

Introduction

Law and Jurisdiction This insurance is subject to English law and practice and to the exclusive jurisdiction of the English courts sitting in London.
In particular, there are rules of law in relation to disclosure and under-insurance.

Material Facts If at any time after inception of this insurance there is a substantial change in your business, you must advise Underwriters, who reserve the right to amend the rates, terms and conditions of this insurance.

If you are in any doubt as to whether this insurance meets your needs, you should seek independent advice from your insurance advisor.

Cancellation This insurance may be cancelled by Underwriters or the Assured giving 7 days' notice in writing to take effect from midnight on the date of issue.

Non-Contribution This insurance does not cover subject matter that is insured by or would, but for the existence of this insurance, be insured by any other existing policy or policies; except in respect of any additional sum beyond the amount which would have been payable under such policy or policies had this insurance not been effected.

Insurance Premium Tax Underwriters will calculate the tax liability of the Assured, who agrees to pay all amounts due.

Declaration and Adjustment The premium payable under this contract is provisional and subject to adjustment (unless the Property covered is specified owned plant only in which case this condition does not apply)
At the end of each period of insurance the Insured shall declare to NMU the information specified in the Schedule as Declaration Information
The actual premium shall be calculated at the rates applicable on the amounts declared
If the actual premium differs from the provisional premium the Insured shall pay or NMU shall refund the difference subject to a minimum retention by NMU of any minimum retained premium referred to in the Schedule or 50% of the provisional premium whichever is the greater

Service Standards

Northern Marine Underwriters Limited

Faulkner House
Faulkner Street
Manchester
M1 4DY

0161 236 3380
(fax) 0161 236 0633

Northern Marine Underwriters Limited is authorised and regulated by the Financial Services Authority.

We aim to provide you with a high quality service. If you are dissatisfied in any way, then please write to or telephone the office which issued this Policy and we will do our best to resolve the problem.

If you are unhappy with the reply or explanation received, we ask that you contact our Compliance Manager, at the address shown left.

We will acknowledge your communication within 5 business days of receipt, letting you know who will be dealing with your problem and when you can expect a response.

We will let you have a formal response within 20 business days.

If that is not our final response, we will let you know the reason why and when you can expect to receive our final response.

Munich Re Underwriting Limited

St Helens
1 Undershaft
London
EC3A 8EE

020 7886 3900
(fax) 020 7886 3901

In issuing this insurance, Northern Marine Underwriters Limited acts as agent for Watkins Syndicate (WTK/457) at Lloyd's.

The Managing Agent for the Syndicate is Munich Re Underwriting Limited.

If we cannot resolve any problem to your satisfaction, you may contact the Compliance Director of Munich Re Underwriting Limited.

Lloyd's of London

One Lime Street
London
EC3M 7HA

020 7327 5693
(fax) 020 7327 5225

Lloyd's is regulated by the Financial Services Authority.

Lloyd's has strict guidelines as to how complaints should be dealt with. You may, if the matter is still not resolved to your satisfaction, or at any time, take your concerns to the Policyholder and Market Assistance team at Lloyd's.

Financial Ombudsman Service

Where appropriate, the Managing Agent and Lloyd's will also give you details of the independent arbitration scheme administered by the Financial Ombudsman Service.

However, the Financial Ombudsman Service will only consider referral of your complaint if you have given us the opportunity to resolve it and we have not, or if we do not resolve it within 40 working days (in which case you may contact them directly) **and you are**

- a private policyholder; or
- a business with a group annual turnover of less than £1million; or
- a charity with an annual income of less than £1million; or
- a trust with a net asset value of less than £1million.

Financial Services Authority

25 The North Colonnade
Canary Wharf
London
E14 5HS

020 7066 1000

The Financial Services Authority is an independent non-governmental body established to regulate the financial services industry, under statutory powers granted by the Financial Services and Markets Act 2000.

Further information about your rights as a policyholder and guidance about making complaints can be obtained by calling their helpline: 0845 606 1234, or from their website: www.fsa.gov.uk/consumer.

Claims Procedures

Instructions for Survey *In the event of any happening or event likely to give rise to a claim under this insurance, immediate notice must be given in writing with full particulars to the broker named herein.*

No survey is required for any claims unlikely to exceed £1,000 or the equivalent in other currencies.

