



# F&I ASSETS POLICY RISKS

Coverholder at **LLOYDS**



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Factory and Industrial Risk Managers (Pty) Ltd is an authorised Financial Services Provider (FSP 9138)

Reg. No. 99/12242/07 . Factory & Industrial Risk Managers (Pty) Ltd . VAT Reg. No. 4470183619





## F&I ASSETS POLICY RISKS

### **TERMS & CONDITIONS - IMPORTANT PLEASE READ**

**Your policy provides cover for the sections and the period of insurance as shown in your schedule**

#### **The Contract**

This policy is a contract between you, the insured and the insurance company as stated in your schedule and is administered by F&I Insurance which is an Underwriting Management Agency registered in terms of the Financial Services Conduct Authority, Licence number FSP9134.

Details of your insurance company, your broker and the underwriting manager, are contained in your schedule of insurance. The policy must be read together with the schedule as these and any endorsements as these form part of a single contract.

#### **Important:**

Please ensure that the cover provided meets your requirements. If not, please contact us or your broker as soon as possible. Please ensure you have read the policy conditions, policy warranties on each section and that you understand that compliance with these are a prerequisite to any claim you may have. Should you require clarity on any of these conditions please do not hesitate to contact us.

There are General Exceptions, Exclusions, Conditions of Cover and Claim Procedures which are applicable to all sections of the policy that must be adhered to for your covers. Where conflicting. Specific Exclusions, Conditions and Clauses override General Exclusions, Conditions and Clauses.

This Policy, the Schedule, Specification and any endorsements thereto shall be read as a single document and any term to which a specific meaning has been attached in any part of the Policy shall bear that meaning throughout the document. Headings are inserted for ease of reference only and are not intended for the purpose of interpreting the Policy.

#### **Please Note:**

This contract is based on information provided by you and your broker and is underwritten by ourselves on the information and facts provided. It is important to note that under South African law it is your duty to disclose all Material Facts prior to inception of the Policy, and to keep us informed of any changes to such facts or any new facts throughout the period of insurance of the Policy.

A Material Fact is a fact which may influence an Insurer's judgement in their assessment of a risk. If you are in any doubt as to whether a fact is material, we recommend that it be disclosed. Failure to not disclose Material Facts may entitle Insurers to void the Policy from inception.

Subject to the premium being paid and compliance with the terms and conditions of this policy, we will provide cover as set out in the policy schedule and wording, up to the sums insured or limits of indemnity as stated in the schedule of insurance. Thank you for choosing us as your insurer. Should you have any queries we will gladly provide any assistance you may need.



## F&I ASSETS POLICY RISKS

# F&I ASSETS INSURANCE CONDITIONS

### INSURERS LIABILITY AND CONDITIONS

1. (i). The liability of a (re)insurer under this contract is several and not joint with other (re)insurers party to this contract. A (re)insurer is liable only for the proportion of liability it has underwritten. A (re)insurer is not jointly liable for the proportion of liability underwritten by any other (re)insurer. Nor is a (re)insurer otherwise responsible for any liability of any other (re)insurer that may underwrite this contract.
- (ii). It is hereby understood and is a condition of acceptance that the terms of the Collective placing Slip/s (if applicable) are identical for each signatory Co-Insurer (and for any Co-Insurance or Reinsurance).
2. The Insurer reserves the right to undertake Technical and / or Commercial Surveys at any of the Risk locations. In this regard, The Insurer is to be allowed access to any premises of the Insured, with reasonable notice, for inspections or surveys. *The Insurer will not contribute towards third party surveys and will undertake the underwriting surveys at our own costs*
3. Where any extensions are shown under the Schedule of Limits of Liability and a limit is not shown, these shall be limited to R1,000,000. Should a higher limit be required for any extension, such extension and limit must be agreed and rated by the Insurer prior to inception of cover.
4. If the quotes herein are based on Policy Loss Limits, it is warranted that no higher layers are purchased. The Insurer is to be notified immediately if higher layers are being quoted on or purchased and must be agreed in writing.
5. This insurance policy does not cover destruction of or damage to plant and machinery in the course of construction or erection, dismantling, revamp, return to operation/service of property under care & maintenance conditions or undergoing testing and commissioning including mechanical performance testing and any business interruption resulting therefrom.
6. All other extensions and limits not specifically shown under the Schedule of Limits of Liability are automatically excluded from cover.
7. Where extensions appear in the schedule which is not provided for in the policy wording, such extensions shall take on their normal grammatical meaning in the English language but are always subject to the Insured events of this section in the policy wording.





## F&I ASSETS POLICY RISKS

### **GENERAL DEFINITIONS**

#### **1. Occurrence**

Occurrence shall mean an event or series of events attributable to one source or original cause giving rise to loss as insured in terms of this Policy.

#### **2. Full Value**

For the purposes of any property damage Section of the Policy, Full Value shall mean the Declared Value at inception or at the last renewal immediately anterior to the Occurrence plus an allowance calculated at the date of reinstatement for trends (which term shall include inflationary impact on costs of repair or reinstatement both before and after the occurrence of damage), additions, extensions, acquisitions and new locations between the effective date of declarations and the date of the Occurrence, which shall be the amount to be utilised for any application of Average, provided that the Insurer's liability shall not exceed the Declared Value stated in the Specification.

#### **3. Damage**

Damage shall, except where specifically otherwise indicated, wherever used mean physical loss, destruction or damage.

#### **4. Declared Value**

Declared Value(s) shall mean

- 4.1. for the purposes of any property damage section, the value declared to the Insurer as the Insured's assessment of the Reinstatement Value of the Insured Property inclusive or exclusive (as indicated in the Schedule) of VAT, as at the first day of the Period of Insurance immediately anterior to Damage, without provision for inflation either before or after Damage if the Maximum Limit of Liability selected in the Schedule is either A or B but if C is selected the declared value shall be the Reinstatement Value inclusive or exclusive (as indicated in the Schedule ) of VAT at the time of Reinstatement.
- 4.2. for the purposes of the Business Interruption Section the amounts in respect of Gross Profit, Gross Revenue, Gross Rentals and/or Standing Charges as appropriate, inclusive or exclusive (as indicated in the Schedule) of VAT as declared by the Insured at inception (if the Policy is in its first year) or at the last renewal immediately anterior to the Damage

#### **5. Reinstatement**

If the Insurer elects to reinstate or replace any property, the Insured shall at their own expense, except to the extent otherwise provided by the Claims Preparation Costs extension, provide the Insurer with all such plans, documents, books and information as the Insurer may reasonably require. The Insurer shall not be bound to reinstate exactly or completely but only as circumstances permit and in a reasonably sufficient manner and shall not in any case be bound to expend in respect of any one of the items insured more than the applicable Limit of Liability



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### **ADDENDA**

(Below Addenda's If stated in the Schedule to be included).

#### **1. ALTERNATIVE V.A.T. EXCLUSIVE WORDING :**

To the extent that the Insured is accountable to the tax authorities for Value Added Tax in respect of any payment in terms of this Policy the Insurers will include the amount of such tax in the final settlement of any claim under this Policy.

#### **2. ALTERNATIVE DEDUCTIBLE PROVISION :**

##### **1.1 Sectional per Event**

Any amount payable by Insurers in terms of this Policy shall be in excess of the amount of any Deductible applicable to an Insured Event.

##### **1.2 Combined per Occurrence**

The amount payable by Insurers in terms of Property Damage and Business Interruption related to the same occurrence shall be in excess of the amount of any Combined Deductible applicable to such occurrence.

#### **3. LONG-TERM AGREEMENT**

In consideration of the Insurers allowing a discount of the premium the Insured agrees to continue this Policy or any substituted policy for the unexpired portion of the period originally agreed it being understood that:

- 1 the sum insured may be reduced at any time to correspond with any reduction in value;
- 2 General Condition 8 is replaced by the following:  
This Policy may be cancelled by the Insurers giving thirty one days' notice in writing to the Insured. Subject to General Condition 9 a pro rata return of premium from the expiry of the period of notice to expiry of the then current period of insurance will be allowed.

### **TERMINOLOGY**

This insurance, schedule, specification and any endorsements thereto shall be read as a single document and any term to which a specific meaning has been attached in any part of this insurance shall bear that meaning throughout the document. When applicable the words whether singular or plural are replaced with those as follows

- Insured with Re-Insured / Reassured
- Underwriter with Insurer / Reinsurer



## F&I ASSETS POLICY RISKS

### GENERAL EXCLUSIONS

#### 1. STANDARD EXCLUSIONS

This policy does not cover loss of or damage to property related to or caused by:

- (A) (i) civil commotion, labour disturbances, riot, strike, lockout or public disorder or any act or activity which is calculated or directed to bring about any of the foregoing;
- (ii) war, invasion, act of foreign enemy, hostilities or warlike operations (whether war be declared or not) or civil war;
- (iii) (a) mutiny, military or usurped power, martial law or state of siege, or any other event or cause which determines the proclamation or maintenance of martial law or state of siege;
- (b) insurrection, rebellion or revolution;
- (v) any act (whether on behalf of any organisation, body or person or group of persons) calculated or directed to overthrow or influence any State or Government or any provincial, local or tribal authority with force or by means of fear, terrorism or violence;
- (v) any act which is calculated or directed to bring about loss or damage in order to further any political aim, objective or cause, or to bring about any social or economic change, or in protest against any State or Government or any provincial, local or tribal authority, or for the purpose of inspiring fear in the public or any section thereof;
- (vi) any attempt to perform any act referred to in clause (iv) or (v) above;
- (vii) the act of any lawfully established authority in controlling, preventing, suppressing or in any other way dealing with any occurrence referred to in clause A (i), (ii), (iii), (iv), (v) or (vi) above.

If the company alleges that, by reason of clause A (i), (ii), (iii), (iv), (v), (vi) or (vii) of this exclusion, loss or damage is not covered by this policy, the burden of proving the contrary shall rest on the insured.

- (B) This policy does not cover loss or damage caused directly or indirectly by or through or in consequence of any occurrence for which a fund has been established in terms of the War Damage Insurance and Compensation Act, 1976 (No. 85 of 1976) or any similar Act operative in any of the territories to which this policy applies.
- (C) Notwithstanding any provision of this policy including any exclusion, exception or extension or other provision not included herein which would otherwise override a general exclusion, this policy does not cover loss of or damage to property or expense, of whatsoever nature directly or indirectly caused by arising out of or in connection with any act of terrorism regardless of any other cause or event contributing concurrently or in any sequence to the loss, damage or expense.

For the purposes of clause (C) of this General Exclusion, an act of terrorism includes, without limitation, the use of violence or force or the threat thereof whether as an act harmful to human life or not, by any person or group of persons, whether acting alone, or on behalf of or in connection with any organisation or government, or any other person or body of persons, committed for political, religious, personal or ideological reasons or purposes

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including any act committed with the intention to influence any government or for the purpose of inspiring fear in the public or any section thereof. If the company alleges that by reason of clause (C) of this Exclusion, loss or damage is not covered by this policy, the burden of proving the contrary shall rest on the insured.

### THIS POLICY DOES NOT COVER

#### 2. NUCLEAR EXCLUSION (Except as regards the Fidelity, Stated Benefits and Group Personal Sections)

any legal liability, loss, damage, cost or expense whatsoever or any consequential loss directly or indirectly caused by or contributed to by or arising from:

- (i) ionising radiations or contamination by radio - activity from any nuclear fuel or from any nuclear waste from the combustion or use of nuclear fuel.
- (ii) nuclear material, nuclear fission or fusion, nuclear radiation:
- (iii) nuclear explosives or any nuclear weapon:
- (iv) nuclear waste in whatsoever form:

regardless of any other cause or event contributing concurrently or in any other sequence to the loss. For the purpose of this exclusion only, combustion shall include any self-sustaining process of nuclear fission.

#### 3. ENVIRONMENTAL IMPAIRMENT EXCLUSION

Notwithstanding anything contained to the contrary herein this policy excludes costs and expenses incurred by the Insured in cleaning up, removing or nullifying pollution or contamination of air, soil or water whether on or off the premises of the Insured provided that this Exception shall not refer to the cost of removal of surface debris including but not limited to water, mud and damaged property, not exceeding mechanical removal and replacement of topsoil (including the costs associated therewith) as may be necessary for clearance of or regaining access to site following any insured Event.

#### 4. COMPUTER LOSS EXCLUSION

**Applicable to all sections of this policy insuring damage to property or the consequences of damage to property or any liability**

Notwithstanding any provision of this policy including any special exclusion or extension or other provision not included herein which would otherwise override a general exclusion, this policy does not cover:

- a) loss or destruction of or damage to any property whatsoever (including a computer) or any loss or expense whatsoever resulting or arising therefrom;
- b) any legal liability of whatsoever nature;
- c) any consequential loss; directly or indirectly caused by or contributed to by or consisting of or arising from the incapacity or failure of any computer, correctly or at all.
  - i) to treat any date as the correct date or true calendar date, or correctly or appropriately to recognise manipulate interpret process store receive or to respond to any data or information, or to carry out any command or instruction, in regard to or in connection with any such date or
  - ii) to capture save retain or to process any information or code as a result of the operation of any command which has been programmed into any computer,



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- ii) to capture save retain or to process any information or code due to programme errors, incorrect entry or the inadvertent cancellation or corruption of data and or programmes
- iii) being a command which causes the loss of data or the inability to capture save retain or correctly to process such data in regard to or in connection with any such date or
- iv) to capture save retain or to process any data as a result of the action of any computer virus, or other corrupting, harmful or otherwise unauthorised code or instruction including any trojan horse, time or logic bomb or worm or any other destructive code, media or programme or interference

A computer includes any computer, data processing equipment, microchip, integrated circuit or similar device in computer or non-computer equipment or any computer software, tools, operating system or any computer hardware or peripherals and the information or data electronically or otherwise stored in or on any of the above, whether the property of the Insured or not.

