clause, other than where they are expressly varied by the terms of this clause.

3 Additional Plant

This **Section** is extended to cover additional items of plant and machinery of the same class or type as insured under this **Section** following completion of successful testing and commissioning and where required statutory inspection and certification.

Provided that so far as **the Insured** is aware the plant and machinery is free from any material defect.

4 Temporary Removal

This **Section** is extended to cover loss destruction of or damage to the **Property Insured** occurring within the European Union or European Free Trade Area while it is

- a temporarily located at any other premises or
- b in transit

for the purposes of repair service or maintenance.

Loss destruction or damage arising from fire or fire extinguishing fluid explosion lightning earthquake storm tempest flood inundation water aircraft or other aerial devices or articles dropped therefrom theft or attempted theft shall not be excluded while the **Property Insured** is in transit.

Provided that the total liability of the **Insurer** under this **Section** for loss destruction of or damage to **Property Insured** which is in transit or temporarily located at other premises shall not exceed £100,000.

5 Debris Removal

This **Section** is extended to cover the cost necessarily and reasonably incurred by the **Insured** with the consent of the **Insurer** in the removal of **Property Insured** following loss destruction or damage insured by this **Section**.

Provided that the total liability of the **Insurer** for the cost of rectification of loss destruction or damage and the removal of **Property Insured** shall not exceed the **Sum Insured**/Limit of Liability stated in the **Schedule**.

6 Additional Cost

This **Section** is extended to cover the necessary and reasonable cost incurred by **the Insured** following loss destruction or damage insured by this **Section**

- a in effecting a temporary repair or expediting a permanent repair.

Provided that the liability of the **Insurer** shall not exceed 50% (fifty percent) of the normal repair cost.

- b in respect of increased cost of working incurred to prevent or minimise interruption to the **Business** in consequence of the loss destruction or damage excluding the cost incurred in the 48 hours immediately following the occurrence of the loss destruction or damage.

Engineering - Machinery Damage Section continued

Basis of Settlement Adjustments (continued)

Provided that the liability of the **Insurer** shall not exceed £25,000 in respect of any one accident or series of accidents arising from one occurrence of loss destruction or damage, and such limit shall apply in addition to the **Total Sum Insured**, or for each item its individual **Sum Insured**, or any other limit of liability in this **Section**.

7 Claims Preparation Cost

This **Section** is extended to cover the necessary and reasonable cost incurred in producing and certifying any particulars or details required by the **Insurer** in connection with an event for which liability has been accepted but limited to

- a additional cost incurred by employees of **the Insured**
- b additional fees charged by the usual auditors of **the Insured**
- c the cost of materials used in furnishing the requirements of the **Insurer**.

Provided that the liability of the **Insurer** shall not exceed £5,000 in respect of any one accident or series of accidents arising from one occurrence of loss destruction or damage, and such limit shall apply in addition to the **Total Sum Insured**, or for each item its individual **Sum Insured**, or any other limit of liability in this **Section**.

8 Avoidance of Impending Damage

This **Section** is extended to cover the cost incurred by **the Insured** in taking reasonable but exceptional measures to avoid or reduce impending loss destruction or damage which would have resulted in a claim under this **Section**.

Provided that

- a the impending loss destruction or damage did not arise from any defect in the **Property Insured**
- b the impending loss destruction or damage did not arise from a reasonably foreseeable cause

- c the loss destruction or damage would have been the natural outcome to be expected in the absence of the measures taken
- d the **Insurer** is satisfied that loss destruction or damage which would have been insured under this **Section** has been avoided or reduced in consequence of the measures taken
- e the liability of the **Insurer** shall not exceed the cost which would have been incurred had the measures not been taken and loss destruction or damage insured by this **Section** had occurred.

9 Payments on Account

This **Section** is extended to cover payment as agreed between **the Insured** and the **Insurer** in advance of final settlement of a claim under this **Section** where the **Insurer** has admitted liability.

