

MACHINERY BREAKDOWN INSURANCE POLICY

Whereas the Insured named in the Schedule hereto has made to the **Solarelle Insurance Private Limited** (hereinafter called "the Company") a written proposal by completing a Questionnaire which together with any other statements made in writing by the Insured for the purpose of this Policy is deemed to be incorporated herein,

Now this Policy of Insurance witnesseth that in consideration of the Insured paying to the Company the premium mentioned in the said Schedule.

The Company hereby agree with the Insured (subject always to the terms, provisions and conditions contained herein or endorsed hereon) 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, there shall occur to the property insured (or any part thereof) specified in the said Schedule, whilst on the premises mentioned therein, any unforeseen and sudden physical loss or damage necessitating its repair or replacement due to causes such as defects in casting and material, faulty design, faults at workshop or in erection, bad, workmanship, lack of skill, carelessness, sabotage, shortage of water in boilers, physical explosion, tearing apart on account of centrifugal force (but only to the extent such loss or damage by the explosion or the tearing apart is due to rending as under or bursting of the insured property itself), short-circuit, storm or any other cause not specifically excluded hereinafter,

The Company will at their own option by payment in. cash, replacement, or repair indemnify the Insured, as hereinafter provided, in respect of such loss or damage up to an amount not exceeding in anyone year of insurance in respect of each of the items specified in the Schedule the sum set opposite thereto and not exceeding in the whole the total sum insured hereby.

You are recommended to examine your policy to ensure that it has been prepared in accordance with your requirements.

This insurance applies whether the insured property is at work or at rest, or being dismantled for the purpose of cleaning, overhauling, or of being shifted within the said premises, or in the course of the aforesaid operations themselves, or in the course of subsequent re-erection.

Provided always that the Company shall not be liable for:

- (a) the amount, expressed as a percentage of the sum insured in the Schedule, to be borne by the Insured of each and every claim; where more than one item is lost or damaged in one and the same occurrence, the Insured shall not, however, be-called upon to bear more than the highest amount applicable to anyone such item.
- (b) loss of/or damage to belts, ropes, wires, chains, rubber tyres, dies or exchangeable tools, engraved cylinders, objects made of glass, felts, sieves or fabrics;
- (c) loss or damage arising directly or indirectly from fire or lightning, the extinction of a fire, or clearance of debris and dismantling necessitated there by, theft, subsidence, landslide, rockslide floods, inundation, earthquake, nuclear, reaction, nuclear radiation or radioactive contamination
- (d) loss or damage directly or indirectly occasioned-by, happening through or in consequence of war, invasion, acts of foreign enemy, hostilities or warlike operations (whether war be declared or not), civil war, mutiny, insurrection, rebellion, revolution, conspiracy, military or usurped power, or any activity of any organization the objects of which are or include the overthrowing or influencing of any de jure or de facto government by terrorism or by any violent means, martial law, riot and civil commotion, strikes, lock-outs, confiscation, commandeering, requisition or destruction of or damage to property by order of any government de jure or de facto of any public, municipal or local authority;
- (e) loss or damage caused by any faults or defects existing at the time of commencement of the present insurance within the knowledge of the Insured or his chief engineer, whether such faults or defects were known to the Company or not;
- (f) loss or damage as a direct consequence of the continual influence of operation (normal wear and tear), cavitation, erosion, corrosion, rust or boiler scale;
- (g) loss or damage arising out of the willful act or willful negligence of the Insured or his chief engineer;
- (h) loss or damage for which the manufacturer or supplier of the property is responsible either, by law or under contract.

PROVISIONS

MEMO 1. Basis of Indemnity:

- (a) In cases where damage to an insured item can be repaired-the Company will pay all expenses necessarily incurred to restore the damaged machine to its condition immediately before the occurrence of the damage. The Company will also. pay the dismantling and re-erection charges incurred for the purpose of effecting the repairs as well as ordinary freight to and from a repair-shop, and customs duties, if any. If the repairs are executed at a workshop owned by the Insured, the Company will pay the cost of materials and wages incurred for the purpose of the repairs plus a reasonable percentage of the productive wages incurred for repairs to cover the overhead charges.

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

Any extra charges incurred for overtime, night-work, work on public holidays, express freight, etc. are covered by this insurance only if especially agreed upon.

The cost of any alterations, additions, improvements or overhauling carried on at the time of such repairs shall not be recoverable under the Policy.

The costs of any provisional repairs will be borne by the Insured unless they constitute a part of the final cost of repairs.

- (b) In cases where an insured item is totally destroyed - the Company shall pay the actual value of the item immediately before the occurrence of the loss, such actual value to be calculated by deducting proper depreciation from the replacement value of the item, including ordinary freight, costs of erection and customs duties, if any. The Company will also pay any normal charges for the removal of the property destroyed, but the salvage will be taken into account.
- (c) All damage which can be repaired shall, however, be repaired but if the cost of repairs as detailed hereinabove equals or exceeds the actual value of the property insured immediately before the occurrence of the damage, the settlement shall be made on the basis provided for in (b) above.

MEMO 2. Sum Insured: It is a requirement of this insurance that the sum insured shall be equal to the cost of replacement of the insured property by new property of the same kind and same capacity, which shall mean its replacement cost including freight, erection costs and customs duties, if any, at the date of the completion of its repair or replacement. If the sum insured on the property is less than the amount required to be insured thereon, the Company will pay only in 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. The Company agrees to waive this condition if the sum insured is in accordance with the aforesaid requirement at the date of inception of the present insurance, provided that:

- (a) if, in the event of a loss, it be revealed that the sum insured on any item of the insured property is greater or, less than the amount required to be insured, the Insured shall be called upon to increase or decrease the sum insured to the proper figure from the date of commencement of the present insurance and that an adjustment of the premium under this Policy shall be made;
- (b) a similar adjustment may likewise be required by the Company in the event of any material variation in machinery prices during the currency of the Policy from the date of such variation.