### 5. Specific Exclusions

#### Property:

- a) land , ground , soils , vegetation, lawns , gardens unless specifically stated in the schedule to be included .
- b) growing timber and growing crops of any kind .
- c) bullion and precious stones;
- d) watercraft
- e) aircraft;
- f) mechanically propelled vehicles other than:
  - i) forklift trucks
  - ii) special types normally confined to the Insured's premises
  - iii) private cars and motor cycles the property of employees whilst being conveyed, but not under their own power, in the course of transfer of the employee
- iv) as provided for under the Motor Vehicle Difference in Value extension
- g) property which at the time of Damage is, or would but for the existence of this Policy be, insured by any marine policy except in respect of any excess beyond the amount which is payable under such marine policy had this Policy not been in force, other than any Deductible. This exception to g) applies only to property located on land;
- h) property in the course of construction
  - i) any section of incomplete property which has been handed over for use by the Insured and has not been satisfactorily tested and commissioned .
  - ii) all above ground transmission and distribution lines, including wire, cables, poles, pylons, standards, towers, other supporting structures and any equipment of any type which may be attendant to such installations of any description, for the purpose of transmission and distribution of electrical power, telephone or telegraph or telegraph signals, and all communication signals whether audio or visual.





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This exclusion applies to all equipment other than those on or within 1(one) kilometre from the insured structure;

- j) explosives other than small arms ammunition; (unless stated in the schedule and specifically included )
- k) earthen dams, earthen dam walls, earthen dam contents;
- l) docks, piers, wharfs, dams and the contents thereof .
- m) roads which are not professionally constructed. i.e. Dirt or sand roads , gravel or stone roads not set by means of cement or concrete , pathways , walkways of stone sand or gravel
- n) This cover excludes any Riot Wraparound or PTS cover / This policy excludes any Advanced Loss of Profits cover
- o) Electrical and Mechanical Breakdown is excluded, unless stated as included and will be subject to sudden and unforeseen physical damage / Unexplained or mysterious disappearance of property .
- (p) Power surge (unless stated in the schedule to be included ) If included cover is limited to R250,000 any one loss and excluded Business Interruption following a loss.

### Special Extension to the above General Exclusion

- A Loss or destruction of or damage to the insured property by fire, explosion, lightning, earthquake or by the special perils referred to in B below or indemnified by the Glass, Employer's Liability, Stated Benefits, Group Personal Accident or Motor section is not excluded by this General Exclusion.
- B The **special perils that are not excluded** for the purpose of this special extension are damage caused by:
  - 1. storm, wind, water, hail or snow excluding damage to property
    - a) arising from its undergoing any process necessarily involving the use or application of water;
    - b) caused by tidal wave originating from earthquake or volcanic eruption;
    - c) in the underground workings of any mine;
    - d) in the open (other than buildings structures and ) Unless so described and  
plant designed to exist or operate in the open); ) specifically
    - e) in any structure not completely roofed; ) insured as a separate item
    - f) being retaining walls; )
  - 2. aircraft and other aerial devices or articles dropped therefrom;
  - 3. impact by animals, trees, aerials, satellite dishes or vehicles excluding damage to such animals, trees, aerials satellite dishes or vehicles or property in or on such vehicles.

These **special perils do not cover** wear and tear or gradual deterioration.



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- C The above General Exclusion also does not apply to consequential loss as insured by any Business Interruption indemnity provided by this policy to the extent that such consequential loss results from damage to insured property by the perils referred to in A above.
- D This Special Extension will not insure any loss destruction, damage or consequential loss if it would not have been insured in the absence of this Computer Loss General Exclusion and this Special Extension.
- E This Special Extension shall not apply to any Public Liability indemnity.

### 5. CONSEQUENTIAL LOSS

Loss of earnings loss by delay loss of market or other consequential loss or damage of any kind except as specifically provided.

### 6. COVER UNDER MARINE POLICIES

Destruction of or damage to property which at the time of the happening is insured by or would but for the existence of this policy be insured by any marine policy or policies except for any excess beyond the amount which would have been payable under the marine policy or policies had this insurance not been effected

### 7. CONVULSIONS OF NATURE

Loss or damage occasioned by or through or in consequence directly or indirectly of volcanic eruption, tidal wave, hurricane, cyclone or other convulsions of nature unless specifically insured and named in the policy.

## GENERAL PROVISIONS

### 1 The Deductible (1.1 shall apply unless by endorsement one of 1.2 to 1.6 is selected)

#### 1.1 Sectional per Event

Any amount payable by Insurers in terms of this Policy shall be reduced by the amount of any Deductible applicable to an Insured Event under that Section. It is a condition that the amount of any Deductible is not otherwise insured (unless advised to and agreed by the Insurers).

#### 1.2 Combined per Occurrence

The amounts payable by Insurers in terms of Property Damage and Business Interruption related to the same occurrence shall be reduced by the amount of any Combined Deductible applicable to such occurrence. It is a condition that the amount of any such combined Deductible is not otherwise insured (unless advised to and agreed by the Insurers).

#### 1.3 Aggregate Deductible

The maximum amount to be borne by the Insured in respect of the Sectional or Combined Deductible applicable to all occurrences during the then current period of insurance.

#### 1.4 Threshold Deductible

The first amount to be borne by the Insured in respect of each and every occurrence and which shall not be included in any Aggregate Deductible calculation.



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### 1.5 Inner Deductible

The first amount to be borne by the Insured in respect of each and every occurrence before the application of any other Deductible and which shall not be included in any Aggregate Deductible calculation.

### 1.6 Residual Deductible

The first amount to be borne by the Insured in respect of each and every occurrence following exhaustion of the Aggregate Deductible.

## 2 Payments on Account

Payments on account may be made to the Insured at the discretion of the Insurers following A loss with the sole purpose of minimising any further contributing losses and on receipt of further information that may be required from time to time by the insurer.

## 3 Basis of Indemnity

The indemnity under this Policy is on an occurrence basis. Occurrence, whenever referred to in the Policy, its Schedules or Sections, shall mean an occurrence or series of occurrences arising from one event or original cause.

## 4 Claims Preparation Costs

The insurance by each section of this policy is extended to include costs reasonably incurred by the insured in producing and certifying any particulars or details required by the company in terms of General Conditions Exceptions and Provisions 3 Claims or to substantiate the amount of any claim.

Provided that:

- a) Any costs arising from the use of the insured's own staff are excluded.
- b) Costs for fees incurred for the services of a Public Adjuster are excluded.
- c) The liability of the company under this extension in respect of any one claim shall not exceed in respect of a particular section R1,000 or 10 percent of the sum insured or limit of indemnity on the item affected, whichever is the lesser amount, plus any amount stated in the schedule to each section against an item for additional claim preparation costs.

## 5 Payment of Premiums

Premium is payable on or before the inception date or renewal date as the case may be. The Insurers shall not be obliged to accept premium tendered to them after inception date or renewal date as the case may be but may do so upon such terms as they, at their sole discretion, may determine.



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### GENERAL CONDITIONS EXCEPTIONS AND PROVISIONS

#### IMPORTANT PLEASE NOTE:

#### **1 Prevention of Loss**

The Insured shall take all reasonable steps to:

- 1.1** safeguard the Property Insured at all times by all reasonable means.
- 1.2** maintain in efficient condition all plant, machinery and equipment owned by them and comply with and maintain such equipment as per the specific manuals or operating requirements relating to the machines;
- 1.3** Take all safety precautions as required under the OHS act (Occupational Safety Act) to prevent accidents and minimise loss or damage.
- 1.4** Ensure at all times that the premises and operations are compliant with the laws / By Laws and National Building Regulations (SANS 10400) of the municipality and country.

#### **2 Misrepresentation/Alteration**

This Policy shall be voidable with regard to that portion of the Property Insured in priority to the Policy as a whole if:

- 2.1** there is misrepresentation, misdescription or non-disclosure of any material particular;
- 2.2** there is alteration after the commencement of this insurance:
  - 2.2.1** whereby the Insured's interest ceases except by operation of law unless such alteration has been agreed to by the Insurers;
  - 2.2.2** the risk of accident, loss or damage is increased unless such alteration has been agreed to by the Insurers.
- 2.3** the Insured breaches any warranty or condition as stated in the schedule .

#### **3 Claims**

- 3.1** On the occurrence of an Insured Event the Insured shall within **31** days of the loss and at their own expense:
  - 3.1.1** notify Insurers and give details of any other insurance covering the same event;
  - 3.1.2** inform the police of any claim involving theft or (if required by the Insurers) loss of property and take all practicable steps to discover the guilty party and recover the stolen or lost property;
  - 3.1.3** provide the Leading Insurer on behalf of Insurers with full particulars of the claim and such proofs, information and sworn declarations as the Leading Insurer may require;
  - 3.1.4** co-operate with the Leading Insurer, or their nominees, on behalf of the Insurers in minimising the loss or damage.

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- 3.2** A claim shall not be payable if:
- 3.2.1** the Insured makes any admission, statement, offer, promise, payment or indemnity without the prior written consent of the Insurers;
  - 3.2.2** twenty four months has elapsed since the occurrence of the Insured Event unless the claim is the subject of pending legal action;
  - 3.2.3** it is rejected and legal action is not commenced within twelve months of the rejection;
  - 3.2.4** this condition has not been complied with and, in the event of non-compliance, any payment on account already made shall be repaid to the Insurers forthwith.
  - 3.2.5** If any claim under this insurance be in any respect fraudulent, or if any fraudulent means or devices be used by the Insured or anyone acting on their behalf with the knowledge or connivance of the Insured to obtain any benefit under this insurance, or if any loss or damage be occasioned by the wilful act or with the connivance of the Insured, all benefit under this insurance in respect of such claim shall be forfeited.

### 4 Insurers' Rights

- 4.1** On the occurrence of an Insured Event the Leading Insurer or its nominees may, on behalf of the Insurers and without incurring any liability or in any way diminishing Insurers' rights:
- 4.1.1** take, enter or keep possession of any building or premises where loss or damage has occurred and take possession of any Property Insured and deal with it in any reasonable manner. This condition shall be evidence of the leave and licence of the Insured to the Leading Insurer on behalf of all Insurers to do so. The Insured shall not be entitled to abandon any property to the Insurers whether already in the possession of the Leading Insurer or not;
  - 4.1.2** prosecute in the name of the Insured for the Insurers benefit any claim for indemnity or damages or otherwise.
- 4.2** The Insured shall, at the expense of the Insurers, do and permit do be done all such things as may be necessary or reasonably required by the Insurers for the purpose of enforcing any rights to which Insurers shall be or would become subrogated whether such things shall be required before or after indemnification.
- 4.3** Arbitration - If any difference shall arise as to the amount to be paid under this Policy (liability being otherwise admitted) such difference shall be referred to an arbitrator (or arbitrators) to be appointed by the parties concerned in accordance with the applicable statutory provisions in force. The making of an award shall be a condition precedent to any right of action against the Insurer to recover such amount in dispute.



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### 5 Other Insurances

- 5.1** If at the time of any event giving rise to a claim under this Policy an insurance exists with any other insurer covering the Insured against the same Insured Event the Insurers shall be liable to pay or contribute only a rateable proportion of the amount payable in respect of such event.
- 5.2** Where such policy contains any provision excluding it from ranking concurrent with or contributing rateably to this Policy Insurers shall not be liable for more than such proportion of the loss or damage as the sum insured hereby bears to the value of the Property Insured.
- 5.3** If such other policy is subject to any condition of average this Policy, if not already subject to any condition of average, shall be subject to average in like manner.

### 6. Breach of Conditions

The conditions of this insurance shall apply individually to each of the risks insured and not collectively to them so that any breach shall render the section voidable only in respect of the risk to which the breach applies.

### 7. 72 Hour Clause

It is understood and agreed that all loss of or damage to property occurring during any one period of 72 consecutive hours during the currency of this Policy directly caused by hurricane, typhoon, windstorm, rainstorm, hailstorm, tornado, earthquake, seaquake, tidalwave, volcanic eruption, malicious damage shall be deemed to have been caused by a single event and therefore constitutes one loss for the purpose of this Policy (if such peril is insured in terms of this Policy).

Whatever period of 72 consecutive hours is used for the purpose of this Condition shall also be used for the purpose of any deductible provisions in this Policy. An event which continues uninterrupted for a period exceeding 72 hours shall not, however, be regarded as more than one occurrence for the purposes of the application of the Deductible.