10 Hired in Plant

This **Section** is extended to cover the legal liability of **the Insured** under the terms of their hiring agreement or otherwise to pay

- a compensation for loss destruction of or damage to Hired in Plant while at or while in transit (other than by sea or air) to and from any **Premises** specified in the **Schedule** and
- b continuing hire charges as a result of loss destruction of or damage to Hired in Plant for which indemnity is provided by a above.

In addition the **Insurer** will pay all legal expenses for which **the Insured** may become liable where legal proceedings have been defended with the written consent of the **Insurer**.

Hired in Plant means plant or machinery with a replacement value not more than £10,000 hired by **the Insured** but not plant on hire purchase or subject to a lease agreement or on free loan.

Provided that

- a the terms of any hiring agreement shall be no more onerous than the Model Conditions for the hiring of plant approved by the Construction Plant-hire Association

Engineering - Machinery Damage Section continued

Basis of Settlement Adjustments

continued

- b** where the hire charges paid during the **Period of Insurance** exceed £2,000 **the Insured** shall declare the hire charges paid and shall pay the additional premium requested by the **Insurer**
- c** the liability of the **Insurer** under this Basis of Settlement Adjustment shall not exceed £20,000.

Exclusion 2 does not apply to this Basis of Settlement Adjustment of cover.

11 Fuel Storage Tanks Loss of Contents

This **Section** is extended to cover

- a** loss of the contents of and
- b** the cost incurred by **the Insured** in cleaning up the spilled or leaked contents from

Fuel Storage Tanks insured by this **Section** directly and solely due to sudden and unforeseen damage for which indemnity is provided by this **Section**.

Provided that

- a** the liability of the **Insurer** under this Basis of Settlement Adjustment shall not exceed £25,000 in connection with any one occurrence regardless of the number or amount of claims resulting from the occurrence
- b** the value of the contents does not exceed in respect of
 - i** any one Fuel Storage Tank £25,000
 - ii** all Fuel Storage Tanks £100,000.

This Basis of Settlement Adjustment does not cover

- a** loss of contents by evaporation seepage contamination or any form of trade loss
- b** the cost of releveling Fuel Storage Tanks unless resulting from sudden and unforeseen damage insured by this **Section**
- c** the cost of cleaning up any spillage or leakage in areas outside the boundaries of **the Insured's Premises** or to other property not belonging to **the Insured**

- d** loss destruction or damage by or in consequence of the process of cleaning up the contents of the Fuel Storage Tanks
- e** liability for cleaning up or making good any pollution or contamination of the water table or any water course or property of any party other than **the Insured**.

Definition

For the purposes of this Basis of Settlement Adjustment Fuel Storage Tanks shall mean tanks (or similar containers) designed and used to store oil and other fossil fuels or liquid propane gas.

12 Claims Investigation Cost

This **Section** is extended to cover the necessary and reasonable cost (including the cost of consultants fees) incurred in conducting investigations and tests in respect of possible repair or replacement options following loss destruction or damage insured by this **Section**

Provided that

- a** the liability of the **Insurer** under this Extension shall not exceed £25,000 in connection with any one occurrence regardless of the number or amount of claims resulting from the occurrence
- b** the prior consent of the **Insurer** has been obtained.

Engineering - Machinery Damage Section continued

Section Exclusions

This **Section** does not cover

1 Excess

the amount stated in the **Schedule** as the **Excess** in respect of each and every occurrence for which **the Insured** is indemnified by this **Section**.

2 Perils

loss destruction or damage by

- a** fire however caused
- b** fire extinguishing fluid
- c** explosion other than specifically insured by this **Section**
- d** lightning earthquake storm tempest flood inundation water aircraft or other aerial devices or articles dropped therefrom
- e** subsidence or other ground movement or displacement
- f** theft or attempted theft
- g** riot strike lockout and civil commotion.