Duty of the Assured The Insured shall take all reasonable precautions to prevent Damage

On the happening of any Damage the Insured shall

- i) notify NMU in writing immediately
- ii) inform the police immediately if the Damage is caused by thieves or malicious persons
- iii) provide NMU with full details of Damage by riot civil commotion strikers locked-out workers or persons taking part in labour disturbances within seven days of its happening
- iv) send to NMU a written claim not later than thirty days or such further time as NMU may in writing allow after the Damage has happened providing at the Insured's own expense all the detailed particulars and evidence regarding the cause and amount of the claim as NMU may reasonably require together with (if demanded) a statutory declaration of the truth of the claim and of any matters connected therewith
- v) carry out and permit to be taken any action which may be reasonably practicable to diminish the Damage and to prevent further loss
- vi) permit NMU and every person authorised by NMU without thereby incurring any liability to enter any premises where the Damage has occurred and to take and keep possession of and deal with any salvage

Definitions

For the purposes of this insurance, these words and phrases shall always be taken as having the following meanings:

- Assured** As stated in the **Schedule**, and any party to whom insurable interest in subject-matter insured hereunder passes under a contract of sale.
And **you** and **your** shall be construed accordingly.
- Excess** The amount for which the Assured is responsible as the first part of each claim.
- Damage** Physical loss destruction or damage
- Property** Those items detailed in the schedule
- Reinstatement**
- a) Where any item of Property suffers Damage to the extent that it cannot be economically repaired replacement by equivalent Property of comparable performance and/or capacity or if such be impracticable replacement by comparable Property having the nearest comparable performance and/or capacity to the Property which has suffered Damage
 - b) Where any item of Property suffers other Damage the repair of the Damage and the restoration of the portion of Property suffering Damage to a working condition substantially the same as but not better or more extensive than its condition when new
- Incident** Any occurrence or series of occurrences attributable to one proximate cause.
- Period** As stated in the **Schedule**.
If notice of cancellation is given, then the end of the period will be midnight on the last day before cancellation becomes effective.
- Subsidiary Company** As defined in section 736 of the Companies Act 1985 and any statutory amendments thereto.
- Territorial Limits** Great Britain Northern Ireland the Isle of Man and the Channel Islands
- Deferred Purchase** An agreement entered into by the Insured which entitles the Insured to defer payment for Property for a period in excess of usual trade credit
- Failure of a Insured** Failure of a Insured means the failure or inability of a Insured (whether or not owned by the Insured)
- a) correctly to recognise or utilise any data concerning a date (whether a date in the Year 2000 or any other date) as being such calendar date as the data is intended to represent
 - b) to operate as a result of any command programmed in to the Insured utilising any date (whether a date in the Year 2000 or any other date)

Definitions

System Insured includes computers and other computing and electronic and mechanical equipment linked to a computer hardware software programs data electronic data processing equipment Microchips and anything which relies on a Microchip for any part of its operation

Microchip includes integrated circuits and microcontrollers

NMU Northern Marine Underwriters Limited, acting on behalf of MC Watkins and Others, Syndicate 457 at Lloyd's.

And **we, us** and **our** shall be construed accordingly.

Cover

**Cover Section 1
Damage to Owned Property**

In the event of Damage (other than Damage hereby excluded) to Property owned by or on Deferred Purchase or lease to the Insured happening during the period of insurance whilst situated or in transit anywhere within the Territorial Limits and that at the time of such Damage the Property

- a) is less than or equal to 1 year old from the date of sale as new the amount payable shall be Reinstatement
- b) is more than 1 year old from the date of sale as new NMU will pay to the Insured the value of the Property at the time of the Damage or the cost of repair of the Damage to a condition substantially the same as but not better or more extensive than the condition at the time of the Damage or at its option reinstate or replace such Property

**Section 2
Damage to Hired in Property**

In the event of Damage (other than Damage hereby excluded) to Property hired in by the Insured happening during the period of insurance whilst situated or in transit anywhere within the Territorial Limits NMU will pay to the Insured all sums which the Insured shall become legally liable to pay for

- a) Damage to the Property hired in by the Insured
- b) hiring charges levied upon the Insured in consequence of such Damage

Cover shall be on the basis that contractual plant will be hired under forms of contract no more onerous than the standard form of contract of the Contractors Plant Association or the Scottish Plant Operators Association Any shortfall between insurance required by these standard forms of contract and any other contract form shall be borne by the insured