If the Insured fails to increase the sum insured on any item within one month of a written request to do so by the Company the benefit of this waiver shall be forfeited.

MEMO 3. Inspection of Steam Turbo-Generator: The Insured shall at regular intervals but at least after every 9000 hours of operation or once in every two years arrange for a thorough overhauling and inspection in a completely uncovered state of any steam turbo-generator set including its electrical and mechanical parts. Steam turbines in operation for 1500 hours or less in anyone year may, however, be overhauled once in three years. The Insured shall arrange for these regular inspections in consultation with the Company in order to enable the Company's representative to be present at the inspection at their own expense. The Company shall be notified at least seven days in advance of the commencement of any urgent overhauling necessary according to expert opinion. If the Insured fails to comply with the requirement of this condition, the Company shall be free from all liability for loss or damage caused by any circumstance which could have been detected had an inspection taken place in the presence of the Company's representative.

If the working conditions in the plant so require, the Insured may apply for an extension of the period between any two regular inspections, and such extension shall be granted only if in the opinion of the Company no additional' danger for the turbo-generator set arises from such an extension.

MEMO 4. Premium Reduction for Standstill: If and when any boilers, turbine sets, steam engines, generators, compressors and Diesel engines are at a standstill for a continuous period of more than three months in anyone year of insurance including any period of overhauling but excluding any period of repair due to loss or damage under this Policy, the Insured shall be entitled to a reduction in premium in accordance with the under mentioned scale:

If such period of standstill lasts:

- (i) more than 3 months but less than 6 months - 15% of the annual premium;
- (ii) more than 6 months but less than 9 months - 25% of the annual premium;
- (iii) more than 9 months but less than 12 months - 35% of the annual premium;
- (iv) throughout the year - 50% of the annual premium.

No refund shall, however, be allowed for machinery used in seasonal factories.

CONDITIONS

1. The Insured shall take all reasonable steps to maintain the insured property in efficient working order, and to ensure that no item is habitually or intentionally overloaded. The Insured shall fully observe all government, statutory, municipal or other binding regulations in force concerning the operation of the insured property.
2. (a) The Company's officials shall at all reasonable times have the right to inspect and examine any property insured hereunder and the Insured shall provide the officials of the Company with all details and information necessary for the assessment of the risk. The Company shall provide the Insured with a copy of the inspecting official's report, which shall, however, be treated as strictly confidential, both by the Insured and by the Company.
(b) If an inspection discloses that an increase in the original risk has occurred, the Company will require the Insured in writing to take steps within the shortest possible time to reduce such risk to its original level. Noncompliance with this request within a specified period will entitle the Company to suspend this insurance in respect of the item or items where the increase of risk has in the opinion of the Company occurred by giving notice to that effect by registered post.
3. In the event of any occurrence which might give rise to a claim under the Policy the Insured shall
 - (a) immediately notify the Company by telephone or telegram as well as in writing;
 - (b) take all steps within his power to minimize the extent of the loss or damage;
 - (c) preserve the damaged or defective parts and make them available for inspection by al) official or surveyor of the Company;
 - (d) furnish all such information and documentary evidence as the Company may reasonably require.
4. The Company shall not be liable for any loss or damage arising out of any occurrence of which no notice has been received by the Company within 14 days of its occurrence.
5. The liability of the Company under this Policy in respect of any item of property sustaining damage, for which indemnity is provided, shall cease if the said item continues in operation without being repaired to the satisfaction of the Company.
6. Upon notification of a claim being given to the Company the Insured may carry out the repairs or replacement of any minor damage, but in all other cases a representative of the Company shall have the opportunity of inspecting the damage before any alterations are effected if an inspection by a representative of the Company does not take place within a period of 10 days from the date of the notification of the claim, the Insured shall be entitled to proceed with the repairs or replacement. Nothing contained herein shall prevent the Insured from taking such steps as are absolutely necessary for the execution of repairs.
7. If the claim be in any respect fraudulent, or if any false declaration be made or used in support of the claim, or if any fraudulent means or devices are used by the Insured or anyone acting on his behalf to obtain any benefit under this Policy, or if the claim be made and rejected and no action or suit be commenced within three months after such rejection or, in case of an arbitration taking place as provided for herein, within three months after the Arbitrator or Arbitrators or Umpire shall have made their award, all benefits under this Policy shall be forfeited.
8. This insurance may be terminated at the request of the Insured, in which case the Company will retain the customary short-period rate for the time the Policy has been in force. This insurance may also at any time 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 shall be liable to repay on demand a rateable proportion of the premium for the unexpired term from the date of cancelment less any reasonable inspection charges the Company may have incurred.
9. All differences arising out of this Policy 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 to do so 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 entering upon the reference. The Umpire shall .sit with the Arbitrators and preside at their meetings. The Arbitrators and the Umpire shall be qualified Engineers. The making of an award shall be a condition precedent to any right of action against the Company.
10. Whenever a claim arises under the Policy and the same loss or damage is covered by any other insurance, the Company shall not be liable to pay or contribute more than their rateable proportion of any claim for such loss or damage.