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# MACHINERY INSURANCE POLICY

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## MACHINERY INSURANCE POLICY

WHEREAS THE INSURED named in the Schedule hereto has made to **JUBILEE ALLIANZ GENERAL INSURANCE LTD** (hereinafter called "the Company") a written Proposal by completing a questionnaire written by the Insured for the purpose of this of this Policy, is deemed to be incorporated herein.

THE COMPANY AGREES that, subject to the Insured having paid the Company he premium mentioned in the Schedule and subject to the terms, exclusions, provisions and conditions contained herein or endorsed hereon.

THE COMPANY HEREBY AGREE with the Insured that if at any time during the Period of Insurance stated in the Schedule or during any subsequent period for which the Insured pays and the Company may accept the premium for the renewal of this Policy, the items (or any part thereof) entered in the Schedule, whilst on the premises mentioned therein, suffer any unforeseen and sudden physical loss or damage from causes such as defects in casting and material, faulty design, faults at workshop or in erection, bad workmanship, lack of skill, carelessness, shortage of water in boilers, physical explosion, tearing apart on account of centrifugal force, short-circuit, storm or from any other cause not specifically excluded hereinafter, in a manner necessitating repair or replacement.

THE COMPANY WILL INDEMNIFY the Insured in respect of such loss or damage, as hereinafter provided, by payment in cash, replacement or repair (at the Companys' option) up to an amount not exceeding in any one year of insurance in respect of each of the items specified in the Schedule the sum set opposite thereto and not exceeding in all the total sum expressed in the Schedule as insured hereby.

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**Authorized Officer**

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**Date**

This Policy shall apply to the insured items after successful completion of their performance acceptance tests whether they are at work or at rest, or being dismantled for the purpose of cleaning or overhauling, or in the course of the aforesaid operations themselves, or when being shifted within the premises, or during subsequent re-erection.

## EXCLUSIONS

The Company shall not be liable for:

1. the deductible stated in the Schedule to be borne by the Insured in any one occurrence; if more than one item is lost or damaged in one occurrence, the Insured shall not, however, be called upon to bear more than the highest single deductible applicable to such items;
2. loss of or damage to exchangeable tools e.g. dies, moulds, engraved cylinders, parts which by their use and/or nature suffer a high rate of wear or depreciation, e.g. refractory linings, crushing hammers, objects made of glass, belts, ropes, wires, rubber tyres, operating media e.g. lubricants, fuels, catalysts;
3. loss or damage due to fire, direct lightning, chemical explosion (except flue gas explosions in boilers), extinguishing of a fire or subsequent demolition, aircraft or other aerial devices or articles dropped therefrom, theft, burglary or attempts thereat, collapse of buildings, flood, inundation, earthquake, subsidence, landslide, avalanche, hurricane, cyclone, volcanic eruption or similar natural catastrophes;
4. loss or damage for which a supplier, contractor or repairer is responsible either by law or under contract;
5. loss or damage caused by any faults or defects existing at the time of commencement of this Policy within the knowledge of the Insured or his representatives, whether such faults or defects were known to the Company or not;
6. loss or damage arising out of the willful act or gross negligence of the Insured or his representatives;
7. any loss or damage occasioned by or through or in consequence, directly or indirectly, of any of the following occurrences, namely:
  - i) War, invasion, act of foreign enemy, hostilities or warlike operations (whether war be declared or not), civil war, labour disturbance, lock-out, riot or strike
  - ii) Abandonment and/or permanent or temporary dispossession resulting from detention, confiscation, seizure, restraint, commandeering, nationalisation, appropriation, destruction or requisition by order of any government de jure or de facto or by any public authority
  - iii) Mutiny, civil commotion, military rising, insurrection, rebellion, revolution, military or usurped power, martial law or state of siege or any of the events or causes which determine the proclamation or maintenance of martial law or state of siege
  - iv) The act of any lawfully established authority in controlling, preventing, suppressing or in any other way dealing

with any occurrence referred to in clauses (i), (ii), and (iii)

- v) Any act of terrorism, regardless of any other cause contributing concurrently or in any other sequence to the loss, damage or expense.

