

**Introduction**

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**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.***

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**Cancellation** This insurance may be cancelled by Underwriters or the Insured 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 Insured, who agrees to pay all amounts due.

## Service Standards

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### **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](http://www.fsa.gov.uk/consumer).

**Claims Procedure**

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**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 Insured** 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

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

***Insured*** 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 Insured is responsible as the first part of each claim.

***Damage*** Physical loss destruction or damage

***Property*** Property includes Boiler and Pressure Plant (unless stated otherwise) and shall mean all integral parts of any item of machinery and plant described in the Schedule but excludes (unless specifically stated as being insured)

- a) chimneys masonry brickwork foundations supporting structures racking or shelving
- b) computer or data processing equipment (unless linked and wholly dedicated to the control of any machine or production or treatment process) communications or alarm systems vending machines games machines and office equipment including but not limited to typewriters adding machines calculators facsimile machines and equipment for the printing or reproduction of documents or other records
- c) any item or part of equipment sold supplied processed serviced manufactured or stored in the course of the Insureds trade or business
- d) exchangeable or detachable tools equipment and appliances or parts requiring renewal in the normal course of operation
- e) vehicles other than purpose-built lifting and handling machinery
- f) machinery and plant of a prototypical or experimental or novel nature in use or application

- 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

***Situation*** As described in the Schedule

- Boiler and Pressure Plant***
- a) Boilers
  - b) Property subject to internal steam pressure
  - c) Property used for storage of fluids under pressure
  - d) Vacuum vessels
  - e) Piping associated with any of the above

## Definitions

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- Breakdown** a) The actual failure breaking distortion or burning out of any part of the Property whilst in use arising out of
- i) mechanical or electrical defects in the Property
  - ii) failure or fluctuation of electricity supply
  - iii) Damage caused by the error or omission of the operator(s) of the Property other than in respect of any failure to maintain
- b) Fracturing of any part of the Property by frost when such fracture renders the item inoperative

**Collapse** The sudden and dangerous distortion (whether or not attended by rupture) of any part of the Property caused by crushing or stress by force of steam or other fluid pressure (other than pressure or ignition of gases in the furnace or flues)

**Explosion** The sudden and violent rending of the Property by force of internal steam or other fluid pressure (other than pressure of chemical action or ignition of the contents or pressure or ignition of gases in the furnaces or flues) causing bodily displacement of any part of the Property together with the forcible ejection of the contents

**Steam Explosion** To the extent that it is insured as an Explosion by this contract the sudden and violent rending of any boiler vessel machine or apparatus by force of internal steam causing bodily displacement of any part of the Property together with the forcible ejection of the contents

**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

**Failure of a System** Failure of a System means the failure or inability of a System (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 System utilising any date (whether a date in the Year 2000 or any other date)

**System** System 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

**Definitions**

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**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

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**Cover** The cover which applies is indicated by the cover reference(s) set against each item in the Schedule

In the event of Damage (other than Damage hereby excluded) to Property happening during the period of insurance whilst at the Situation and

- 1) the Property suffering Damage being
  - a) Boiler and Pressure Plant
  - or
  - b) Property which is less than or equal to 1 year old from the date of sale as new
  - or
  - 2) Damage being caused by Explosion of Property to any other surrounding property (excluding stock in trade or goods in process of manufacture) owned by the Insured or for which the Insured is responsible

the amount payable shall be Reinstatement
- 3) the Property suffering Damage being Property not stated in 1) or 2) 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

and such additional cost of reinstatement as may be incurred in complying with Building Regulations or local authority or statutory requirements

### Limit of Liability

The liability of NMU shall not exceed in total in respect of any one incident of Damage or series of incidents of Damage from a common cause any limit of liability or sum insured stated in the Schedule

Where Damage occurs to only part of the insured Property the liability of NMU shall not exceed the amount which NMU would have been liable to pay had the Property been wholly destroyed

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

**Cover**

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***Explosion and Collapse*** Damage to the Property directly consequent upon and solely due to  
***(Cover reference "E")*** Explosion or Collapse thereof