Should any time period referred to above commence prior to expiration and extend beyond the expiration date of this Policy, Insurers shall pay all such losses occurring during such period as if such period falls entirely within the terms of this Policy.

Insurers shall not be liable, however, for any loss occurring before the effective date and time or commencing after the expiration date and time of this Policy.

### 8. Cancellation

This Policy may be cancelled by the Insured giving immediate notice or by the Insurers giving thirty one day's notice in writing to the Insured. A pro-rata return of premium calculated from the expiry of the period of notice to the expiry of the then current period of insurance will be allowed.

If any section of this policy is cancelled during the currency of a period of insurance the applicable aggregate deductible(s) shall be adjusted pro rata to the actual period of insurance and the adjustment shall be prepared against such figures.



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### 9. Adjustment of Premium

If the premium for any section of this Policy or any part thereof is subject to adjustment on declaration such adjustment shall be made at the expiry of each period of insurance and the Insured shall, at all times, keep adequate records of the particulars relative to the declaration required and shall make such records available to Insurers at the intervals provided for or on request.

### 10. Reinstatement of Sum Insured (not applicable to stock insured on a declaration basis)

In consideration of sums insured not being reduced by the amount of any valid claim the Insured shall, if required, pay a pro-rata premium on the amount of the valid claim from the date of reinstatement or replacement, whichever is the later, to the expiry of the then current period of insurance.

### 11. Jurisdiction

This Policy is subject to the laws of the Republic of South Africa whose courts shall have sole jurisdiction to the exclusion of the courts of any other country. Where payment is to be made to or by the Insurers it shall be made in the currency of the Republic of South Africa at the Insurers' head offices unless otherwise allowed.

### 12. WAIVER OF RIGHTS

**12.1** In the event of any rights of recovery having been inadvertently waived by the Insured or by any employee without authority so to do under a contract, agreement, lease or other undertaking entered into in the ordinary course of the business prior to the occurrence of any damage, this insurance shall not be prejudiced thereby.

**12.2** In the event of a claim arising under this Policy the Insurers agree to waive any rights, remedies or relief to which they might become entitled by subrogation (but only in excess of the amount recovered under any policy providing an indemnity for liability to third parties) against

**12.2.1** any company standing in relation to the Insured of Holding Company to Subsidiary or Controlled Company

**12.2.2** any company standing in relation to the Insured of Subsidiary or Controlled Company to Holding Company

**12.2.3** any company which is a Subsidiary or Controlled Company of the same Holding Company of which the Insured are themselves a Subsidiary or Controlled Company

**12.2.4** any third party to the extent that the right of recovery may have been limited by way of contract entered into between the Insured and such party

**12.2.5** any director or employee of the Insured and/or member of their families as defined in the Companies Act 1973 (as amended)



## F&I ASSETS POLICY RISKS

### Lloyd's Insurance

#### F&I CO-INSURANCE/ REINSURANCE / CO INSURANCE TERMS & CONDITIONS ARE SUBJECT TO THE FOLLOWING LLOYD' S CONDITIONS

- Conditions: Conformity Clause – as attached  
NMA2919 War and Terrorism Exclusion Endorsement  
NMA1622 Radioactive Contamination and Explosive Nuclear Assemblies
- Exclusion Clauses  
NMA2915 Electronic Data Endorsement B  
LMA5213 Sanctions Limitation and Exclusion Clause  
Asbestos Endorsement LMA5019 (14/09/05) as attached  
Biological or Chemical Material Exclusion NMA2962 (06/02/03), as attached  
Additional limitations and Conditions Endorsement (Standard)  
NMA2560 (13/05/93), as attached  
Excluding all forms of CAR/EAR and SASRIA risks  
Riot, strikes and civil commotion and CBI sub-limited below layer attachment  
Excluding political risks  
Average Clause NMA 348 (22/10/17) as attached  
Application of Sublimit Endorsement LMA5130 (05/03/09) as attached  
NMA2738 Claims Cooperation Clause (LM4) – as attached  
LMA 5393 – Communicable Disease Endorsement
- Express Warranties: LMA5062 Fraudulent Claims Clause – as attached  
Excluding ex gratia and without prejudice payments.

Choice of Law & Jurisdiction: This Insurance shall be governed by and construed in accordance with the Laws of South Africa and each party agrees to submit to the exclusive jurisdiction of the Courts of South Africa in the event of a dispute arising hereunder as per NMA1483 (amended) Overseas jurisdiction Clause, naming Lloyd's South Africa (Pty) Ltd, in respect of Lloyd's Underwriters only.

#### WAR AND TERRORISM EXCLUSION ENDORSEMENT (Reinsurance)

Notwithstanding any provision to the contrary within this reinsurance or any endorsement thereto it is agreed that this reinsurance excluded loss, damage, cost or expenses of whatsoever nature directly or indirectly caused by, resulting from or in connection with any of the following regardless of any other cause or event contribution concurrently or in any other sequence to the loss;

1. War, invasion, acts of foreign enemies, hostilities, or warlike operations (whether war be declared or not), civil war, rebellion, revolution, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military, or usurped power; or





## F&I ASSETS POLICY RISKS

### 2. Any act of terrorism

For the purpose of this endorsement 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 groups of persons, whether acting alone or on behalf of or in connection with any organisations or governments, 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 endorsement also excludes loss, damage, cost, or expense of whatever 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 1 and/or 2 above.

If the Reinsurers allege that by reason of this exclusion, any loss, damage, cost or expense is not covered by this reinsurance the burden of proving the contrary shall be upon the Reassured.

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

### CONFORMITY CLAUSE

It is hereby noted and agreed that:

- J) Wherever the words "Reassured", and "Underwriters" appear in this Contract, they shall be deemed to read "Reinsured" and "Reinsurers" respectively.
- J) Wherever the words "Insured" or "Assured" appear in this Contract, they shall be deemed to read "Original Insured".
- J) Wherever the words "the Policy" or "this Policy" appear in this Contract, they shall be deemed to read "this Contract"

### RADIOACTIVE CONTAINMENT AND EXPLOSIVE NUCLEAR ASSEMBLIES EXCLUSION CLAUSE

(Approved by Lloyd's Underwriters' Non-Marine Association)

This policy does not cover

- a) Loss or destruction of or damage to any property whatsoever or any loss or expense whatsoever resulting or arising therefrom or any consequential loss
- b) Any legal liability of whatsoever nature  
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.

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## F&I ASSETS POLICY RISKS

### FRAUDULENT CLAIM CLAUSE

If the (re)insured shall make any claim knowing the same to be false or fraudulent, as regards amount or otherwise, this contract shall become void and all claims hereunder shall be forfeited.

### SANCTION LIMITATION AND EXCLUSION CLAUSE

No (re)insurer shall be deemed to provide cover and no (re)insurer shall be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment or such claim or provision of such benefit would expose that (re)insurer to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America.

15/09/10 LMA5213

### ASBESTOS ENDORSEMENT

A. This policy only insures asbestos physically incorporated in an insured building or structure, and then only that part of the asbestos which has been physically damaged during the period of insurance by one of these Listed Perils:

fire; explosion; lightning; windstorm; hail; direct impact of vehicle; aircraft or vessel.  
riot or civil commotion, vandalism, or malicious mischief; or accidental discharge of  
fire protective equipment

This coverage is subject to each of the following specific limitations:

1. The said building or structure must be insured under this Policy for damage by that Listed Peril.
2. The listed Peril must be the immediate, sole cause of the damage of the asbestos.
3. The Assured must report to Underwriters the existence and cost of the damage as soon as practicable after the Listed Peril first damaged the asbestos. However, this Policy does not insure any such damage first reported to the Underwriters more than 12 (twelve) months after the expirations, or termination, of the period of insurance
4. Insurance under this Policy in respect of asbestos shall not include any sum relating to:
  - i. Any faults in the design, manufacture, or installation of the asbestos.
  - ii. Asbestos not physically damaged by the Listed Peril including any governmental or regulatory authority direction or request of whatsoever nature relating to undamaged asbestos.

### BIOLOGICAL OR CHEMICAL MATERIALS EXCLUSION

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 the actual or threatened malicious use of pathogenic or poisonous biological or chemical materials regardless of any other cause or event contributing concurrently or in any other sequence thereto.

NMA2962  
06/02/03

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## F&I ASSETS POLICY RISKS

### COMMUNICABLE DISEASE ENDORSEMENT

1. This policy, subject to all applicable terms, conditions, and exclusions, covers losses attributable to direct physical loss or physical damage occurring during the period of insurance. Consequently and notwithstanding any other provision of this policy to the contrary, this policy does not insure any loss, damage, claim, cost, expense or other sum, directly or indirectly arising out of, attributable to, or occurring concurrently or in any sequence with a Communicable Disease or the fear or threat (whether actual or perceived) of a Communicable Disease.
2. For the purposes of this endorsement, loss, damage, claim, cost, expense, or other sum, includes, but is not limited to, any cost to clean-up, detoxify, remove, monitor or test:
  - 2.1. for a Communicable Disease, or
  - 2.2. any property insured hereunder that is affected by such Communicable Disease.
3. As used herein, a Communicable Disease means any disease which can be transmitted by means of any substance or agent from any organism to another organism where:
  - 3.1. the substance or agent includes, but is not limited to, a virus, bacterium, parasite or other organism or any variation thereof, whether deemed living or not, and
  - 3.2. the method of transmission, whether direct or indirect, includes but is not limited to, airborne transmission, bodily fluid transmission, transmission from or to any surface or object, solid, liquid or gas or between organisms, and
  - 3.3. the disease, substance or agent can cause or threaten damage to human health or human welfare or can cause or threaten damage to, deterioration of, loss of value of, marketability of or loss of use of property insured hereunder.
4. This endorsement applies to all coverage extensions, additional coverages, exceptions to any exclusion and other coverage grant(s).

All other terms, conditions and exclusions of the policy remain the same.  
LMA5393 25 March 2020

### ELECTRONIC DATA ENDORSEMENT B

#### 1. Electronic Data Exclusion

Notwithstanding any provision to the contrary within the Policy or any endorsement thereto, it is understood and agreed as follows:

- a) This Policy does not insure loss, damage, destruction, distortion, erasure, corruption or alteration of ELECTRONIC DATA from any cause whatsoever (including but not limited to COMPUTER VIRUS) or loss of use, reduction in functionality, cost, expense of whatever nature resulting therefrom, regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

ELECTRONIC DATA means facts, concepts and information converted to a form useable for communications, interpretation or processing by electronic and electromechanically data processing or electronically controlled equipment and includes programmes, software and other coded instructions for the processing and manipulation of data or the direction and manipulation of such equipment.



## F&I ASSETS POLICY RISKS

COMPUTER VIRUS means a set of corrupting, harmful or otherwise unauthorised instructions or code including a set of maliciously introduced unauthorised instructions or code, programmatic or otherwise, that propagate themselves through a computer system or network of whatsoever nature. COMPUTER VIRUS includes but is not limited to Trojan Horses, worms and time or logic bombs.

- a) However, in the event that a peril listed below results from any of the matters described in the paragraph (a) above, this Policy, subject to all its terms, conditions and exclusions, will cover physical damage occurring during the Policy period to property insured by this Policy directly caused by such listed peril.

### 2. Electronic Data Processing Media Valuation

Notwithstanding any provision to the contrary within the Policy suffer physical loss or damage insured by this Policy, then the basis of valuation shall be the cost of the blank media plus the costs of copying the ELECTRONIC DATA from back-up or from originals of a previous generation. These costs will not include research and engineering nor any costs of recreating, gathering or assembling such ELECTRONIC DATA. If the media not repaired, replaced or restored the basis of valuation shall be the cost of the blank media. However this Policy does not insure any amount pertaining to the value of such ELECTRONIC DATA to the Assured or any other party, even if such ELECTRONIC DATA cannot be recreated, gathered or assembled.

NMA2915 25/01/01

### CLAIMS CONTROL CLAUSE (LM4)

Notwithstanding anything to the contrary contained in this Reinsurance, it is a condition precedent to Reinsurers liability under this Reinsurance that:

- a) The reinsured shall give to the Reinsurer(s) written notice as soon as reasonably practicable of any claim made against the Reinsured in respect of the business reinsured hereby or of its being notified of any circumstance, which could give rise to such a claim.
- b) The Reinsured shall furnish the Reinsurers with all information known to the Reinsured in respect of claims or possible claims notified in accordance with (a) above and shall thereafter keep the Reinsurers fully informed as regards all development relating thereto as soon as reasonably practicable.
- c) The Reinsurers shall have the right at any time to appoint adjusters and/or representatives to act on their behalf to control all investigations, adjustments, and settlements in connection with any claim notified to the Reinsurers as aforesaid.
- d) The Reinsured shall co-operate with the Reinsurers and any other person or persons designated by the Reinsurers in the investigation, adjustment, and settlement of such claim.

### (RE)INSURERS LIABILITY CLAUSE

(Re)insurers liability several not joint

The liability of a (re)insurer under this contract is several and not joint with other (re)insurers party to this contract. A (re)insurer is liable only for the proportion of liability it has underwritten. A (re)insurer is not jointly liable for the proportion of liability underwritten by any other (re)insurer. Nor is a (re)insurer otherwise responsible for any liability of any other (re)insurer that may underwrite this contract.