For the purpose of this exclusion, terrorism means an act of violence or force or the threat thereof whether as an act harmful to human life or not, by any person or group of persons, whether acting alone or on behalf or in connection with any organization or government or any other person or body of persons, committed for political, religious, personal, ethnic or ideological reasons or purposes including any act committed with the intention to influence any government and/or for the purpose of inspiring fear in the public or any section thereof.

In any action suit or other proceedings where the Company alleges that by reason of this definition a loss, damage or expense is not covered by the policy, the burden of proving that such loss, damage or expense is covered shall be upon the Insured.

8. any consequence of nuclear reaction, nuclear radiation or radioactive contamination;
9. loss or damage as a direct consequence of the continual influence of operation (e.g. wear and tear, cavitation, erosion, corrosion, rust, boiler scale);
10. consequential loss or liability of any kind of description, any payments over and above the indemnity for material damage as provided herein;

## PROVISIONS

### Memo 1 - Sum Insured

It shall be a requirement of this Policy that the Sum Insured is equal to the cost of replacement of the insured machinery by new machinery of the same kind and capacity, which means its cost of replacement including e.g. freight, dues and customs duties, if any, and cost of erection. If the Sum Insured is less than the amount required to be insured, the Company shall pay only on such proportion as the Sum Insured bears to the amount required to be insured. Every item if more than one shall be subject to this condition separately.

### Memo 2 - Basis of Indemnity

- a) In cases where damage to an insured item can be repaired - the Company shall pay expenses necessarily incurred to restore the damaged machine to its former state of serviceability plus the cost of dismantling and re-erection incurred for the purpose of effecting the repairs as well as ordinary freight to and from a repair shop, customs duties and dues, if any, to the extent such expenses have been included in the Sum Insured. If the repairs are executed at a workshop owned by the Insured, the Company shall pay the cost of materials and wages incurred for the purposes of the repairs plus a reasonable percentage to cover overhead charges.

No deduction shall be made for depreciation in respect of parts replaced, but the value of any salvage shall be taken into account.

If the cost of repairs as detailed hereinabove equals or exceeds the actual value of the machinery insured immediately before the occurrence of the damage, the item shall be regarded as

destroyed and settlement shall be made on the basis provided for in (b) below.

- b) In cases where an insured item is destroyed - the Company shall pay the actual value of the item immediately before the occurrences of the loss, including charges for ordinary freight, cost of erection and custom duties, if any, provided such expenses have been included in the Sum Insured, such actual value to be calculated by deducting proper depreciation from the replacement value of the item. The Company shall also pay any normal charges for the dismounting of the machinery destroyed, but the salvage shall be taken into account.

Any extra charges incurred for overtime, night work, work on public holidays and express freight shall be covered by this Policy only if especially agreed in writing. The cost of any alterations, additions, improvements or overhauls shall not be recoverable under this Policy.

The cost of any provisional repairs shall be borne by the Company if such repairs constitute part of the final repairs and do not increase the total cost of repair.

The Company shall make payments only after being satisfied by production of the necessary bills and documents that the repairs have been effected or replacement has taken place, as the case may be.

## CONDITIONS

1. The due observance and fulfillment of the terms of this Policy, in so far as they relate to anything to be done or complied with by the Insured, and the truth of the statements and answers in the questionnaire and Proposal made by the Insured shall be a condition precedent to any liability of the Company.
2. The Schedule shall be deemed to be incorporated in and form part of this Policy and the expression "this Policy", wherever used in this contract, shall be read as including the Schedule. Any word or expression to which a specific meaning has been attached in any part of this Policy or of the Schedule shall bear such meaning wherever it may appear.
3. The Insured shall at his own expense take all reasonable precautions and comply with all reasonable recommendations of the Company to prevent loss or damage and comply with statutory requirements and manufacturers' recommendations.
4.
  - a) Representatives of the Company shall at any reasonable time have the right to inspect and examine the risk and the Insured shall provide the representatives of the Company with all details and information necessary for the assessment of the risk.
  - b) The Insured shall immediately notify the Company by fax, telephone, email or in writing of any material change in the risk and cause at his own expense such additional precautions to be taken as circumstances may require to ensure safe operation of the insured items, and the scope of cover and/or premium shall, if necessary, be adjusted accordingly. No material alteration shall be made or admitted by the Insured whereby the risk is increased, unless the continuance of the insurance is confirmed in writing by the Company.
5. In the event of any occurrence which might give rise to a claim under this Policy, the Insured shall
  - a) immediately notify the Company by telephone or fax,

email or in writing, giving an indication as to the nature and extent of the loss or damage;

- b) take all reasonable steps within his power to minimize the extent of the loss or damage;
- c) preserve the parts affected and make them available for inspection by a representative or surveyor of the Company;
- d) furnish all such information and documentary evidence as the Company may require.

