

# ENGINEERING BREAKDOWN EXTENSION

## COVER EXTENSION

Except for the definition of Premises, definitions shown under the **Property Damage Section** of this **Policy** shall not apply to this Extension.

The under-noted Definitions shall apply to this Extension.

### 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 such **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.

### COMPUTER EQUIPMENT

Equipment used for the electronic processing and communication and storage of data, belonging to or leased, hired, rented or licensed to **the Insured** consisting of

**a** Mainframes, servers, personal computers and other installed equipment including

**i** fixed discs, interconnecting wiring and telecommunication equipment

**ii** printers, scanners and other peripheral **Computer Equipment**

solely for use with other insured installed **Computer Equipment**, excluding equipment controlling any manufacturing process.

**b** Equipment that is designed to be carried on or by a person consisting of

**i** laptops, palmtops, notebooks and tablet personal computers

**ii** personal digital assistants and smart phones

**iii** removable vehicle satellite navigation systems and digital cameras

**iv** printers, projectors, broadband modems and other devices which connect to other portable **Computer Equipment**

but excluding mobile devices where the sole or primary function of the items is to make/send and receive telephone calls and SMS messages

**c** Auxiliary Equipment solely for use with **Computer Equipment** comprising temperature and environmental control equipment, power supply, voltage regulation and protective devices.

### 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).

### COMPUTER MEDIA

**a** data carrying material of all types

**b** software programs or data

other than paper records or paper licences.

### DAMAGE

Sudden and unforeseen damage including **Breakdown, Explosion** or **Collapse** of **Property Insured** at the **Premises** used by **the Insured** for the purpose of the **Business**.

## 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.

## HAZARDOUS SUBSTANCES

Any substance other than ammonia that has been declared to be hazardous to health by a government agency.

## OWN SURROUNDING PROPERTY

Property at the **Premises** belonging to or held by **the Insured** in their care custody or control.

## PRODUCTION OR PROCESS EQUIPMENT

Any machine or apparatus (other than kitchen and food preparation and laundry equipment) which processes, forms, cuts, shapes, grinds or conveys raw materials, materials in process or finished product, including any equipment forming a part of the driving or controlling mechanism for such machine or apparatus.

## PROPERTY/PROPERTY INSURED

Machinery and Plant

Machinery building services equipment and plant owned by or leased to **the Insured** at the **Premises** which operates under electrical and/or mechanical power and is ready for use in connection with the **Business**.

### Pressure Plant

- a boiler plant
- b plant subject to internal steam pressure
- c plant used to contain fluids under pressure or vacuum
- d piping associated with any of the above

owned by or leased to **the Insured**.

### Property Insured and Pressure Plant

shall not include:

- a Foundations, masonry, brickwork, chimneys or refractory linings
- b materials being processed by or contained in the **Property Insured**
- c **Property**, pipes or cables situated underground
- d **Property** that is prototype, experimental or untried
- e **Production or Process Equipment**, its controls (including computerised controls) nor any items of power supply equipment dedicated thereto
- f office machinery, **Computer Equipment** or other electronic data processing equipment.

## COVER

**Cover, Events** and **Exclusions** if specifically applicable to and shown under the **Property Damage Section** insured by this **Policy** shall not apply to this Extension.

Under this **Extension the Insurer** will pay **the Insured** for

- a **Damage** to the **Property Insured**
- b **Explosion** damage to **Own Surrounding Property** directly consequent upon and solely due to **Damage to Pressure Plant** insured by a. above.

**The Insurer** will not pay for

- 1 the first £500 in respect of each and every occurrence, or the amount of the **Excess** specified in the **Schedule** against the **Property Damage Section**, whichever is the greater.
- 2 loss or damage recoverable under any maintenance agreement or warranty or guarantee, or which would be recoverable but for a deliberate breach of **the Insured's** obligations under such agreement.
- 3 **Damage** or consequential loss caused by or resulting from:
  - a fire howsoever caused
  - b fire extinguishing fluid
  - c explosion other than **Explosion** specifically insured by this Extension
  - d lightning, earthquake, storm, tempest, flood, inundation, water
  - e aircraft or other aerial devices or articles dropped therefrom
  - f subsidence or other ground movement or displacement
  - g theft or attempted theft
  - h riot, strike, lockout and civil commotion.
- 4 cutters, bits, tools, moulds, dies, heating elements, driving belts and chains and similar items that require periodic replacement.