Limit of Liability

The liability of NMU shall not exceed

- a) if cover is provided by this contract in respect of Section 1 and/or 2 the sums insured stated in the Schedule or the balance of such sums insured remaining after deduction for any other Damage occurring during the same period of insurance unless NMU shall have agreed to reinstate any such sum insured
provided that the Property description is on a specified item basis otherwise
- b) if cover is provided by this contract in respect of Section 1 and/or 2 in total in respect of any one incident of Damage or series of incidents of Damage from a common cause the limit of liability stated in the Schedule

In the event that the Insured consists of more than one party or legal entity the liability of NMU shall not exceed the amount for which NMU would have been liable had such Damage been sustained by any one of them

Extensions

- 1. Hiring Out** The insurance provided by this contract is extended to include Property whilst hired out provided that
- a) the terms of any such hirings out covered by Section 1 are no less onerous than the Model Conditions for the Hiring of Plant of the Construction Plant Hire Association
 - b) the terms of any such hirings out covered by Section 2 are no less onerous than those terms under which the Property was hired in by the Insured

2. Indemnity to Insured's Employer/Purchaser/Principal The insurance provided by this contract is extended to indemnify the Insureds employer/purchaser/principal solely to the extent required by the conditions of contract in force between the Insured and the employer/purchaser/principal provided always that such employer/purchaser/principal shall as if they were the Insured observe fulfil and be subject to the terms exclusions and conditions of the contract

- 3. Own Surrounding Property and Goods Lifted** The insurance provided by this contract is extended to include
- a) Damage (other than Damage hereby excluded or Damage to the contents or load being handled by the Property) to property not described in the Schedule belonging to the Insured or in their custody or control caused by accidental external impact with any item of Property described in the Schedule or with the contents or load being handled by such Property
 - b) Damage (other than Damage hereby excluded) to goods in the custody or control of the Insured caused by accidental external impact whilst being handled by any item of Property described in the Schedule

provided that the liability of NMU shall not exceed £10,000 in respect of such Damage during any period of insurance

4. Immobilised Property The insurance provided by this contract is extended to include costs necessarily and reasonably incurred by the Insured to recover Property which has become accidentally immobilised during normal operations other than by its own explosion mechanical or electrical breakdown failure breakage or derangement (including but not limited to Damage caused by any failure to maintain the Property in accordance with the manufacturer's recommendations but not including Damage caused by the error or omission of the driver(s) or operator(s) of the Property other than in respect of failure to maintain) provided that

- a) the liability of NMU shall not exceed £25,000 in respect of all recoveries during any period of insurance
- b) such costs do not exceed the sum which would otherwise have been payable under the terms of this contract had such costs not been incurred
- c) NMU shall not be liable in respect of Damage caused directly or indirectly by an attempt being made to effect recovery of Property

Extensions

5. Special Provisions

- a) No payment beyond the amount which would have been payable in the absence of this memorandum shall be made
 - i) unless Reinstatement commences and proceeds without unreasonable delay
 - ii) until Reinstatement has been carried out
 - iii) if the Property insured at the time of its Damage shall be insured by any other insurance effected by or on behalf of the Insured which is not upon the same basis of reinstatement
- b) If at the time of Reinstatement the sum representing 85% of the cost which would have been incurred in reinstating the whole of the Property exceeds the sum insured thereon at the commencement of any Damage the liability of NMU shall not exceed that proportion of the amount of the Damage which the sum insured shall bear to the sum representing the cost of reinstating the whole of the Property at that time
- c) All terms exclusions and conditions of this contract shall apply
 - i) in respect of any claim payable under the provisions of this memorandum except in so far as they are varied hereby
 - ii) where claims are payable as if this memorandum had not been incorporated