The Company shall on no account be liable for loss or damage of which no notice has been received by the Company within 14 (fourteen days) of its occurrence. Upon notification being given to the Company under this condition, the Insured may carry out repairs of any minor damage or replace items which have sustained any minor damage; in all other cases a representative of the Company shall have the opportunity of inspecting the loss or damage before any repairs or alterations are effected. If a representative of the Insurers does not carry out the inspection within a period of time which could be considered adequate under the circumstances, the Insured shall be entitled to proceed with the repairs or replacement.

The liability of the Company under this Policy in respect of any insured item shall cease if the said item is kept in operation after a claim without being repaired to the satisfaction of the insurers, or if temporary repairs are carried out without the Companies' consent.

6. The Insured shall at the expenses of the Company do and concur in doing and permit to be done all such acts and things as may be necessary or required by the Company in the interest of any rights or remedies, or of obtaining relief or indemnity from parties (other than those insured under this Policy) to which the Company are or would become entitled or which is or would be subrogated to them upon their paying for or making good any loss or damage under this Policy, whether such acts and things are or become necessary or required before or after the Insured's indemnification by the Company.
- 7(a) Any dispute/complaint between the parties to the insurance may first be resolved amicably between the Parties without the intervention of a third party and/or the dispute/complaint may be escalated to the **Insurance Regulatory Authority of Uganda** or Ombudsman in accordance with the Insurance Act and Regulations before resorting to other mediation, arbitration, litigation or any other form of dispute resolution.
- 7(b) If any difference arises as to the amount to be paid under this Policy (liability being otherwise admitted), such difference shall be referred to the decision of an arbitrator to be appointed in writing by the parties in difference or, if they cannot agree upon a single arbitrator, to the decision of two arbitrators, one to be appointed in writing by each of the parties, within one calendar month after having been required in writing so to do by either of the parties, or, in case the arbitrators do not agree, of an umpire to be appointed in writing by the arbitrators before the latter enter upon the reference. The umpire shall sit with the arbitrators and preside at their meetings. The making of an award shall be a condition precedent to any right of action against the Company.
8. The Company shall be entitled to withhold indemnification
  - a) if there are doubts regarding the Insured's right to receive the indemnity, pending receipt by the Company of the necessary proof;

- b) if in connection with the claim an examination by the police or an inquiry under criminal law has been instituted against the Insured, pending completion of such examination or inquiry.

9. a) If the Proposal or Declaration of the Insured is untrue in any material respect, or if any claim made is fraudulent or substantially exaggerated, or if any false declaration or statement is made in support thereof, then this Policy shall be void and the Company shall not be liable to make any payment hereunder.  
  
b) In the event of the Company disclaiming liability in respect of any claim and if an action or suit is not commenced within three months after such disclaimer or (in the case of arbitration taking place in pursuance of Condition 7 of this Policy) within three months after the arbitrators or umpire have made their award, all benefit under this Policy in respect of such claim shall be forfeited.
10. If at the time any claim arises under this Policy there is any other insurance covering the same loss or damage, the Company shall not be liable to pay or contribute more than their ratable proportion of any claim of such loss or damage.
11. This Policy may be terminated at the request of the Insured at any time, in which case the Company will retain the customary short-period rate for the time this policy has been in force. This Policy may equally be terminated at the option of the Company by seven days notice to that effect being given to the Insured, in which case the Company will be liable to repay on demand a ratable proportion of the premium for the unexpired term from the date of cancellation less any reasonable inspection charges the Company may have incurred.
12. The Company shall not be liable to pay interest other than interest for default.

