

# **Machinery Breakdown Insurance Policy**

## **What does this policy cover?**

The policy provides for compensation against unforeseen and sudden physical damage of the insured machinery that occur owing to any cause other than those excluded in the policy, necessitating its immediate repair or replacement. Broadly, the policy provides protection against accidental electrical and mechanical breakdowns due to internal causes.

## **What is the sum insured?**

The sum insured proposed for insurance shall be equal to the cost of replacement of the insured property with new property of the same kind and same capacity. This will comprise new replacement cost including freight and customs duties, if any, and erection costs.

## **What is the basis of compensation?**

- In cases where damage to an insured item can be repaired, the company will pay expenses towards restoring the damaged machine to its former state of serviceability plus the cost of dismantling and re-erection as well as ordinary freight to and from a repair shop, customs duties and dues.
- In cases where an insured item is destroyed, the company will pay the actual value of the item (by deducting proper depreciation from the replacement value of the item) including costs for ordinary freight, erection, customs duties and charges for dismantling after adjusting the salvage value, if any.

## **What additional covers does this policy offer?**

Cover can be extended on the following by the insured on payment of additional premium.

- Express freight (air freight excluded), holiday and overtime rates of wages
- Air freight
- Owner's surrounding property
- Third-party liability
- Additional customs duty

## **What does this policy not cover?**

The exclusions are given below:

### **Special exclusions**

- The excess, as stated in the Policy Schedule(s)
- Loss of or damage to belts, ropes, chains and all operating media
- Loss or damage for which the manufacturer or supplier or repairer of the property is responsible

### **General exclusions**

- Loss, damage and/or liability arising, directly or indirectly; due to fire, lightning, explosion, theft, subsidence, landslide, flood, inundation, storm, earthquake, volcanic eruption or other acts of God, etc.  
However, any loss or damage by fire within the electrical appliances arising due to overrunning, excessive pressure, short circuiting etc., is covered, provided that this extension shall apply only to the particular electrical machine
- Loss, damage and/or liability caused by or arising due to
  - War or warlike operations
  - Nuclear reaction, radiation or radioactive contamination
- Loss or damage resulting from overload experiments or tests requiring the imposition of abnormal conditions
- Gradually developing flaws, defects, cracks or partial fractures, etc.
- Deterioration of or wearing away/out of any part of any machine
- Wilful act or wilful neglect, or gross negligence of the insured
- Liability assumed by the Insured by agreement unless such liability would have attached to the insured notwithstanding such agreement
- Faults or defects existing at the time of commencement of the policy
- Loss of use of the insured's plant or property or any other consequential loss incurred
- Loss, damages and/or liability due to explosions in chemical recovery boilers, other than pressure explosions

This is not an exhaustive list. For a detailed list of exclusions, please read our policy terms and conditions.