This Certificate is issued in accordance with the authorisation granted to the Coverholder by certain  
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## F&I ASSETS POLICY RISKS

Underwriters at Lloyd's (hereinafter called Underwriters), whose syndicate numbers and the proportions underwritten by them can be ascertained from the offices of said Coverholder and in consideration of the premium specified herein, Underwriters do hereby bind themselves, severally and not jointly, each for his own part and not one for another, their Executors and Administrators.

The Coverholder referred to herein is Factory and Industrial Risk Managers (Pty) Ltd

The Assured is requested to read this Certificate, and if not correct, return it immediately to the Coverholder for appropriate alteration.

In the event of a claim under this Certificate, please notify the Coverholder who is acting as the agent of Underwriters.

### CERTIFICATE PROVISIONS

**1. Service of Suit.**

In the event of any litigation arising out of insurance assumed hereunder, Lloyd's South Africa (Pty) Ltd., The Forum, 15th Floor, The Forum, 2 Maude Street, Sandton 2196, South Africa, is required, in terms of the Short-Term Insurance Act No 53 of 1998, to accept service of suit against Underwriters.

**2. Assignment.**

This Certificate shall not be assigned either in whole or in part without the written consent of the Coverholder endorsed hereon.

**3. Complaints**

If you have any complaints concerning your insurance, please contact the Coverholder.

**4. Attached Conditions Incorporated.**

This Certificate is issued and accepted subject to all the provisions, conditions and warranties set forth herein, attached or endorsed, all of which are to be considered incorporated herein.

It is understood and agreed that wherever the words Insured/Company appear herein the same shall be deemed to read Assured/Underwriters, respectively.

This Insurance shall be governed by the laws of the Republic of South Africa, whose courts shall have jurisdiction in any dispute arising hereunder.

It is hereby understood and agreed that wherever the words Insured, Insurers and Policy appear herein, the same shall be deemed to read Assured, Underwriters and Certificate, respectively.



## F&I ASSETS POLICY RISKS

### General Extensions

#### 1. Claims Preparation Costs

The insurance by each section of this policy is extended to include costs reasonably incurred by the insured in producing and certifying any particulars or details required by the company in terms of General Conditions Exceptions and Provisions 3 Claims or to substantiate the amount of any claim.

Provided that:

- a) Any costs arising from the use of the insured's own staff are excluded.
- b) Costs for fees incurred for the services of a Public Adjuster are excluded.
- c) The liability of the company under this extension in respect of any one claim shall not exceed in respect of a particular section R1,000 or 10 percent of the sum insured or limit of indemnity on the item affected, whichever is the lesser amount, plus any amount stated in the schedule to each section against an item for additional claim preparation costs.

#### 2. Capital Additions

This insurance automatically covers alterations, improvements and additions (but not appreciation in value) to the property insured hereby, provided the value thereof does not exceed the limit stated in the Schedule of Limits of Liability.

#### 3. Acquisitions And Divestments

##### 1.1 Difference in Conditions

This insurance will cover any difference in scope of cover and limits of indemnity between the terms of the current insurance arrangements of any new acquisition or entity merged with the Insured hereinafter referred to as an "acquisition", and the cover applying to the Insured in terms of this Policy, provided that:

- 1.1.1 the period of cover will be from the date of the letter of intent provided by the Insured;
- 1.1.2 the liability of the Insurer shall not exceed the Limits of Liability applying to this Policy;
- 1.1.3 the Property and Business Interruption values of such acquisitions shall be determined in accordance with the Insured's basis of declaration;
- 1.1.4 the Insurer reserves the option to amend cover afforded to acquisitions which are based in countries or locations that have special risk exposures which require the Insurer to follow local practice in terms of the scope of cover offered. Should the acquisitions be in a territory where certain perils are automatically not insured by the local market, then such perils will in likewise manner not be insured hereunder;
- 1.1.5 this Policy will not be called into contribution with any existing policy held by such acquisition;
- 1.1.6 this Policy will not pay for shortfall as a result of the application of average or in respect of any first amount payable in terms of such insurance.

In the event of a claim occurring during the initial period, it will only be paid once a final decision has been taken by the Insured to conclude the acquisition.



## F&I ASSETS POLICY RISKS

### 4. Difference in Conditions

1. the period of cover will be from the date of the letter of intent provided by the Insured.
  2. the liability of the Insurer shall not exceed the Limits of Liability applying to this Policy.
  3. the Property and Business Interruption values of such acquisitions shall be determined in accordance with the Insured's basis of declaration.
5. the Insurer reserves the option to amend cover afforded to acquisitions which are based in countries or locations that have special risk exposures which require the Insurer to follow local practice in terms of the scope of cover offered. Should the acquisitions be in a territory where certain perils are automatically not insured by the local market, then such perils will in likewise manner not be insured hereunder.
6. this Policy will not be called into contribution with any existing policy held by such acquisition.
7. this Policy will not pay for shortfall as a result of the application of average or in respect of any first amount payable in terms of such insurance.

In the event of a claim occurring during the initial period, it will only be paid once a final decision has been taken by the Insured to conclude the acquisition.

### Automatic Inclusion – Primary Insurance

Subject otherwise to the terms and conditions of the Policy, this insurance automatically extends to include the interests and property, in respect of which there is no existing insurance, of any new acquisition or new entity formed by or merged with the Insured hereinafter referred to an "acquisition", subject to the following premium considerations:

#### Acquisition with - Business Activities Similar to those Insured

1. If the total Property and Business Interruptions values are no greater than the limit for this Extension stated in the Schedule, no premium will be paid for the pro rata period commencing from the attachment date up to renewal date.
2. If the total Property and Business Interruption values exceed the limit for Acquisitions stated in the Schedule a premium is to be agreed for period commencing from attachment date of the cover up to the renewal date.

#### Acquisition with - Business Activities not Similar to those Insured

Subject otherwise to the terms and conditions of the Policy, this insurance automatically extends to include the interests and property, in respect of which there is no existing insurance, of any new acquisition or new entity formed by or merged with the Insured hereinafter referred to an "acquisition", subject to the following premium considerations:

An additional premium will be required by the Insurer for the pro rata period commencing from the attachment date of the cover up to renewal date irrespective of the Property and Business Interruption values.

If the Insured decides not to conclude the acquisition the cover which applied for the interim period becomes void and no premium will be paid for such interim period irrespective of the total Property Damage and Business Interruption values.



## F&I ASSETS POLICY RISKS

### Divestments

In the event of divestment where the total Property and Business Interruption values exceed the limit for Acquisitions stated in the Schedule, the Insured shall be entitled to a pro rata refund of premium from the date of such divestment until expiry of the Period of Insurance.



# F&I ASSETS POLICY RISKS

## SECTION 1 - PROPERTY DAMAGE

### PROPERTY INSURED

All tangible property belonging to or leased to or hired by the Insured or held in trust or on commission for which they are responsible or for which they have undertaken to arrange insurance but excluding:

- 1     bullion, furs, jewellery, precious and semiprecious stones and metals, Kruger Rands and similar coins, rare books and works of art;
  - 2     money which shall mean current coin, bank and currency notes, travellers and other cheques, money and postal orders, current unused postage, revenue and holiday pay stamps, script and share certificates, credit card slips and other certificates, cellular phone cards, documents or instruments of a negotiable nature;
  - 3     property in transit other than within the Insured's own premises;
  - 4     property which is or would, but for the existence of this Policy, be insured or insurable by any marine insurance policy except in respect of any excess beyond the amount that would have been recoverable under such marine insurance policy;
  - 5     property more specifically insured;
  - 6     **6.1**     railway locomotives, rolling stock and other railway property;
  - 6.2**     aircraft, watercraft;
  - 6.3**     mechanically propelled vehicles or vehicle chassis, mobile plant, caravans and trailers but this exception shall not apply to fork-lift trucks and other special types not licensed for road use whilst confined to the Insured's premises.
  - 7     plants, seedlings, trees, shrubs, nursery stock, vegetative cuttings, clones and their parent stock, growing crops whether fruit, vegetables, flowers or grain and other growing agricultural, silvicultural or horticultural produce of whatsoever nature and any other vegetation (whether cultivated or not);
  - 8     **8.1**     animals or birds or livestock ;
  - 8.2**     land (which shall include topsoil and back-fill), aviation runways, dams (including the contents thereof), canals, docks, jetties, wharves, piers, excavations and (unless stated as insured in the specification) drainage culverts, driveways, pavements and roads
  - 8.3**     reservoirs and pipelines (including the contents thereof), tunnels, bridges, cables or cableways, all external to the Premises
- Provided 8.2 and 8.3 shall apply unless stated as insured in the specification
- 9     explosives / Ammunition
  - 10    overhead transmission and distribution lines and their supporting structures other than those situated on or within 150 metres of the Premises;



## F&I ASSETS POLICY RISKS

- 11 earthworks and property or structures in the course of construction, erection or dismantling including materials and supplies related thereto otherwise than as provided for in clause 16 (temporary removals);
- 12 mining property below ground level;
- 13 property in the possession of clients under lease, rental, credit and suspensive sale agreements;
- 14 outstanding debts;
- 15 property damaged as the result of its undergoing any process of heating or drying or any process necessarily involving the use of water;
- 16 catalysts or any like process agent in situ for the expended period relative to its expected functional cycle;
- 17 the personal effects, including pedal cycles and tools, of any director or employee lost or damaged whilst on the business of the Insured anywhere in the world if such property is otherwise insured. If not insured the amount payable shall not exceed in respect of any one individual the lesser of the sum insured/limit of indemnity or R 5 000 and in respect of any one occurrence the sum insured/limit of indemnity.
18. All items as listed in the Lloyds Insurance section of this document

### **INSURED EVENTS**

Physical loss of or damage to the Property Insured whilst at the Premises, unless otherwise specifically provided, by:

#### **INSURED EVENT 1**

1.1 All Risks of Loss or Damage caused by Fire, explosion, lightning, thunderbolt, earthquake (Excluding earth tremor arising from mining operations) malicious damage (including during/following theft), impact by road vehicles and falling trees, aircraft and other aerial devices dropped or falling therefrom, spontaneous fermentation, heating and combustion, charring, leakage or discharge, smoke, including the acts of Public Authorities in dealing with the aforementioned

1.2 Vehicles parked at Insured's premises, following loss or damage referred to in 1.1 and 1.3 to a maximum limit of R10,000,000 excluding hail damage to vehicles not under hail nets or car ports.

#### **1.3 SPECIAL PERILS** which shall mean

**1.3.1** storm, wind, water, hail, snow, but excluding loss or damage:

**1.3.1.1** to property in the underground workings of any mine;

**1.3.1.2** to property in the open or in any structure not completely roofed other than property designed to exist or operate in such conditions.

**1.3.1.3** land improvements. Land improvements are defined as any alteration to the natural condition of the land by grading, landscaping, earthen dikes or dams but excluding the contents of such dikes or dams

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## F&I ASSETS POLICY RISKS

**1.3.1.4** Insured's own non-macadamised-roads, pavements and parking facilities

**1.3.2** aircraft, other aerial devices and articles dropped therefrom;

**1.3.3** impact by animals, vehicles or articles dropped therefrom but excluding loss of or damage to such vehicles or property in or on such vehicles;

**1.3.4** falling trees or parts thereof;

but excluding wear and tear or gradual deterioration of any kind or damage caused or aggravated by subsidence or landslip.

earthquake but excluding damage to property in the underground workings of any mine

**1.6 MALICIOUS DAMAGE** which shall mean damage to the insured property caused by :

the deliberate or wilful or wanton act of any person committed with the intention of causing such loss of or damage to the property insured other than loss or damage to

**1.6.1** movable property which is

**1.6.1.1** stolen

**1.6.1.2** damaged in an attempt to remove it or part of it from any premises owned or occupied by the Insured

**1.6.2** movable or immovable property which is damaged by thieves whilst breaking into or out of or attempting to break into or out of any premises owned or occupied by the Insured

**1.6.3** immovable property owned or occupied by the Insured occasioned by or through or in consequence of

**1.6.3.1** the removal or partial removal or any attempt thereat or

**1.6.3.2** the demolition or partial demolition or any attempt thereat of

the said immovable property or any part thereof with the intention of stealing any part thereof

Provided that this extension does not cover

**1.6.3.2.1** loss or damage related to or caused by fire or explosion

**1.6.3.2.2** consequential or indirect loss or damage of any kind or description

**1.6.3.2.3** loss or damage resulting from total or partial cessation of work or the retarding or interruption or cessation of any process or operation

**1.6.3.2.4** loss or damage occasioned by permanent or temporary dispossession resulting from confiscation commandeering or requisition by any lawfully constituted authority



## F&I ASSETS POLICY RISKS

**1.6.3.2.5** loss or damage related to or caused by any occurrence referred to in Standard Exclusions A(i) to A(vii) of this Policy or the act of any lawfully established authority in controlling preventing suppressing or in any other way dealing with any such occurrence

### Proviso 1

If the Insurer allege that by reason of proviso 1.6.3.2.1,/ 1.6.3.2.2,/ 1.6.3.2.3, /1.6.3.2.4 or 1.6.3.2.5 loss or damage is not covered by this section the burden of providing the contrary shall rest on the Insured

### Proviso 2

If any building insured or containing the insured property becomes unoccupied for 31 consecutive days the insurance in respect of this extension is automatically suspended as regards the property affected unless the Insured, before the occurrence of any damage obtains the written agreement of the Insurer to continue this extension.