If as a result of other damage insured by this Extension these items are damaged beyond repair then the Insurer will indemnify **the Insured** for any remaining residual value.
- 5 the cost of
  - a maintenance
  - b rectification of faulty workmanship occurring during the execution of repairsbut not **Damage** resulting from a. or b. unless otherwise excluded
- c **Damage** by direct application of tools.

- 6 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 damage insured by this Extension from **a** or **b** unless otherwise excluded.

7 **Damage** to safety or protective devices by their functioning.

8 **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.

9 **Damage** to any

- a vessel, craft, vehicle or device designed to float on or 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.

10 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 Extension.

11 **Damage** to any item of **Property Insured** arising during

- a its initial installation erection or its final removal
- b its final testing or commissioning.

12 **Damage** to any item of **Property Insured** caused by or arising from

- a 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
- b 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.

13 scratching of painted or polished surfaces of any item unless accompanied by other **Damage** insured by this Extension.

14 loss 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 Extension.

15 Computer Date Recognition:

**Damage** as described in Exclusion 4 or Exclusion 15 as specifically applicable to and shown under the **Property Damage Section** insured by this **Policy**.

16 any cost incurred in consequence of the use by **the Insured** of software programs on which development has not been finalised, or which has not passed all testing procedures, and has not been successfully proven.

17 additional expenditure commencing more than 12 months after the date on which the loss or damage occurred.

18 the value to **the Insured** of data stored on the **Computer Media**.

## BASIS OF SETTLEMENT

The most **the Insurer** will pay as stated in the **Property Damage Section** of this **Policy** shall not apply.

The most **the Insurer** will pay in total under this Extension in respect of any one accident or series of accidents arising from one occurrence of loss or damage is

**A** £500,000 in respect of **Damage** to **Property Insured**

**B** £2,000,000 in respect of **Explosion** damage to **Own Surrounding Property**.

## BASIS OF SETTLEMENT ADJUSTMENTS

The Basis of Settlement Adjustments shown under the **Property Damage Section** of this **Policy** shall not apply to this Extension.

The following Additional Basis of Settlement Adjustments shall apply to this Extension.

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

### 1 Reinstatement

- a where the parts necessary for repair of the **Property Insured** 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 mainly used outdoors or installed outdoors, the basis of settlement will be indemnity and no payment beyond that which would have been payable if the Basis of Settlement Adjustment had not been included shall be made.
- c **the Insurer's** liability for 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.
- d No payment beyond the amount **the Insurer** would have paid in the absence of this clause will be made
  - i unless reinstatement commences and proceeds without unreasonable delay
  - ii until the cost of reinstatement has actually been incurred.

## 2 European Union and Public Authorities Regulations including Undamaged Property

As detailed in Basis of Settlement Adjustment 5 of the **Property Damage Section** of this **Policy**, applicable equally to this Extension as far as it reasonably can in relation to the **Property Insured** in consequence of loss or damage insured by this Extension.

## 3 Expediting Cost

Cover includes the cost necessarily and reasonably incurred by **the Insured** with the consent of **the Insurer** in making temporary repairs to and/or the expediting of the repair, reinstatement or replacement of the **Property Insured** following **Damage** insured.

The liability of **the Insurer** shall not exceed £20,000 in respect of any one occurrence of loss or damage.

## 4 Hazardous Substances

Cover includes the cost incurred to repair, replace or reinstate **Property Insured** due to contamination by a **Hazardous Substance** following **Damage** insured by this Extension, including additional expenses to clean up or dispose of such **Property Insured**.

The liability of **the Insurer** shall not exceed £10,000 in respect of any one occurrence of loss or damage.

## 5 Hire of Substitute Item

Cover includes the cost of hire charges incurred by **the Insured** during the period of repair or until the **Property Insured** is permanently replaced, for the necessary hire of a substitute item of a similar type and capacity following **Damage** to **Property Insured**.

The liability of **the Insurer** shall not exceed £5,000 in respect of any one occurrence of loss or damage.

## 6 Storage Tanks and Loss of Contents

Cover includes

**A Damage** to oil storage tanks or water tanks (other than sprinkler system tanks) including connected pipework, belonging to **the Insured** or for which they are responsible at the **Premises**, and

**B.** loss of the contents of oil storage tanks caused by

- i** escape of contents, leakage, discharge or overflow from the oil storage tanks
- ii** contamination of the contents of the oil storage tanks

caused by or resulting from **Damage** to the oil storage tanks, and including the cleaning costs incurred as a result of such loss

Provided that **the Insurer** shall not be liable for

- a** loss of contents by evaporation, seepage, contamination, or any form of trade loss
- b** the cost of re-levelling oil storage tanks, unless resulting from sudden and unforeseen damage insured by this Extension

**c** the cost of cleaning up any spillage or leakage in areas outside the boundaries of **the Insured's Premises** or of other property not belonging to **the Insured**

**d Damage** by or in consequence of the process of cleaning up the contents of the oil storage tanks

**e** the 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**.

The liability of **the Insurer** shall not exceed £10,000 in respect of any one occurrence of loss or damage.