Exclusions

THE INDEMNITY SHALL NOT APPLY TO

- 1. Breakdown** In respect of Section 1 Damage to Property caused by its own explosion mechanical or electrical breakdown failure breakage or derangement including but not limited to Damage caused by any failure to maintain the Property in accordance with the manufacturer's recommendations but not including Damage caused by the error or omission of the driver(s) or operator(s) of the Property other than in respect of failure to maintain
- 2. Rubber Tyres** Damage to rubber tyres unless such Damage arises out of an accident for which insurance is provided under this contract to other parts of the Property or unless such Damage arises out of malicious act which necessitates replacement of such tyres repair thereof being impracticable
- 3. Inventory Losses** Loss of property either by disappearance or by shortage if such disappearance or shortage is only revealed when an inventory is made or is not traceable to an identifiable event
- 4. Waterborne Vessels or Aircraft** Damage to any vessel or craft or thing made or intended to float on or in or travel through water or air or any Property therein or thereon except whilst in transit by inland waterway
- 5. Failure of a Insured** Direct or indirect Damage to any Insured or to any other Property insured caused by any Failure of any such Insured
- 6. Underground Water Damage and Recovery** a) Damage to Property occurring underground or underwater
b) recovery costs and abandonment in respect of Property underground
- 7. Insured's Contribution** The excess stated in the Schedule being the first part of each and every claim to be borne by the Insured as ascertained after the application of all other terms and conditions of the insurance
- 8. Consequential Loss** Financial loss loss of profits loss due to delay or any consequential loss of any kind whatsoever not specifically insured by this contract

Exclusions

9. Pollution or Contamination Damage caused by pollution or contamination except Damage caused by

- a) pollution or contamination which itself results from any Damage insured
- b) any Damage insured which itself results from pollution or contamination

10. Corrosion or Erosion Damage consisting of or caused by any form of corrosion or erosion howsoever the same may arise but this exclusion shall not apply to Damage to any other part of the Property free from any corrosion or erosion

11. Wear & Tear Damage caused by or consisting of gradually occurring wear and tear or deterioration which is both predictable and inevitable from the normal operation or usage of the Property but this exclusion shall not apply to Damage to any other part of the Property free from any such condition

12. Riot Strike and Civil Commotion Damage caused by riot strike lock-out or civil commotion

13. War etc Any consequence of war invasion act of foreign enemy hostilities (whether war be declared or not) civil war rebellion revolution insurrection civil strife military or usurped power confiscation commandeering nationalisation requisition or seizure or Damage to any property by or under the order of any government de jure or de facto or public municipal or local authority

14. Radioactive Contamination Damage to any property whatsoever or any loss or expense whatsoever resulting or arising from or any consequential loss directly or indirectly caused by or contributed to by or arising from

- i) ionising radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel
- ii) the radioactive toxic explosive or other hazardous properties of any explosive nuclear assembly or nuclear component thereof

Market Conditions

Terrorism 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 policy 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.

This policy 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 relating to any act of terrorism.

If the Underwriters 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 Assured.

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

Conditions

- Underinsurance** The sum insured stated in the Schedule is subject to average Where the value of any item of Property insured immediately prior to suffering Damage exceeds the sum insured stated in the Schedule the insured shall be their own insurer for the difference and shall bear a proportionate amount of the loss
- Alteration** This contract shall be cancelled with respect to any item of the Property in regard to which there is any alteration after the commencement of this insurance
- a) whereby the risk of Damage is increased either temporarily or permanently or
 - a) whereby the interest of the Insured ceases
- unless agreed otherwise by NMU in writing
- Special Precautions** The Insured shall maintain the Property in an efficient condition and fit for its purpose and shall ensure that any Property requiring inspection under any Statute or Order is so inspected
- Right to Examine** NMU representatives shall have the right to examine at all reasonable times any Property
- Multiple Lifting** Any lifting operations in which a single load is shared between more than one item of lifting equipment at the same time (of which at least one item of the equipment involved in such lifting operations is insured by this contract) must conform to BS7121 specification for multiple lifting
- Fraud** If a claim is dishonest or fraudulent in any respect or if dishonest or fraudulent means are used by the Insured or by anyone acting on his behalf to obtain any benefit under this contract or if any Damage is caused by the wilful act or with the connivance of the Insured all benefit under this contract shall be forfeited
- Arbitration** If any difference shall arise as to the amount to be paid under this contract (liability being otherwise admitted) such difference shall be referred to an Arbitrator to be appointed by the parties in accordance with the Statutory provisions in that respect for the time being in force Where any difference is by this Condition to be referred to arbitration the making of an award shall be a condition precedent to any right of action against NMU
- Subrogation** Any claimant under this contract shall at the request and expense of NMU provide such information and co-operation as NMU may require and shall take and shall permit to be taken all steps for enforcing rights against any other party in the name of the Insured before or after any payment is made by NMU
- Contract Voidable** This contract shall be voidable in the event of misrepresentation misdescription or non- disclosure in any material particular