During the period of the initial occupancy of 31 consecutive days the Insured shall become a co-insurer with the Insurer and shall bear a proportion of any damage equal to 20% of the claim before deduction of any deductible.

## 1.7 Subsidence and landslip extension

Subsidence and Landslip ( if stated in the schedule to be included ) This cover is limited to R10,000,000 or the amount stated in the schedule

Damage caused by sudden and unforeseen , subsidence or landslip , provided that the insured shall bear the first portion of each and every claim up to an amount calculated at 1 percent of the sum insured as stated in the schedule.

This extension does not cover

a. damage to drains, water courses, boundary walls, garden walls, retaining walls, gates, posts or fences .

1.2 damage caused by or attributable to

- (a) faulty design or construction of, or the removal or weakening of support to any building situated at the insured premises
- (b) workmen engaged in making any structural alterations, additions or repairs to any building situated at the insured premises
- (c) excavation on or under land other than excavations in the course of mining operations

1.3 consequential loss of any kind whatsoever except loss of rent.

1.4 normal settlement, shrinkage or expansion of the building,

1.5 active soils, except where professional engineering design precautions have been implemented during construction,

1.6 the densification of made up ground or infill or by inadequate compaction of filling,

1.7 damage from a cause which existed prior to the commencement of the policy,

1.8 solid floor slabs or any other part of the building resulting from the movement of such slabs, unless the foundations supporting the external walls of the building are damaged by the same cause at the same time,

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1.9 work necessary to prevent further destruction or damage due to subsidence or landslip except where appropriate design precautions were implemented during the original construction of the building and any subsequent additions thereto.

1.10 Sudden and Unforeseen damage caused as a result of the contraction and or expansion of soil as is experienced in clay and other similar types of soil

1.11 Sudden and Unforeseen Loss or damage occasioned by happening through, or in consequence of coastal, river , dam or watercourses erosion.

In any action suit or other proceeding where the company alleges that, by reason of the provisions of this extension, any damage is not covered by this insurance, the burden of proving the contrary shall be upon the insured.

### Definitions

1. Subsidence: the downward movement of a site on which buildings may or may not stand, from causes unconnected with the building (if present).
2. Landslip: the downward and/or sideways movement of sloping ground resulting from the action of self weight stresses and imposed loadings exceeding the available strength of the ground.
3. Settlement: the downward movement of a site due to the application of superimposed loading which is the wholly natural effect of superimposing a load on a site and is unpredictable.
4. Active Soils: a soil that changes in volume to varying degrees in response to changes in moisture content, i.e. the soil may increase in volume (heave or swell) upon wetting and decrease in volume (shrink) upon drying out.

### **1.8 LEAKAGE EXTENSION TO INSURED EVENT 1**

Damage caused by discharge or leakage from fire extinguishing installations/appliances.

The liability of the Insurers shall not exceed the sum insured/limit of indemnity as stated in the Schedule. If the limit of indemnity is less than the total sum insured of all Property Insured the Average condition applicable to Section 1 is amended to read:

If the Property Insured is, at the commencement of any damage to such property by discharge or leakage, collectively of greater value than the sum insured thereon against fire damage, then the Insurers shall be liable under this extension only for that proportion of the limit of indemnity as the sum insured against fire bears to the total value of such property and the Insured shall be considered as being their own insurer for the difference and shall bear a rateable share of the loss accordingly. Every item if more than one shall be separately subject to this clause.

In respect of this extension General Exception 5.1 is deleted.



## F&I ASSETS POLICY RISKS

### EXTENSIONS TO INSURED EVENT 1

#### 1 Rent

The Insurers will pay the amount of rent receivable, rent payable or the rental value defined hereunder during the period the Premises are rendered untenable as the result of loss or damage by an Insured Event, limited to the sum insured stated in the schedule provided that:

- 1.1 the liability of the Insurers shall be limited to the lesser of the period necessary to make the Premises tenable or the period stated in the Schedule;
- 1.2 the amount payable shall be in the proportion which the amount stated in the Schedule bears to the actual rent receivable/rent payable/rental value of the premises;
- 1.3 the total amount recoverable shall not exceed the amount stated in the Schedule.

#### Rent Definitions

**Rent Receivable** shall mean the actual rent receivable by the Insured at the time of the Insured Event in respect of the affected Premises or on such part thereof as may then be let.

**Rent Payable** shall mean the actual rent payable by the Insured to the owner or landlord of the affected Premises.

**Rental Value** shall mean the actual rental value of the affected Premises.

### SPECIAL CONDITIONS APPLICABLE TO INSURED EVENT 1

#### 1 Average

If on the commencement of the occurrence of an Insured Event the value of the Property Insured is collectively greater than the sum insured thereon the Insured shall be considered their own insurer for the difference and shall bear a rateable proportion of the loss.

### EXTENSIONS TO SECTION 1 – PROPERTY DAMAGE

Subject otherwise to the Policy terms, conditions, limitations and deductibles the Insured Events under Section 1- Property Damage of this Policy are extended to cover as stated

#### 1. Riot strike and civil commotion (if stated in the schedule to be included)

The liability of the Insurer shall not exceed the sum insured as stated in the schedule

to cover loss or damage directly occasioned by or through or in consequence of:

- 1.1 civil commotion, labour disturbances, riot, strike or lockout;
- 1.2 the act of any lawfully established authority in controlling, preventing, suppressing or in any other way dealing with any occurrence referred to in 1.1 above;



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### **Provided that this extension does not cover:**

- 1.3** loss or damage occurring in the Republic of South Africa or Namibia;
- 1.4** consequential or indirect loss or damage of any kind or description whatsoever, other than loss of rent if specifically insured;
- 1.5** loss or damage resulting from total or partial cessation of work, or the retarding or interruption or cessation of any process or operation;
- 1.6** loss or damage occasioned by permanent or temporary dispossession resulting from confiscation, commandeering or requisition by any lawfully constituted authority;
- 1.7** loss or damage related to or caused by any occurrence referred to in Standard Exclusion 1 of this Policy or the act of any lawfully established authority in controlling, preventing, suppressing or in any other way dealing with any such occurrence.

If the Insurers allege that by reason of provisos 1.3, 1.4, 1.5, 1.6 or 1.7 loss or damage is not covered by this section, the burden of proving the contrary shall rest on the Insured.

### **2. Sprinkler update (if stated in the schedule to be included)**

to cover those additional costs and expenses incurred by the Insured in complying with any legal requirement to update or replace the undamaged portion of an automatic sprinkler system, drencher, gas or foam installation with a modern system provided that the total amount recoverable shall not exceed the sum insured as stated in the Schedule.

### **3. Average Day One Basis: Non-Adjustable - applicable to insured event 1 only (if stated in the schedule to be included)**

The items to which this extension applies, and their declared values are shown in the schedule.

- 3.1** The Insured having stated in writing the declared value incorporated in each item to which this extension applies, the premium has been calculated accordingly.

"Declared Value" shall mean the Insured's assessment of the cost of reinstatement of the property insured arrived at in accordance with the first paragraph of the Reinstatement Value Conditions at the level of costs applying at the inception of the Period of Insurance (ignoring inflationary factors which may operate subsequently to the fixing of the Declared Value) together with, insofar as the insurance by the item provides, due allowance for:

- 3.1.1** the additional costs of reinstatement to comply with Public Authority Requirements (as stated herein)
- 3.1.2** architects and other professional fees (as stated herein)
- 3.1.3** costs of demolition and clearing and erection of hoardings (as stated herein).



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- 3.2** At the inception of each period of insurance, the Insured shall notify the Insurer of the declared value of the property by each of the said items. In the absence of such declaration, the last amount declared by the Insured shall be taken as the declared value for the ensuing period of insurance.
- 3.3** Notwithstanding any general condition or endorsement to the contrary, the following wording applies to proviso 3 of the Reinstatement Value Conditions.

If, at the time of replacement or reinstatement, the sum representing the cost which would have been incurred in replacement or reinstatement if the whole of the insured property had been damaged exceeds the sum insured thereon at the commencement of any damage to such property by a defined event, then the insured shall be considered as being their own insurer for the excess and shall bear a rateable proportion of the loss accordingly.

Each item of this section (if more than one) to which these conditions apply shall be separately subject to this provision

The following special Memorandum is added to the Reinstatement Value Conditions.

### Special Memorandum

Where, by reason of any of these conditions, no payment is to be made beyond the amount which would have been payable under the Policy if this extension had not been incorporated therein, the rights and liabilities of the Insurer and the Insured in respect of the destruction or damage shall be subject to the terms and conditions of the Policy including any condition of average therein, as if this extension had not been incorporated therein, except that the total amount payable shall be limited to a maximum of the percentage of the declared value shown in the specification.

- 3.4** In the event of loss, the liability of the Insurer in respect of property to which this extension applies shall not exceed the sums insured stated in the specification.
- 3.5** If this section of the Policy is subject to a capital additions clause, then such clause is deleted and replaced by the following:

The insurance hereby extends to cover alterations, additions and improvements (but not appreciation in value in excess of the sums insured) to property specified herein (other than stocks) for an amount not exceeding ten percent of such sums insured, it being understood that the Insured undertakes to advise the Insurer each quarter of such alterations, additions and improvements and to pay the appropriate additional premium thereon.

## **4. Basis of Application of Average and Loss Settlement - applicable to insured event 1 only**

If a loss shall occur during the period of insurance the amount to be utilised as the sum insured for the purpose of settling the loss and the application of average shall be the amount declared at the beginning of the insurance period plus an allowance for trend, additions, extensions, acquisitions and new locations which have occurred between the beginning of the insurance period and the date of loss. New locations/acquisitions must be advised to the Insurer as soon as reasonably possible after the date of acquisition.

The amount to be used for new locations/acquisitions will be the figure which would have been declared at the inception of the period of insurance.





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### 5. Inflation Costs (if stated in the schedule to be included)

The Insurer will pay to the Insured in accordance with the provisions set out herein those increased costs which occur during the maximum period of cover of reinstating or replacing property, as insured which is the subject of a claim for which liability has been admitted in terms of Insured Event 1 only.

The additional amount payable under this endorsement shall be limited to the sum produced by applying the percentage as stated in the schedule to the amount paid or payable in terms of Insured Event 1 only provided that:

**5.1** subject to the maximum period of cover shown herein the annual percentage may be compounded for each 12 month period of cover but not beyond the 12 month period during which the reinstatement or replacement of the property is completed;

**5.2** the Insurers' liability shall not exceed the difference between the actual costs of reinstatement or replacement of the property and the amounts paid or payable in terms of Insured Event 1 of this Policy;

**5.3** no liability shall be admitted under this Section after the expiry of the period necessary for the reinstatement or replacement of the property damaged or destroyed.

#### **5.4** Maximum Annual Percentage

**5.4.1** A period of 12 months from the date of loss - the percentage as stated in the schedule

**5.4.2** A further period of 12 months thereafter - the percentage as stated in the schedule

#### **5.5** Maximum Period of Cover

**5.5.1** Buildings - the number of months as stated in the schedule from the date of the loss

**5.5.2** Plant and Machinery - the number of months as stated in the schedule from the date of the loss

#### **5.6** Special Condition

This cover shall not be called into contribution with any other insurance whatsoever.

### 6. Clearance Costs - No Damage to Property Insured (if stated in the schedule to be included)

This insurance extends to include costs and expenses necessarily and reasonably incurred in removing debris (including stock debris) from or within the vicinity of any premises in order to regain access to or to restore original working conditions to such premises or site provided that

**6.1** such costs and expenses result from Insured Event 1

**6.2** the maximum liability of the Insurer is limited to the amount as stated in the schedule for any one event or series of events arising from one original occurrence

**6.3** such costs and expenses are not insured under Section 2 - Business Interruption.



## F&I ASSETS POLICY RISKS

### 7. Sprinkler Systems Upgrading (if stated in the schedule to be included)

Where following the happening of an Insured Event under Insured Event 1 of Section 1 of the Policy it is necessary for the Insured to update or replace their automatic sprinkler system by the necessity to comply with building or other regulations under or framed in pursuance of any act of parliament or ordinance of any provincial, municipal or local authority the insurance by this Section indemnifies the Insured in respect of the additional costs and expenses incurred.

Provided that the liability of the Insurer shall not exceed the amount as stated in the schedule in respect of any one claim, such amount being in addition to the sums insured and provided that the premises were in compliance with the regulations prior to the insured event occurring .

