Engineering - Machinery Damage Section

Definitions

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

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.

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.
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.

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).

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**.

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

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**.
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
   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.
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 were 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.

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 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

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 relevelling 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.
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
Exclusions (continued)

This Section does not cover

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.

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.
Exclusions (continued)

This Section does not cover:

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 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.
Exclusions (continued)

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

15. E Risks

   a. any computer or other equipment or component or system or item which processes stores
      transmits or retrieves data or
   b. any part of a computer or other equipment or component or system or item which processes
      stores transmits or retrieves data

whether tangible or intangible (including but without limitation any data information or programs or
software) and whether part of the Property Insured or not caused directly or indirectly by

   i. 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. This includes but is not limited to viruses
      trojan horses worms and logic bombs
   ii. Hacking
      unauthorised access to any computer or other equipment or component or system or item
      whether part of the Property Insured or not which processes stores transmits or retrieves
      data.

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
earthquake storm flood escape of water 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.
Exclusions (continued)

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

16. War and Kindred Risks
   a. loss destruction or damage (whether sudden and unforeseen or not or accidental or not) directly or indirectly caused by war invasion act of foreign enemy hostilities (whether war be declared or not) civil war rebellion revolution insurrection or military or usurped power confiscation nationalisation requisition or destruction of or damage to property by order of the Government or any Public Municipal or Local Authority
   b. in the case of Property Insured outside Great Britain Northern Ireland the Isle of Man and the Channel Islands loss destruction damage directly or indirectly caused by warlike operations mutiny conspiracy martial law state of siege or any events or causes which determine the proclamation or maintenance of martial law or state of siege riot civil commotion strike lock-out persons taking part in labour disturbances or malicious persons acting on behalf of or in connection with any political organisation.

17. 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.
Exclusions (continued)

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

18. 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 1967:

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 Her 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 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.
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
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.