**EXCLUSIONS TO EXPLOSION AND COLLAPSE COVER**

**Testing Overloading and Repair**

Damage caused by and occurring during testing or intentional overloading of the Boiler and Pressure Plant except for Damage caused by and occurring during the checking of the correct working of the Boiler and Pressure Plant or of safety installations in connection therewith

**Fire**

Damage caused by fire howsoever the fire may have been caused

***Breakdown*** Damage to the Property by Breakdown including any resultant loss of  
***(Cover reference "B")*** cooling lubricating or insulating oil refrigerant or brine

**EXCLUSIONS TO BREAKDOWN COVER**

**Testing Overloading and Repair**

Damage caused by and occurring during testing or intentional overloading of the Property except for Damage caused by and occurring during the checking of the correct working of the Property or of safety installations in connection therewith

**Fire**

Damage caused by fire howsoever the fire may have been caused

**Explosion**

Damage caused by explosion

**Collapse**

Damage caused by Collapse

**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

**Cover**

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***Sudden and Unforeseen  
Damage (Cover reference "S")***

Damage to the Property by Explosion Collapse Breakdown or any other sudden and unforeseen cause not excluded including any resultant loss of cooling lubricating or insulating oil refrigerant or brine

**EXCLUSIONS TO SUDDEN AND UNFORSEEN DAMAGE COVER**

**Testing Overloading and Repair**

Damage caused by and occurring during testing or intentional overloading of the Property except for Damage caused by and occurring during the checking of the correct working of the Property or of safety installations in connection therewith

**Fire and Other Perils**

Damage caused by

fire howsoever the fire may have been caused

***b) lightning aircraft and other aerial devices or articles  
dropped therefrom earthquake flood water discharged or  
leaking from an installation of automatic sprinklers or theft***

***c) explosion (other than Explosion as defined) except to the  
extent stated in Memorandum -Temporary Removal***

(but this exclusion does not apply to Breakdown arising out of failure or fluctuation of electricity supply)

**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

**Cover**

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***Own Surrounding Property  
(Cover Reference "O")***

Damage to property owned by or in the custody or control of the Insured arising from ordinary use of the insured Property including loss of contents of any Storage tank described in the Schedule

**EXCLUSIONS TO OWN SURROUNDING PROPERTY COVER**

**Testing Overloading and Repair**

Damage caused by and occurring during testing or intentional overloading of the Property except for Damage caused by and occurring during the checking of the correct working of the Property or of safety installations in connection therewith

**Fire and Other Perils**

Damage caused by

fire howsoever the fire may have been caused

***b) lightning aircraft and other aerial devices or articles dropped therefrom earthquake flood water discharged or leaking from an installation of automatic sprinklers or theft***

***c) explosion (other than Explosion as defined) except to the extent stated in Memorandum -Temporary Removal***

(but this exclusion does not apply to Breakdown arising out of failure or fluctuation of electricity supply)

**Boiler and Pressure Plant**

Damage caused by the Explosion of Boiler and Pressure Plant

**Lifted Goods**

Damage to property being lifted lowered handled processed or treated by the insured Property

**Cover**

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**Lifted Goods** Damage to property owned by or in the custody or control of the Insured  
**(Cover reference "L")** whilst being lifted lowered handled or conveyed by the insured Property

**EXCLUSIONS TO LIFTED GOODS COVER**

**Testing Overloading and Repair**

Damage caused by and occurring during testing or intentional overloading of the Property except for Damage caused by and occurring during the checking of the correct working of the Property or of safety installations in connection therewith

**Fire and Other Perils**

Damage caused by

fire howsoever the fire may have been caused

**b) lightning aircraft and other aerial devices or articles  
dropped therefrom earthquake flood water discharged or leaking  
from an installation of automatic sprinklers or theft**

**c) explosion (other than Explosion as defined) except to the  
extent stated in Memorandum -Temporary Removal**

(but this exclusion does not apply to Breakdown arising out of failure or fluctuation of electricity supply)

**Inherent Defect**

Damage from an inherent defect in such property or any fault or fragility in its container or packaging

**Extensions**

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**1. Explosion damage to Owned Property**