### 8. Alternative replacement (design capacity) clause

**8.1** In the event of property insured which has a measurable function, capacity or output being damaged by a defined event and it not being possible to replace or reinstate such property in terms of the reinstatement value conditions, then the Insurer will pay the cost of replacing such property with property the quality, capacity, function or output of which is as near as possible but not inferior to that of the original property

provided that

**8.1.1** proviso 1, 2, 3 and 4 of the reinstatement value conditions apply equally to this clause

**8.1.2** in applying the provisions of proviso 3 of the reinstatement value conditions, the cost (as provided for in proviso 3) "which would have been incurred in replacement or reinstatement if the whole of the insured property had been damaged" will be increased by such amount payable under the alternative replacement clause which is in excess of that which would have been payable under the reinstatement value conditions clause, had it been possible to reinstate or replace the property in terms thereof.

## CLAUSES AND MEMORANDA APPLICABLE TO SECTION 1

### 1 Reinstatement Value Conditions

The basis upon which the amount payable is to be calculated shall be the cost of replacing or reinstating on the same site property of the same kind or type but not superior to or more extensive than such Property Insured when new provided that:

- 1.1** the work of replacement or reinstatement (which may be carried out on another site and in any manner suitable to the requirements of the Insured subject to the liability of the Insurers not being thereby increased) must be commenced and carried out with reasonable despatch otherwise no payment beyond the amount that would have been payable if this memorandum had not been incorporated in the policy shall be made;
- 1.2** the Insurers shall not be liable for any payment beyond the amount that would have been payable if this memorandum had not been incorporated in the Policy until expenditure has been incurred by the Insured in replacing or reinstating the lost or damaged Property Insured;



## F&I ASSETS POLICY RISKS

- 1.3** if at the time of replacement or reinstatement the sum representing the cost which would have been incurred in replacement or reinstatement if the whole of the Property Insured had been lost or damaged exceeds the sum insured thereon at the time of the Insured Event then the Insured shall be considered their own insurer for the difference and shall bear a rateable proportion of the loss. Each item of Property Insured to which this memorandum applies shall be separately subject to this provision;
- 1.4** this memorandum shall not apply if:
- 1.4.1** the Insured fails to intimate to the Insurers within six months of the Insured Event (or such further time as the Insurers may allow in writing) their intention to replace or reinstate the lost or damaged property;
  - 1.4.2** the Insured is unable or unwilling to replace or reinstate the lost or damaged Property Insured on the same or another site.

### **2 Replacement of Patterns, Moulds and Documents.**

In respect of patterns, models and moulds or documents the liability of the Insurers shall be limited to the cost of materials and the cost of labour for recreating but excluding costs incurred in the re-shooting of films or re-recording of audio tapes.

Documents shall mean films, tapes, books, records, maps, plans, drawings, abstracts, deeds, wills, mortgages, agreements, manuscripts, letters and similar written or printed or otherwise inscribed papers and computer systems records.

### **3 Public Authorities Requirements**

Sums insured include such additional cost of repairing or rebuilding the damaged property incurred solely by reason of the necessity to comply with building or other regulations under or framed in pursuance of any act of parliament or ordinance of any provincial, municipal or local authority provided that:

- 3.1** the amount recoverable under this clause shall not include:
- 3.1.1** the cost incurred in complying with any of the aforesaid regulations:
    - 3.1.1.1** in respect of outstanding requirements by the authorities and / or damage occurring prior to the granting of this cover.
    - 3.1.1.2** The additional cost incurred if the premises was previously non complaint or illegal with such regulations.
    - 3.1.1.3** in respect of damage not insured by this section;
    - 3.1.1.4** Under which notice has been served on the Insured prior to the happening of the damage;
    - 3.1.1.5** in respect of undamaged property or undamaged portions of property other than foundations of that portion damaged.



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**3.1.2** the additional cost that would have been required to make good the property damaged to a condition equal to its condition when new had the necessity to comply with any of the aforesaid regulations not arisen;

**3.1.3** the amount of any rate, tax, duty, development or other charge or assessment arising from capital appreciation which may be payable in respect of the property or by the owner thereof by reason of compliance with any of the aforesaid regulations.

**3.2** the work of repairing or rebuilding must be commenced and carried out with reasonable despatch and may be carried out wholly or partially upon another site (if the aforesaid regulations so necessitate) subject to the liability of the Insurers under this clause not being thereby increased;

**3.3** if the liability of the Insurers under this section, apart from this clause, shall be reduced by the application of any of the terms, exceptions and conditions of this section, then the liability of the Insurers under this clause shall be reduced in like proportion;

**3.4** the total amount recoverable shall not exceed the sum insured.

### **4 Municipal Plans Scrutiny Fee**

Sums insured include fees for the examination of municipal or other plans incurred by the Insured as a result of damage to the Property Insured caused by an Insured Event.

### **5 Costs of Demolition and Erection of Hoardings**

Sums insured include costs necessarily incurred by the Insured in respect of the demolition of buildings and machinery and in providing, erecting and maintaining hoardings required during such demolition and/or building operations following damage to Property Insured by an Insured Event.

### **6 Debris Removal and Site Clearance**

Sums insured include costs and expenses necessarily incurred by the Insured for the removal of debris (including stock debris and undamaged contents) and silt and water from the Premises or any site in the immediate vicinity of the Premises in order to restore original working conditions and access to the Premises following the occurrence of an Insured Event provided that Insurers will not pay for costs and expenses:

**6.1** incurred in removing debris except from the site of such property destroyed or damaged and the area immediately adjacent to such site;

**6.2** arising from pollution or contamination of property not insured by this section unless caused by an insured event.

### **7 Loss Minimisation and Safeguard Costs**

Sums insured include costs and expenses necessarily incurred by the Insured to protect the Property Insured against possible damage by an Insured Event following damage to Property Insured.



## F&I ASSETS POLICY RISKS

### **8 Architects and Other Professional Fees**

Sums insured include professional fees (for estimates, plans, specifications, quantities, tenders and supervision) necessarily incurred in the reinstatement or replacement of Property Insured following damage by an Insured Event but in no case exceeding 15 percent of the amount payable in respect of such damage provided that the amount payable shall not include expenses incurred in connection with the preparation of the Insured's claim.

### **9 Fire Extinguishing Charges**

**9.1** If any public authority empowered to do so shall charge the Insured with any costs relating to the extinguishing or fighting of a fire such costs shall be deemed to be damage to the Property Insured and shall be payable in addition to any other payment for which Insurers may be liable in terms of this section.

**9.2** Sums insured include expenses necessarily and reasonably incurred by the Insured in extinguishing or containing any fire or incurred in preventing or attempting to prevent any existing fire from causing damage to other Property Insured provided that expenses incurred by proto teams shall be limited to damage resulting from Insured Event 1.

### **10 Alterations and Misdescription**

The Insured shall not be prejudiced by any alteration or misdescription of occupancy due to:

**10.1** the transfer of processes or machinery;

**10.2** the acquisition of additional premises;

**10.3** structural alterations or repairs to buildings, plant or machinery;

provided that notice is given to Insurers as soon as practicable and the Insured pays any additional premium that may be required.

### **11 Capital Additions**

Alterations, additions and improvements to buildings plant and machinery (but not appreciation in value in excess of the sum insured) are "held covered" up to 15 percent of the sum insured on the Property Insured concerned provided the Insured notifies the Insurers of such work at the end of each quarter and pays any additional premium that may be required.

### **12 Disposal of Salvage**

The Insurers agree not to sell or dispose of any property which is the subject of a claim without giving the Insured the option to repurchase it at the greater of its fair intrinsic or market value but this clause does not give the Insured licence to abandon property to the Insurers.



## F&I ASSETS POLICY RISKS

### 13 Mortgagees

From the date of notification the Insurers accept the interest of a mortgagee or others with an insurable interest in the Property Insured and will not prejudice such interest due to the act or omission of the mortgagor without the mortgagee's knowledge provided that the mortgagee advises the Insurers as soon as such act or omission comes to their knowledge and agree to be responsible for any additional premium resulting from the Insurers assuming any increased hazard.

### 14 Tenants

The Insured shall not be prejudiced by the act of any tenant in premises they own or in which they are co-tenants nor of the owner of any premises of which they are tenants provided that the Insurers are notified as soon as the Insured becomes aware of such act and the Insured pays any additional premium resulting from the Insurers assuming any additional hazard.

### 15 Railway Subrogation

The insured shall not be prejudiced by signing any contract with or by any indemnity given to Transnet, government or quasi-government departments provincial administrations municipalities and/or similar bodies covering the use of railway sidings or in respect of cartage (hazardous premises) agreements and/or agreements of a similar nature

### 16 Temporary Removals

The Property Insured (other than stock) is covered while temporarily removed from or within the Premises to other premises within the Territorial Limits for alteration, cleaning, repair, renovation or similar process provided that the Insurers' liability:

**16.1** is limited to 15 percent of the sum insured on the Property Insured concerned; and the insurer has been notified of the temporary removal .

**16.2** does not cover property held in trust other than machinery and plant;

**16.3** for property in transit is restricted to transit by road, rail or inland waterway;

and that the property is not otherwise insured.

### 17. Statutory Duties

Statutory duties and levies actually paid or incurred following an Insured Event

### 18. Fire Protection System Update

Additional cost and expenses incurred where, following an Insured Event, it is a legal or statutory requirement for the Insured to update or replace their fire protection system (including undamaged portions thereof) with a more modern system.





## F&I ASSETS POLICY RISKS

### INSURED EVENT 2: ACCIDENTAL DAMAGE

#### Defined events (i)

Accidental physical loss of or damage to the insured property at or about the premises not otherwise insured or for which insurance is available and described (whether incorporated in this policy or not)

The amount payable for all loss or damage arising out of one original cause or source shall not exceed the sum stated in the schedule and this section shall not be called into contribution for any defined event for which more specific insurance has been arranged.

#### Specific exceptions

The company shall not be liable for

- (a) any peril excluded or circumstance precluded from any other insurance available from the company at inception hereof or for any excess payable by the insured under such insurance, or for any reduction of amount payable under any claim due to the application of average.
- (b) more than the individual value of any item forming part of a pair, set or collection without regard to any special value such item may have as part of such pair, set or collection.
- (c) detention, confiscation, attachment, destruction or requisition by any lawfully constituted authority or other judicial process.
- (d) unexplained disappearance or shortage only revealed during or after an inventory or errors or omissions in receipts, payments or accounting, or misfiling or misplacing of information
- (e) loss of or damage to insured property caused by
  - (i) any fraudulent scheme, trick, device or false pretence practised on the insured (or any person having custody of the insured property) or fraud or the dishonesty of any principal or agent of the insured
  - (ii) overheating, implosion, cracking, fracturing, weld failure, nipple leakage or other failure. This exception applies only to vessels, pipes, tubes or similar apparatus
  - (iii) Power surge , Mechanical or electrical breakdown , electrical, electronic and/or mechanical derangement
  - (iv) altering, bleaching, cleaning, dyeing, manufacture, repair, restoring, servicing, renovating, testing or any other work thereon
  - (v) fault or defect in its design, formula, specification, drawing, plan, materials, workmanship or professional advice, normal maintenance, gradual deterioration, depreciation, corrosion, rust, oxidation or other chemical action or reaction, frost, change in temperature, expansion or humidity, fermentation or germination, dampness, dryness, wet or dry rot, shrinkage, evaporation, loss of weight, contamination, pollution, change in colour, flavour, texture or finish or its own wear and tear
  - (vi) denting, chipping, scratching or cracking not affecting the operation of the item
  - (vii) termites, moths, insects, vermin, inherent vice, fumes, flaws, latent defect, fluctuations in atmospheric or climatic conditions or the action of light
- (f) settlement or bedding down, ground heave or cracking of structures or the removal or weakening of support to any insured property
- (g)
  - (i) loss of or damage to chemicals, oils, liquids, fluids, gases or fumes due to leakage or discharge from its container
  - (ii) loss or damage resulting from leakage or discharge of chemicals, oils, fluids, gases or fumes



## F&I ASSETS POLICY RISKS

- (h) failure of and/or the deliberate withholding and/or lack of supplies of water, steam, gas, electricity, fuel or refrigerant
- (i) collapse of plant and machinery, buildings and structures (other than shelving or storage platforms).

### Defined events (ii) (if stated in the schedule to be included)

Accidental physical loss of or damage to the insured property caused by discharge or leakage from tanks, pipes or apparatus of chemicals, oils, liquids, fluids, gases or fumes (including loss of such chemicals, oils, liquids, fluids, gases or fumes) other than loss or damage resulting from wear and tear or other gradually operating causes of the tanks, pipes or apparatus.

### Clauses and extensions

#### Restricted cover clause

The insurance in respect of documents, manuscripts, business books, plans, designs, patterns, models, moulds and computer system records is limited to the value of the materials and the cost of labour for recreating and excludes any expenses in connection with the production of any information contained therein or the value of such information to the insured.

#### Excluding

the company shall not be liable under unless the lost or damaged property is replaced or reinstated without undue delay nor for any expenses in connection with the preparation of the insured's claim.. Further, the company shall not be liable under (c) for any costs or expenses

- (i) incurred in removing debris except from the site of such property destroyed or damaged and the area immediately adjacent to such site
- (ii) arising from pollution or contamination of property not insured by this policy/section.