3 Maintenance Faulty Workmanship or Application of Tools

the cost of

- a** maintenance
- b** rectification of faulty workmanship occurring during the execution of repairs

but not loss destruction or damage resulting from **a** or **b** unless otherwise excluded

- c** loss destruction or damage by direct application of tools.

4 Wear and Tear or Gradual Deterioration

the cost of rectification of

- a** inevitable wear and tear erosion corrosion or other deterioration caused by or naturally resulting from ordinary work use or exposure

- b** gradually developing flaws or fractures which do not necessitate immediate stoppage

but not loss destruction or damage insured by this **Section** resulting from **a** or **b** unless otherwise excluded

5 Excluded Parts and Components

cutters bits tools moulds dies heating elements driving belts and chains and similar items that require periodic replacement.

If as a result of other loss destruction or damage insured by this **Section** these items are damaged beyond repair then the **Insurer** shall indemnify **the Insured** for any remaining residual value.

6 Safety or Protective Devices

loss destruction or damage to safety or protective devices by their functioning.

7 Multiple Lifting Operations

loss destruction or damage arising during any lifting or lowering operation in which a load is shared between two or more machines unless the prior consent of the **Insurer** has been obtained.

8 Vessels Craft Vehicles Rigs Platforms or Devices

loss destruction of or damage to any

- a** vessel craft vehicle or device designed to float on in or travel under or through water air or space
- b** marine rig or marine platform
- c** equipment mounted on and fixed to such vessel craft vehicle device rig or platform.

Engineering - Machinery Damage Section continued

Section Exclusions (continued)

9 Other Consequential Loss

liquidated damages penalties for delay or detention or in connection with guarantees of performance or efficiency or loss of use or any form of consequential loss not specifically insured by this **Section**.

10 Installation or Removal

loss destruction or damage to any item of the **Property Insured** arising during

- i its initial installation erection or its final removal
- ii its final testing or commissioning

11 Scratching

scratching of painted or polished surfaces unless accompanied by other indemnifiable loss destruction or damage to the item.

12 Overloading or Abnormal Conditions

loss destruction or damage to any item of the **Property Insured** caused by or arising from

- i the imposition of abnormal conditions deliberate overloading or overload testing other than overload testing in accordance with the Code of Practice for the Safe Use of Cranes BS 7121 including any subsequent amendments or revisions
- ii overload testing in accordance with the Code of Practice for the Safe Use of Cranes BS 7121 including any subsequent amendments or revisions caused by or arising from a defect in the item.

This **Section** does not cover loss destruction damage legal liability or cost consisting of or in consequence of:

13 Pollution or Contamination

loss destruction or damage (whether sudden and unforeseen or not or accidental or not) directly or indirectly caused by or contributed to by or arising from pollution or contamination.

This Exclusion shall not apply to cost arising from pollution or contamination of **Property Insured** caused directly by an occurrence which is insured by this **Section**.

14 Computer Date Recognition

loss destruction or damage (whether sudden and unforeseen or not or accidental or not) directly or indirectly caused by or consisting of or arising from the failure of any computer or other equipment or system for processing storing or retrieving data whether the property of the **Insured** or not

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

but this Exclusion shall not apply to subsequent loss destruction or damage arising from or caused by 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 other than thieves earthquake storm flood escape of water

Engineering - Machinery Damage Section continued

Section Exclusions (continued)

from any tank apparatus or pipe or impact by any road vehicle or animal which would but for the application of this Exclusion be insured by this **Section**.

15 Radioactive Contamination

loss destruction or damage (whether sudden and unforeseen or not or accidental or not) 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 reactor or other nuclear assembly or nuclear component thereof
- c** any weapon or device employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter.