In the event of Damage to any Boiler or item of Pressure Plant for which cover is provided by cover reference(s) E or S caused by Explosion for which indemnity is provided by this insurance NMU will also indemnify the Insured against Damage to surrounding property belonging to the Insured or for which the Insured is responsible caused by the Explosion provided that the liability of NMU under this extension shall not exceed £1,000,000

This cover does not include

- a) Damage resulting from lack of heat light power steam refrigeration or air conditioning
- b) Damage arising from fire howsoever the fire may have been caused

**2. Temporary Removal**

The insurance by this contract also applies whilst the Property is temporarily located away from the Situation at any other premises or working sites in the European Community or European Free Trade Area for the purpose of repair maintenance overhaul or inspection of the Property including transit between the Situation and such temporary locations

Provided that the liability of NMU under this extension shall not exceed £25,000 during transit by sea or air in respect of any one incident of Damage or series of incidents of Damage from a common cause

**3. Additional Property**

Any item of Property of a similar class or type to the Property which is purchased by or leased to the Insured shall be deemed to be included in this insurance for a period not exceeding 12 months from the time installation is completed and the item is ready to commence normal working provided that

- a) such item is suitable for service free from material defects and in sound working condition
- b) such item shall not be worked until any relevant legal requirements for inspection and certification have been fulfilled
- c) any such item shall be insured only to the same extent as similar items of Property
- d) if any such item proves to be unacceptable to NMU in its reasonable opinion the insurance on the item shall terminate from the date of written notification to the Insured
- e) the Insured shall notify NMU of such items within 12 months of the date of installation and shall pay the appropriate additional premium

**4. Temporary Repairs or Expediting Costs**

In respect of each claim for Damage for which indemnity is provided by this insurance NMU will pay the reasonable cost (if previously approved by NMU) of effecting temporary repair and of expediting permanent repair of such Damage provided that NMU's limit of liability under this extension shall not exceed £10,000

**5 Debris Removal**

Subject to the sum insured NMU will pay for costs incurred with the consent of NMU in the removal of Property consequent upon Damage for which indemnity is provided by this insurance but excluding any costs or expenses arising from pollution or contamination of property not covered by this insurance

**Extensions**

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**6. Measures Taken in Avoidance of Damage**

Subject to the sum insured NMU will pay reasonable costs incurred by the Insured in taking exceptional measures to avoid or mitigate impending Damage for which indemnity is provided by this insurance provided that

- a) the impending Damage does not stem from any defect within any item of Property
- b) Damage would be reasonably expected in the absence of such measures
- c) NMU are satisfied that Damage has been avoided or reduced in consequence of the measures taken
- d) the terms and conditions of this insurance shall apply as if Damage had occurred

**7. Payments on Account**

Where liability under this insurance is admitted the Insured shall be entitled to receive payment(s) as agreed between the Insured and NMU in advance of final settlement

**8. 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**

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THE INDEMNITY SHALL NOT APPLY TO

**1. 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

**2. 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

**3. Wear and 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

- 4. Other Damage**
- a) scratching of painted or polished surfaces
  - b) damage to non-metallic protective linings batteries flexible pipes or hoses and driving or conveyor belts
  - c) damage to ropes (other than damage resulting in complete severance)

**5. Data Recognition** Direct or indirect Damage to any System or to any other Property insured caused by any Failure of any such System  
Where the contract includes cover for Steam Explosion unless Damage results from Steam Explosion direct or indirect Damage to any System or any other Property insured caused by any Failure of any such System

**6. 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

**7. 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**

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**8. Riot Strike and Civil Commotion**

Damage caused by riot strike lock-out or civil commotion

**9. 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

**10. 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

**11. Building Regulations**

(a) The cost of complying with Building Regulations or local authority or statutory requirements

- (i) relating to undamaged property or undamaged portions of property
- (ii) under which notice has been served prior to Damage

(b) Any rate tax duty development or other charge or assessment arising out of capital appreciation as a result of complying with any of the said regulations or requirements

**Market Conditions**

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**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 Insured.

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

**Conditions**

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- 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
  - b) 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