### Memoranda

#### 1. Average (if stated in the schedule to be included)

If, on the occurrence of an insured event, the value of the insured property is greater than the sum insured thereon the insured shall be considered his own insurer for the difference and shall bear a rateable proportion of the loss accordingly. Each item, if more than one, shall be separately subject to this memorandum.

#### 2. Reinstatement (if stated in the schedule to be included)

The basis upon which the amount payable is to be calculated following an insured event to buildings, plant and machinery shall be the cost of replacing or reinstating on the same site property of the same kind or type but not superior to nor more extensive than such insured property when new, provided that

- (a) the work of replacement or reinstatement (which may be carried out on another site and in any manner suitable to requirements of the insured subject to the liability of the company not being thereby increased) must be commenced and carried out with reasonable despatch otherwise no payment beyond the amount that would have been payable if this memorandum had not been incorporated in this section shall be made
- (b) the company shall not be liable for any payment beyond the amount that would have been payable if this memorandum had not been incorporated in this section, until expenditure has been incurred by the insured in replacing or reinstating the lost or damaged insured property
- (c) if, at the time of replacement or reinstatement, the sum representing the cost which would have been incurred in replacement or reinstatement if the whole of the insured property had been lost or damaged exceeds the sum insured thereon on the occurrence of an insured event, the insured shall be considered his own insurer for the difference and shall bear a rateable share of loss accordingly. Each item, if more than one, to which this memorandum applies shall be separately subject to this provision



## F&I ASSETS POLICY RISKS

- (d) this memorandum shall not apply if
- (i) the insured fail to intimate to the company within six months of the insured event or such further time as the company may allow in writing their intention to replace or reinstate the lost or damaged insured property
  - (ii) the insured are unable or unwilling to replace or reinstate the lost or damaged insured property on the same or another site.

### **3. First loss average (if stated in the schedule to be included)**

If, at the time of any loss or damage arising, the total value of the property described by each item does not exceed the sums stated in the schedule then this insurance shall be declared free of average, but if the total value of such property shall be greater than the aforementioned sums, the insured shall be considered as being their own insurer for the difference and the company shall be liable only for such proportion of the first loss sum insured as the aforementioned sums shall bear to the total value not exceeding in all the total sum insured by each item.



## F&I ASSETS POLICY RISKS

### INSURED EVENT 3: THEFT

Shall mean the dishonest appropriation of property with the intention of permanently depriving the owner of it; or the taking of property without lawful authority by means of forcible and violent entry or exit into the building .

Theft or any attempt thereat but excluding:

- 1 unexplained disappearance or shortage only revealed during or after an inventory or errors or omissions in receipts, payments or accounting or misfiling of information;
- 2 any fraudulent scheme, trick, device or false pretence practised on the Insured or any person having custody of the Property Insured;
- 3 loss or damage:
  - 3.1 which is insured or insurable under Insured Event 1 except in the case of explosion caused in an attempt to effect entry;
  - 3.2 in which any principal, partner, member, director or employee of the Insured or any person having custody of the Property Insured is concerned as principal or accessory;
- 4 modification destruction or manipulation of electronic data processing media or data by any means whatsoever;
- 5 loss of or damage to property left outside any building .
6. **Burglar Alarm Condition (Always applicable unless stated otherwise in the Schedule)**

Precedent to the insurer's liability, it is a condition that the radio siren alarm installed at the insured premises;

  - a) is a SAIDSA\* approved system that is linked to a recognised bona fide armed response service provider and
  - b) is fully operational whenever the premises are not occupied and
  - c) Is maintained in a proper working order under a current maintenance contract with the Alarm supplier or service provider.

\* SAIDSA = *South African Intruder Detection Security Association.*

### EXTENSIONS TO INSURED EVENT 3

#### 1 Malicious Damage Theft (if stated in the schedule to be included)

The liability of the Insurer shall not exceed the sum insured as stated in the schedule

Damage to the buildings at the Premises including landlords' fixtures and fittings and all contents therein held in trust or on commission by the Insured or for which the Insured is responsible and which is not included in the sum insured applicable to Insured Event 1 caused by the deliberate or wilful or wanton act of any person during the course of theft or attempted theft provided that this extension does not cover:



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- 1.1 consequential or indirect loss or damage of any kind or description whatsoever;
- 1.2 loss or damage occasioned by permanent or temporary dispossession resulting from confiscation, commandeering or requisition by any lawfully constituted authority;
- 1.3 loss or damage related to or caused by any occurrence referred to in Standard Exclusions A(i) to A(vii) or the act of any lawfully established authority in controlling, preventing, suppressing or in any other way dealing with any such occurrence.

If the Insurers allege that by reason of 1.1, 1.2 or 1.3 loss or damage is not covered by this policy the burden of proving the contrary shall rest on the Insured.

### 2 Locks, Keys and Access Cards (if stated in the schedule to be included)

The Insurers will pay those reasonable costs and expenses incurred by the Insured for replacing or reprogramming locks, keys and access cards to the Premises or any safe/strongroom contained therein following the disappearance of the same or following upon the Insured suspecting that duplicates of such keys or access cards are in the possession of an unauthorised person provided that the total amount recoverable in respect of a single Insured Event shall not exceed the limit of liability as stated in the Schedule.

### 3 ALTERNATIVE THEFT (FORCIBLE AND VIOLENT) WORDING

Theft accompanied by forcible and violent entry into or exit from the Premises or any attempt thereat or resulting from theft or any attempt thereat following violence or threat of violence and including loss or damage to the Property Insured caused or accompanied by a thief or thieves being concealed on the Premises before close of business or entry to and/or exit from the

Premises being effected by use of a skeleton key provided that the Insured shall establish to the satisfaction of the Insurers that a skeleton key was used.

This insurance does not cover:

#### 3.1 loss or damage:

- 3.1.1 which is insured or insurable under Insured Event 1 except in the case of explosion caused in an attempt to effect entry:
- 3.1.2 in which any principal, partner, member, director or employee of the Insured or any person having custody of the Property Insured is concerned as principal or accessory.



## F&I ASSETS POLICY RISKS

### INSURED EVENT 4: MONEY

The liability of the Insurer shall not exceed the sum/s insured as stated in the schedule or hereunder

Any accident or misfortune not otherwise excluded to Money (notwithstanding the exception to Property Insured) occurring anywhere within the territorial limits or whilst in the custody of a partner director or employee of the Insured whilst away from the insured premises on a business trip anywhere in the world.

This insurance does not cover:

- 4.1** An Insured Event in respect of which a claim is submitted or would, but for any Deductible applicable, be submitted under any fidelity guarantee insurance.
- 4.2** the dishonesty of any principal, member, director, partner or employee of the Insured or any person having custody of the Money unless such dishonesty is discovered within fourteen days of the occurrence thereof (subject to 4.1 above) in which event the amount payable shall be reduced by 2% of the limit of indemnity plus a further 10% of the net amount payable after deduction of the 2%;
- 4.3** an Insured Event arising from shortage due to error or omission;
- 4.4** loss of or damage to Money:
  - 4.4.1** exceeding R2,000 not contained in a locked safe/strongroom while that portion of the Premises containing such Money is unattended or arising from the use of keys to any safe/strongroom unless the keys are obtained by violence or threat of violence;
  - 4.4.2** from any vehicle being used by the Insured unless a principal, director, member, partner or employee of the Insured is actually in such vehicle or if not in such vehicle within five metres of it in a position from which the vehicle is clearly visible. This exception shall not apply if the person concerned is incapacitated as a direct result of an accident involving the vehicle or by thieves.





## F&I ASSETS POLICY RISKS

### SPECIAL MEMORANDA

General Exception 5.1 does not apply to this Insured Event

### SPECIAL CONDITION

#### DEDUCTIBLE APPLICABLE TO THEFT OF CHEQUES

Any loss or series of losses attributable to one original event which is payable under Insured Event 4 and which results from the theft of any cheque or cheques shall be reduced by a deductible of 25% of the loss unless:

#### 1. Cheques drawn by the Insured

1.1 the cheque has been drawn and crossed exactly in accordance with the attached "Recommended SAIA Procedure for Drawing and Crossing of Cheques" or any other superior method approved by the South African Insurance Association and the printed portion of the cheque (*as opposed to the written or typed portion*) has been printed by the bank itself or a printer licensed to print cheques by the Automatic Clearing Bureau

or

1.2 the cheque has been dispatched to the payee by certified post

#### 2. Cheques drawn by someone other than the Insured and which were received by the Insured by post or direct by the cashier

2.1 such cheque has been crossed and marked "not negotiable" and marked "not transferable" immediately on receipt thereof by the Insured and

2.2 the Insured is able to identify the drawer and amount of the cheque from their records

#### 3. Cheques of which the Insured is the true owner which were drawn by someone other than the Insured and posted to the Insured but the Insured did not receive them

3.1 the cheque has been drawn and crossed exactly in accordance with the attached "Recommended SAIA Procedure for Drawing and Crossing of Cheques" or any other superior method approved by the South African Insurance Association

or

3.2 the cheque was dispatched to the Insured by certified or similar post.

### RECOMMENDED SAIA PROCEDURE FOR DRAWING AND CROSSING OF CHEQUES AND PRINTING OF BLANK CHEQUES

#### A. DRAWING AND CROSSING OF CHEQUES

One of the safest methods of drawing and crossing a cheque which is acceptable to banks is as undernoted and this is the method recommended by the South African Insurance Association



## F&I ASSETS POLICY RISKS

1. Delete the pre-printed words "or bearer". This limits the possibility of the drawee bank paying out to a bearer who might not be entitled to payment
2. If instead of "or bearer" your cheque has pre-printed on it "or order" these words must also be deleted
3. Write on the face of the cheque the words "not transferable"
4. Cross the cheque by drawing two parallel lines across the cheque
5. Write the words "not negotiable" between the two parallel lines referred to in 4 above
6. Ensure that the payee is accurately and properly and fully described

Where the payee is a company its full name should be used, for example: RH Jones (Pty) Ltd

It is recommended that where the bank account number or CC number of the payee is known this should be included after the name of the payee for example "RH Jones (Pty) Ltd, Co No: 69/123456" or "RH Jones (Pty) Ltd ABC Bank account no: 123456789"

7. In drawing the cheque no spaces should be left which would allow anyone to add extra words or figures
8. An example of this method of drawing a cheque is attached as Annexure A
9. On the rear of the cheque the wording listed in Annexure B should be printed. Please ensure that space is left on the rear of the cheque for bank stamps and endorsements
10. All the markings on a cheque should be legible and clearly visible. Persons drawing cheques should not use abbreviated or different versions of the terminology used in our example. The words "not neg" and a crossing using a rubber stamp containing a rectangle rather than two parallel lines are worthless
11. The method used to complete cheques should be one which makes an ink impression on the paper like handwriting a typewriter or a dot matrix type printer. The ribbon used on the printer/typewriter should be of the type which impregnates ink into the paper. Do not use:
  - 11.1 old ribbons
  - 11.2 laser type printers which do not make an impression in the paper
  - 11.3 the "reverse printing technique"
  - 11.4 correctable type ribbons

### **B. PRINTING OF BLANK CHEQUES**

Blank cheques should only be printed by the Bank itself or a printer licensed by the Automatic Clearing Bureau. These printers know the recommended requirements of banks and should only use approved:

security paper (CBS1 or superior)



## F&I ASSETS POLICY RISKS

security designs / special security inks compatible with the security paper/design

methods which make it difficult for someone to make a supply of blank cheques by photostating the originals

### INSURED EVENT 5: PROPERTY IN TRANSIT

The liability of the Insurer shall not exceed the Load Limit as stated in the schedule

Any accident or misfortune not otherwise excluded to the Property Insured whilst in Transit (notwithstanding the exception to Property Insured) occurring anywhere within the Territorial Limits.

Transit shall be deemed to commence from the time of moving the Property Insured at the Insured's premises for the purpose of delivery including while being loaded onto or conveyed by a conveyance or while temporarily stored for a period not exceeding ninety six hours in the course of transit and shall cease at any building or other place of storage at the premises of final destination when off-loading is completed.

This insurance does not cover:

- 5.1** loss or damage resulting from or caused by:
  - 5.1.1** theft from an unattended vehicle in the custody or control of the Insured or any principal, member, director, partner or employee of the Insured unless the Property Insured is contained in a completely closed and securely locked vehicle or the vehicle itself is housed in a securely locked building and entry to such locked vehicle or building is accompanied by forcible and violent entry or exit;
  - 5.1.2** inherent vice, flaws, defect, vermin, insects, damp, mildew or rust;
  - 5.1.3** the dishonesty of any principal, member, director, partner or employee of the Insured or any person having custody of the Property Insured whether acting alone or in collusion;
  - 5.1.4** confiscation, detention, requisition or nationalisation by customs or other authorities;
  - 5.1.5** or arising whilst in transit by sea or inland transit incidental thereto;
  - 5.1.6.** breakdown of refrigeration equipment;
- 5.2** wear and tear, depreciation, deterioration or other gradually operating cause unless following an accident or misfortune not otherwise excluded;
- 5.3** the action of light, climatic or atmospheric conditions unless caused by storm, wind, water, hail or snow;
- 5.4** property consigned to or from any place outside the Territorial Limits;
- 5.5** mechanical or electrical breakdown, failure, breakage or derangement unless following an accident or misfortune not otherwise excluded;
- 5.6** consequential loss of any kind, delay or loss of market.