This **Section** does not cover loss destruction damage legal liability or cost consisting of or in consequence of:

16 Terrorism

loss destruction or damage (whether sudden and unforeseen or not or accidental or not) directly or indirectly caused by resulting from or in connection with

- a** in respect of England Wales and Scotland but not the territorial seas adjacent thereto as defined by the Territorial Sea Act 1987:
 - i** any act of Terrorism regardless of any other cause or event contributing concurrently or in any other sequence to the loss
 - ii** any action taken in controlling preventing suppressing or in any way relating to any act of Terrorism

In respect of **a** above an act of Terrorism means:

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 His Majestys government in the **United Kingdom** or any other government de jure or de facto.

- b** in respect of territories other than those stated in **a** above:
 - i** any act of Terrorism regardless of any other cause or event contributing concurrently or in any other sequence to the loss
 - ii** any action taken in controlling preventing or suppressing or in any way relating to any act of Terrorism
 - iii** riot or civil commotion in Northern Ireland

In respect of **b** above an act of Terrorism means: An act including but not limited to the use of force or violence and/or the threat thereof of any person or group(s) of persons whether acting alone or on behalf of or in connection with any organisation(s) or government(s) committed for political religious ideological or similar purposes including the intention to influence any government and/or to put the public or any section of the public in fear.

In any action suit or other proceedings where the **Insurer** alleges that by reason of this Exclusion any loss destruction or damage (whether sudden and unforeseen or not or accidental or not) or liability is not covered by this **Section** (or is covered only up to a specified Limit of Liability) the burden of proving the contrary shall be on **the Insured**.

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

Engineering - Machinery Damage Section continued

Section Exclusions (continued)

17 Contagious and Infectious Disease

Loss, damage, destruction, cost, expense, or any consequential loss, directly or indirectly caused by, arising out of, attributable to, or contributed to by:

- a a **Contagious or Infectious Disease**;
- b the fear or threat (whether actual or perceived) of a **Contagious or Infectious Disease**;
- c the presence or suspected presence of **Pathogens** at, in or on the premises or property of any person or entity; or
- d any action taken or advice given (whether or not by a competent authority) to prevent, reduce, control or mitigate the occurrence, outbreak, spread or effects of a **Contagious or Infectious Disease** or any **Pathogens**,

irrespective of any other cause, occurrence or event operating concurrently, independently or in any sequence to cause the loss.

But this exclusion will not apply to **Physical Damage to Insured Property** insured under the **Section**.

For the purposes of this exclusion:

Loss includes, but is not limited to financial and business interruption loss, loss of value, marketability or use of property, fines and penalties. Cost or expense includes, but is not limited to any cost to:

- i clean-up, detoxify, decontaminate, or remove **Pathogens** from any property where the property is or is feared to have been affected by **Pathogens** or a **Contagious or Infectious Disease**;
- ii monitor or test for **Pathogens** or a **Contagious or Infectious Disease**; or

- iii provide medical treatment for persons affected by a **Contagious or Infectious Disease**

Physical Damage means physical loss, physical damage or physical destruction. For the avoidance of any doubt, the presence of a **Pathogen** on property or contamination of property by a **Pathogen** does not constitute **Physical Damage**; **Physical Damage** does not include any damage, accidental or otherwise, that is not physical, to tangible **Insured Property** or include any legal liability, compensation or claimants costs for any loss, damage or injury

Contagious or Infectious Disease means Any disease, illness or condition affecting humans or animals which is caused by or can be transmitted by means of any **Pathogen**, where 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 (including from one human to another, one animal to another, from an animal to a human or vice versa, or through contaminated water, faeces or food)

Pathogen means

Any pathogen, including but not limited to a virus, bacterium, parasite, fungus, other organism, micro-organism, any variation or mutation thereof, whether deemed living or not, or any other substance or agent capable of causing a **Contagious or Infectious Disease**

Engineering - Machinery Damage Section continued

Section Conditions

1 Non Invalidation

This **Section** shall not be invalidated by any act or omission or by any alteration unknown to or beyond the control of **the Insured** by which the risk of loss destruction or damage is increased, provided that **the Insured** shall give notice to the **Insurer** (and pay an additional premium if required) immediately they become aware of such act, omission or alteration.

