
Machinery Breakdown Policy Wordings

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This is a policy which covers financial loss incurred by the insured due to loss or damage to machinery as a result of accidental electrical and mechanical breakdown.

Highlights

This is a policy which covers financial loss incurred by the insured due to loss or damage to machinery as a result of sudden accidental electrical and mechanical breakdown.

It reimburses the insured for the cost of repairs or replacement of machinery of like nature.

- **Who can take this Insurance:** This insurance can be taken by the individual owner of the machine or a person or company having financial interest in the machine.
- **What kind of machines can be covered:** All types of industrial machinery like compressors, pumps, turbine etc. as also electrical machines like transformer, electrical motor, generator etc. can be covered under this policy.
- **What is the sum insured or value for which policy is to be taken:** It is a requirement of this policy that the sum insured or value for which the particular machine is insured should represent the present day purchase value of a similar new machine including all incidental expenses like custom duties, taxes, excise, freight, insurance charges, handling charges etc. In case the sum insured under the policy is less than as per the above requirement the claim will be paid only in such proportion as the sum insured bears to the current replacement cost of similar new machinery.

Scope

The policy covers all kinds of electrical and mechanical breakdown subject to the following exclusions:

- a. Faulty material/workmanship of the machine
- b. Action of centrifugal forces contributing to disruption of the rotating parts
- c. Failure of lubrication due to malfunctioning of lubricating oil pumps or its breakdown.
- d. Malfunctioning or failure of safety devices.
- e. Electrical short-circuiting including electrical fire originating from failure of insulation and or over voltage or under voltage conditions.
- f. Abrupt and sudden stoppage of other connected machinery.
- g. Entry of foreign bodies into running machine.
- h. Inexperienced operations causing damage due to error of judgment or error in operation.

Add on covers

The policy can be extended to include the following risks on payment of additional premium.

1. Damage to foundation of machinery
2. Damage to oil in electrical apparatus
3. Express freight (excluding air freight), holiday rates, overtime charges
4. Air freight
5. Additional custom duty i.e the additional percentage of duty payable at the time of reimport for replacement over and above the percentage of duty included in the original sum insured.
6. Own surrounding property i.e. damage to the insured's own existing property or property in his custody or control (not included in the sum insured of the policy) due to any damage to the insured machines which is covered under the policy.
7. Third party liability i.e. liability falling on the insured for bodily injury to any other party other than those covered by the policy or for property damage belonging to such other party.

How to claim

In case of any such incident which falls under the scope of the policy, the following steps should be followed:

1. Please inform the insuring office by phone, letter or fax.
2. Take all necessary steps to minimize the loss.
3. Obtain estimate of repair from repairer of your choice.
4. Submit this repair estimate and claim form to the surveyor deputed by the insurance company.
5. After getting clearance from the surveyor, proceed for repairing machine or ordering for replacement as the case may be.
6. Submit actual bills of repair/replacement with proof of payment to the surveyor.