## 7 Debris Removal

Cover includes the cost necessarily and reasonably incurred by **the Insured** with the consent of **the Insurer** in the removal of **Property Insured** following **Damage** insured by this Extension.

The liability of **the Insurer** in respect of any one claim for the cost of rectification of **Damage** and the removal of **Property Insured** shall not exceed £25,000 or 20% of the loss whichever is the lower.

## 8 Avoidance of Impending Damage

Cover includes the cost incurred by **the Insured** in taking exceptional measures that are reasonable to avoid or reduce impending **Damage** which would have resulted in a claim under this Extension

Provided that:

- a** the impending **Damage** did not arise from any defect in the **Property Insured**
- b** the impending **Damage** did not arise from a reasonably foreseeable cause
- c** the **Damage** would have been the natural outcome to be expected in the absence of the measures taken
- d** **the Insurer** is satisfied that **Damage** which would have been **Insured** by this Extension 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 **Damage** insured by this Extension had occurred.

The liability of **the Insurer** shall not exceed £5,000 in respect of any one occurrence of loss or damage.

## 9 Claims Investigation Cost

Cover includes the cost (including the cost of consultants fees) necessarily and reasonably incurred by **the Insured** with the consent of **the Insurer** in conducting investigations and tests in respect of possible repair or replacement options following **Damage** insured by this Extension.

The liability of **the Insurer** shall not exceed £25,000 in respect of any one occurrence of loss or damage.

## 10 Computer Equipment

Cover includes loss of or damage to **Computer Equipment** caused by its own breakdown or derangement.

The liability of **the Insurer** shall not exceed £100,000 in respect of any one occurrence of loss or damage.

## 11 Computer Media

Cover includes costs incurred in reinstating **Computer Media** lost or damaged in consequence of breakdown or derangement of **Computer Equipment**

Provided that

- a** liability is limited solely to the cost of reinstating data onto **Computer Media**
- b** **the Insurer** shall not be liable for any losses discovered later than six months after the loss was initiated
- c** **the Insurer** shall not be liable for loss of or damage to software
- d** **the Insurer** shall not be liable under this Basis of Settlement Adjustment for costs more specifically described under Basis of Settlement Adjustment 12.

The liability of **the Insurer** shall not exceed £25,000 in any one **Period of Insurance**.

## 12 Additional Expenditure

Cover includes additional expenditure necessarily and reasonably incurred by **the Insured** to prevent or minimise interruption of or interference with the operations of the **Business** carried out by the **Computer Equipment** in consequence of breakdown or derangement which occurs during the **Period of Insurance**.

The liability of **the Insurer** shall not exceed £25,000 in respect of any one occurrence of loss or damage.

## 13 Business Interruption

Provided that a Business Interruption Section is insured under this **Policy**, Cover includes consequential loss as described under such **Section** which results from **Damage** other than by **Explosion**, and for which liability has been admitted by **the Insurer** under this Extension.

The liability of **the Insurer** shall not exceed £50,000 in respect of any one occurrence of loss or damage.

## CONDITIONS:

Except for Section Conditions

- **1 a** and **1 b** 'General Precautions'
- **2 b** and **2 c** 'Alteration'
- **4 a** 'Non Invalidation'
- **9** 'Subrogation' or **10** 'Subrogation'
- **10** 'Arbitration' or **11** 'Arbitration'

as specifically applicable to and shown under the **Property Damage Section** insured by this **Policy**, the Section Conditions shown under the **Property Damage Section** of this **Policy** shall not apply to this Extension.

The following Additional Conditions shall apply to this Extension.

### 1 Duplicate Records

**The Insured** shall

- a** back up data records and update such records no less frequently than once every seven days
- b** where possible, maintain up to date duplicate copies of software programs
- c** store back up data records and up to date duplicate software programs away from the building where the original data records and software programs are held
- d** observe the manufacturer's and/or supplier's recommendation for the storage, verification and security of **Computer Media**.

### 2 Claims Condition

Subject to **the Insured** having complied with General Condition 3. Claims of this **Policy**

- 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 and 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 the part, plus the cost of any necessary dismantling and erection for which **the Insured** is responsible.

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