2 Subrogation

Any claimant under this **Section** shall, at the **Insurer's** request and expense, take or permit to be taken all necessary steps for enforcing rights against any other party in the name of **the Insured**, before or after the **Insurer** makes any payment.

The **Insurer** agrees to waive any such rights to which the **Insurer** might become entitled by subrogation against any company standing in relation of parent to subsidiary (or subsidiary to parent) to **the Insured** or against any company which is a subsidiary of a parent company of which **the Insured** are themselves a subsidiary, in each case within the meaning of the Companies Act or Companies (Northern Ireland) Order current at the time of the loss destruction or damage.

3 Arbitration

If any difference arises as to the amount to be paid under this **Section** (liability being otherwise admitted by the **Insurer**), such difference shall be referred to an arbitrator to be appointed by **the Insured** and the **Insurer** in accordance with statutory provisions.

Where any difference is referred to arbitration in accordance with this condition, the making of an award shall be a condition precedent to any right of action against the **Insurer**.

4 Claims Condition

- A** The **Insurer** shall not be liable for the cost of any repairs undertaken without their written consent except in urgent cases where it has been necessary to put minor repairs in hand

Provided that

- i** the requirements of the General Claims Condition 3 of this **Policy** have been complied with and
- ii** the repairs have been carried out to the satisfaction of the **Insurer**.

- B** Where loss destruction or damage is confined to a part of a machine or structure the **Insurer** shall be liable for the value of that part plus the cost of any necessary dismantling and erection for which **the Insured** is responsible.

5 Declaration Condition

The Insured shall furnish the **Insurer** with such information as the **Insurer** may require at the expiry of each **Period of Insurance**, within the period specified by the **Insurer**. The premium shall be adjusted annually and any difference shall be paid by or returned to **the Insured** subject to any agreed minimum or deposit premium specified in the **Schedule**.

If the premium or part of any premium is calculated on estimates supplied to the **Insurer** by or on behalf of **the Insured** **the Insured** shall keep a record of all such relevant particulars and the value of such equipment and shall allow the **Insurer** to inspect such records at any reasonable time.

6 Alteration

The Insured must notify the **Insurer** as soon as possible if during the **Period of Insurance** there is any alteration in the ownership of the **Insured**, or any alteration in or to the **Business** or the **Premises** or the **Plant**

- a** due to the **Business** being wound up or carried on by a liquidator or receiver or permanently discontinued
- b** in respect of which the interest of **the Insured** ceases other than by death

Engineering - Machinery Damage Section continued

Section Conditions (continued)

- c** to the facts or matters set out in the **Schedule** or otherwise comprising the risk presentation made by **the Insured** to the **Insurer** at inception, renewal or variation of the **Policy** which materially increases the risk of loss, damage or liability as insured by this **Section**.

Upon being notified of any such alteration, the **Insurer** may, at its absolute discretion

- a** continue to provide cover under this **Section** on the same terms
- b** restrict the cover provided by this **Section**
- c** impose additional terms
- d** alter the premium
- e** cancel this **Section** and the **Policy**.

If **the Insured** fails to notify the **Insurer** of any such alteration, the **Insurer** may

- a** treat this **Section** and the **Policy** as if it had come to an end as at the date of the alteration of the risk, returning a proportionate amount of the premium for the unexpired **Period of Insurance**, if the **Insurer** would have cancelled this **Section** and the **Policy** had it known of the increase in risk
- b** treat this **Section** and the **Policy** as if it had contained such terms (other than relating to premium) or other restrictions (if any) from the date of the alteration in risk as the **Insurer** would have applied had it known of the increase in risk
- c** reduce proportionately the amount paid or payable on any claim, the proportion for which the **Insurer** is liable being calculated by comparing the premium actually charged as a percentage of the premium which the **Insurer** would have charged had it known of the increase in risk.