## **ADDITIONAL CLAUSES APPLICABLE TO THIS POLICY.**

### **ELECTRONIC DATA EXCLUSION**

1.1. Notwithstanding any provision to the contrary within the Policy or any endorsement thereto, it is understood and agreed as follows:

1.1.1. This Policy does not insure loss, damage, destruction, distortion, erasure, corruption or alteration of ELECTRONIC DATA from any cause whatsoever (including but not limited to COMPUTER VIRUS) or loss of use, reduction in functionality, cost, expense of whatsoever nature resulting therefrom, regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

1.1.2. ELECTRONIC DATA means facts, concepts and information converted to a form useable for communications, interpretation or processing by electronic and electromechanical data processing or electronically controlled equipment and includes programmes, software and other coded instructions for the processing and manipulation of data or the direction and manipulation of such equipment.

1.1.3. COMPUTER VIRUS means a set of corrupting, harmful or otherwise unauthorised instructions or code including a set of maliciously introduced unauthorised instructions or code, programmatic or otherwise, that propagate themselves through a computer system or network of whatsoever nature. COMPUTER VIRUS includes but is not limited to 'Trojan Horses', 'worms' and 'time or logic bombs'.

#### **2. Electronic Data Processing Media Valuation**

2.1. Notwithstanding any provision to the contrary within the Policy or any endorsement thereto, it is understood and agreed as follows:

2.1.1. Should electronic data processing media insured by this Policy suffer physical loss or damage insured by this Policy, then the basis of valuation shall be the cost of the blank media plus the costs of copying the ELECTRONIC DATA from back-up or from originals of a previous generation. These costs will not include research and engineering nor any costs of recreating, gathering or assembling such ELECTRONIC DATA. If the media is not repaired, replaced or restored the basis of valuation shall be the cost of the blank media. However this Policy does not insure any amount pertaining to the value of such ELECTRONIC DATA to the Assured or any other party, even if such ELECTRONIC DATA cannot be recreated, gathered or assembled.

### **COMMUNICABLE DISEASE EXCLUSION**

1. This Policy excludes 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 a Communicable Disease or the fear or threat (whether actual or perceived) of a Communicable Disease (e.g. any action taken in controlling, preventing or suppressing a Communicable Disease) regardless of any other cause or event contributing concurrently or in any other sequence thereto.

2. As used herein, a Communicable Disease means any disease which can be transmitted by

means of any substance or agent from any organism to another organism where

- 2.1 the substance or agent includes, but it is not limited to a virus, bacterium, parasites or other organism or any variation thereof, whether deemed living or not, and
  - 2.2 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
  - 2.3 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.
3. Notwithstanding the foregoing, losses directly caused by any otherwise covered peril under subject Policies and not otherwise excluded under this insurance agreement shall be covered

### **TERRORISM EXCLUSION**

Notwithstanding any provision to the contrary within this insurance or any endorsement thereto it is agreed that this insurance excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any act of terrorism regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

For the purpose of this endorsement 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 organization(s) or government(s), committed for political, religious, ideological or similar purposes including the intention to influence any government and/or to pull the public, or any section of the public, in fear.

This exclusion also excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way related to any act of terrorism.

If the Insurers allege that by reason of this exclusion, any loss, damage, cost or expense is not covered by this insurance the burden of proving the contrary shall be upon the Insured.

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

## **POLLUTION AND CONTAMINATION EXCLUSION**

Any loss arising from pollution and contamination except (unless otherwise excluded) destruction of or damage to the property insured caused by:

- Pollution or contamination which itself results from a peril insured against (1)
- Any peril insured against which itself results from a pollution or contamination
- Any liability in connection with disposed or dumped waste materials or substances may not be covered.

## **SANCTIONS CLAUSE**

### **Sanctions / Embargoes**

No (re)insurer shall be deemed to provide cover and no (re)insurer shall be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose that (re)insurer to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United States of America and/or any other applicable national economic or trade sanction law or regulations.

### **Contract Certainty**

Please read the terms of this policy document carefully. If you find that the terms of the policy do not meet your requirements, please return the policy document to your broker or the Company with your comments for the necessary rectification. If the policy meets your requirements, please sign and return a copy of the signed schedule of this policy to your broker or the company within 30 days of the date when the policy was sent to you.

If the Company does not receive a signed copy of the signed policy document or does not otherwise hear from you within 30 days of sending you this policy, subject to receipt of the premiums payable under the policy, you will be deemed to have read and accepted the policy on the terms, conditions and limitations contained herein and will accordingly be bound by them