## F&I ASSETS POLICY RISKS

### EXTENSIONS TO INSURED EVENT 5

#### 1 Breakdown in Transit

If an insured conveyance breaks down during any transit or if for any reason beyond the control of the Insured the Property Insured is endangered the Insured may use any form of alternative conveyance to complete the transit and/or safeguard the Property Insured;

#### 2 Non-Acceptance

If a consignee refuses to accept delivery of the Property Insured this insurance shall continue until such property is redelivered to the Insured's premises by any means of conveyance but the

Insured shall take all reasonable steps to ensure that such property is delivered as soon as is reasonably possible.



## F&I ASSETS POLICY RISKS

### INSURED EVENT 6. MACHINERY BREAKDOWN

#### Insured Events

Unforeseen physical damage to Insured Property which occurs during the Period of Insurance from any cause not hereinafter excluded whilst the Insured Property is

1. operating or at rest
2. being dismantled, removed, repositioned, cleaned, inspected, repaired or overhauled including subsequent re-erection at the Insured's Premises
3. temporarily removed from the Insured's premises (including loading and unloading) in transit, storage en route, to or from any other location for the purpose of overhaul, repair or maintenance anywhere within the Territorial Limits as stated in the schedule In cases where the damage can be repaired:

(hereinafter called "Damage").

#### Insured Property

All plant, machinery (including electronic equipment forming an integral part thereof) and ancillary equipment, including foundations owned by or leased to the Insured or for which the Insured has accepted responsibility to insure.

#### Basis of Loss Settlement

The Insurers agree to indemnify the Insured by payment or at the option of the Insurers by replacement, reinstatement or repair in respect of the Insured Events indemnifiable by this Section.

The indemnity by this Section, subject always to the Declared Value as stated in the Schedule or any specific Limit of Liability contained in the Policy, shall be:

#### Repair Replacement or Reinstatement Costs:

the cost of restoring the Insured Property to working order

#### Definition of New Property:

New Property installed for the first time where the period after completion of erection does not exceed three (3) years or such extended period as may be approved by the Insurers as hereinafter provided.

- (a) (i) the work of replacement or reinstatement (which may be carried out upon another site and in any manner suitable to the requirements of the Insured subject to the liability of the Insurers not being thereby increased) must be commenced and carried out with reasonable despatch otherwise no payment exceeding the Market Value of the Insured Property immediately before the Damage shall be made
- (ii) until expenditure has been incurred by the Insured in replacing or reinstating the Insured Property the Insurers shall not be liable for any payment in excess of the amount which would have been payable if these conditions had not been incorporated herein

These conditions shall be without force or effect if:

- (iii) at the sole option of the Insurers following commercial and technical appraisal of a representative of the Insurers the period referred to in the Definition of New Property may be extended (on an annual basis from Renewal Date) subject always to such extension of period being admitted by Memorandum to the Policy



## F&I ASSETS POLICY RISKS

(b) in respect of Insured Property not provided for in (a) above:

The Replacement Value cost of replacing or reinstating on the same site property identical in every respect to the Insured Property provided always that:

the Insured fail to intimate to the Insurers within three (3) months of the date upon which the damage occurred (or such further time as the Insurers may in writing allow) their intention to replace or reinstate the Insured Property

the Insured are unable or unwilling to replace or reinstate the Insured Property on the same or another site

the Market Value of the Insured Property immediately before the damage together with the cost of removing the damaged property but less the value of the remains. The Insured Property shall be regarded as totally destroyed if the repair costs as defined in a above equal or exceed its Market Value immediately before the Damage.

### Definition of Market Value:

1. The current day purchase price of second-hand/used property identical in every respect to the property Damaged and substantially of similar condition. Where no similar property is available Market Value shall be calculated by deducting from the current New Replacement Value of the Insured Property reasonable amount for use based on an appropriate depreciation scale
2. Replacement Capacity Conditions  
At the option of the Insured, the Reinstatement Value of Insured Property declared may be the new installed cost of a new item or items of similar quality and capacity or output ("the Item") provided that, following Damage,
  - 2.1 if the Item has a greater capacity or output than the Insured Property being replaced, and the replacement value is not greater than the Declared Value, then no deduction shall be made from any claim for the improved capacity or output
  - 2.2 in the event of repair, the liability of the Insurers shall not be reduced should the Declared Value be less than the Reinstatement Value of the Insured Property
  - 2.3 under no circumstances will the Insurers be liable for any amount in excess of the Declared Value

### Specific Memoranda

1. Declared Value  
"Declared Value" shall mean the value declared to Insurers as the Insured's assessment of the Reinstatement Value of the Insured Property as at the first day of the Period of Insurance immediately anterior to Damage, without provision for inflation either before or after Damage.
2. Reinstatement Value  
Reinstatement Value shall mean the cost of replacing or reinstating on the same site property identical in every respect to the Insured Property as new.



## F&I ASSETS POLICY RISKS

### 3. AVERAGE – Day One Basis

If at inception of this Policy or any renewal thereof (or, in the case of additions, extensions, acquisitions and new locations subsequent to the first day of the Period of Insurance, as at the effective date such Insured Property being included under this Policy) the total Declared Value of the Insured Property is less than 90% of the Reinstatement Value of the Insured Property, the Insured shall be considered their own insurer for the difference and bear a rateable share of the loss accordingly.

### Specific Exclusions

The Insurers shall not be liable to indemnify the Insured irrespective of the original cause in respect of

#### 1. Damage:

- 1.1 as insured under Insured Events;
- 1.2 resulting directly from experiments, deliberate overloading or misapplication of tools;
- 1.3 due to rock fall in mines.
- 1.4 due to faults or defects, existing and known to responsible management of the Insured and not disclosed to the Insurers at the inception or during the currency of this insurance;
- 1.5 due to theft, collapse of buildings,
- 1.6 due to water which escapes from any container;
- 1.7 due to subsidence, landslip, storm, flood, hail, snow, inundation, earthquake, earth tremor, volcanic eruption or other convulsions of nature or rock fall in mines,
- 1.8 Accidental Damage as insured under Insured Events

2. wastage of material or the like, or wearing away or wearing out of any part of the Insured Property, caused by or naturally resulting from ordinary usage or working or other gradual deterioration; but indemnifiable Damage as a consequence of wearing out is not hereby excluded

3. refractories, exchangeable parts and tools such as (but not limited to) bits, cutters, knives, saw blades, dies, patterns or rollers, sieves, chains, belts, ropes, conveyor belting, jointing and packing material, contacts at which arcing and sparking occurs, heating elements and collecting brushes, unless as a direct result of Damage (as insured in terms of this Section), provided that the Insurers will indemnify the Insured for any residual value of any of the aforementioned items following an indemnifiable loss

4. parts having a short life such as (but not limited to) X-ray tubes, cathode ray tubes, thermionic emission tubes, fuses and sacrificial buffer circuits. If such parts are damaged as a result of an Insured Event, the Insurers shall indemnify the Insured for the residual value of such parts

5. consequential loss due to delay or interruption to the business or liability of any nature whatsoever other than as specifically provided for in this Policy

6. additions, alterations or improvements undertaken on the occasion of repair of Damage

### Specific Conditions

#### 1. Obligation of the Insured

The Insured shall notify the Insurers of any faults or defects in the Insured Property known to the Insured at inception or renewal anterior thereto or during the currency of any Period of Insurance indemnified by this insurance.





## F&I ASSETS POLICY RISKS

### Specific Clauses

#### 1. Supplier's or Manufacturer's Guarantee or Warranty

In the event of Damage to property which is the subject of a supplier's or manufacturer's guarantee or warranty, the repair, replacement, rectification or reinstatement of such property shall include everything necessary to preserve, without limitation, reduction, or prejudice, all benefit under such guarantee or warranty.

#### 2. Emergency Repairs

The Insured may proceed with the repair of machinery before inspection by or on behalf of the Insurers provided that the liability of the Insurers is not thereby increased and that any damaged part requiring replacement is retained for inspection by the Insurers.

#### 3. Replacement Spares

in the event of Insured Property being scrapped by the Insurers following Damage not hereby excluded, Insurers will reimburse the Insured with the cost of equivalent spares for replacement property to that previously held by the Insured for the scrapped property less

#### 4 If property lost or damaged;

4.1 is to be replaced by an item or items which have the same or lesser total

function, capability or output, then the insurable value thereof shall be the new installed cost of such replacement item or items as would give the same total function, capability or output as the property lost or damage;

4.2 is to be replaced by an item or items which have a greater total function, capability or output and the new installed cost of such replacement property is no greater than the replacement value of the property lost or damage then no deductions shall be made from any claim for the improved function, capability or out of the replacement property;

4.3 is to be replaced by an item or items which have a greater total function, capability or output and the new installed cost of such replacement property is greater than the replacement value of the property lost or damaged, then the insurable value of such property lost or damaged is either;

4.3.1 the estimated cost of reinstatement of such property lost or damage as defined in the Reinstatement Conditions Clause

4.3.2 that portion of the new installed cost of the replacement item or items which the output of the property lost or damage bears to the output of the replacement items whichever is the lesser.

4.3.3 in the event of partial loss or damage where property is to be repaired, this insurance shall pay the cost of restoration of the property to a condition substantially the same as but not better or more extensive than its condition when new

4.3.4 the liability of the Insurers shall not exceed the sum representing the cost which the Insurers would have been called upon to pay if such property insured had been wholly destroyed the amount, if any, realised from the sale of the previously held spares, provided that this clause shall not apply in respect of mobile plant and mobile machinery whose market value prior to damage is less than 30% of new replacement cost.



## F&I ASSETS POLICY RISKS

### Specific Extensions

This insurance extends to:

#### 1. Operational Media

cover the renewal or recharging of any operational media, other than lubricants, in any Insured Property necessitated by Damage.

#### 2. Foundations, Refractories and Brickwork

Included

provided always that in the event of a loss involving replacement, reinstatement or repair of refractories, the liability of the Insurers will be limited to the proportion of the new replacement value at the time of Damage that the unexpired life of such refractory bears to the original expected life and the Insurers' liability shall not exceed the limit stated in the Schedule of Limits of Liability.

#### 3. Costs in Gaining Access

include costs necessarily and reasonably incurred in gaining access for repair or replacement as a direct consequence of Damage.

#### 4. Hire of Air Compressors

indemnify the Insured.

4.1. for the reasonable cost incurred in respect of the hire of any Air Compressor Set(s) in temporary replacement of the items insured hereunder should these be rendered inoperative as a result of and solely due to and Insured Event;

4.2 the additional expenditure necessary and reasonably incurred for the sole purpose of avoiding or diminishing the costs in respect of the hire of any Air Compressor Set(s) which but for that expenditure would have taken place but not exceeding the amount of the reduction thereby avoided.

provided that :

- i. the liability of the Insurers under this extension in respect of any one Air Compressor Set shall not exceed the sum insured as stated in the Schedule of Limits of Liability.
- ii. the underlying deductibles shall not apply to this extension of cover.

#### 5. Clearance Costs

include costs necessarily incurred by the Insured in demolishing or dismantling Insured Property, removing debris from the site and providing, erecting and maintaining any hoarding required during such demolition, shoring up, propping and site clearance operations following Damage.

#### 6. Expediting Costs

include costs of express delivery (including air freight charges) overtime work night work or work on public holidays subject always to a limit of 50% (fifty percent) of the amount which the repair replacement or reinstatement would have cost had such additional expenses not been incurred.



## F&I ASSETS POLICY RISKS

### 7. Deterioration or Putrefaction of Stocks

7.1 Damage to the Controlled Environment System;

7.2 Malfunction of the Controlled Environment System;

7.3 Failure of the Controlled System to operate at normal efficiency;

7.4 Total or partial failure of the supply of Electricity at the Controlled Environment System terminals;

7.5 Escape of refrigerant

7.6 the liability of the Insurers shall not exceed the cost to the Insured of the replacement of such stocks delivered to the place where the loss has occurred plus costs of handling and storage up until the time of the loss and disposal of the deteriorated, contaminated or putrefied stocks.

7.6.1 values declared on replacement costs;

7.6.2 an order for replacement of damaged stock is placed as soon as practicable after the Occurrence unless the Insured be otherwise instructed in writing by the Insurers;

7.7 the Insurer shall not be liable for consequential loss or liability due to or arising from the deterioration, contamination or putrefaction of stock, provided that the Insurers' liability shall not exceed the sum insured as stated in the Schedule.

### 8. Additional / Replacement Machinery

Include additional property that cover shall attach once the installation and commissioning of such property has been satisfactorily completed and such property is put into use. This indemnity shall also include any extension to or modification of existing property.

### 9. Spoilage of Product

provide for spoilage of product arising out of and as a direct result of an Insured Event as provided herein to the Insured Property.

provided that:

i) the liability of the Insurers under this extension shall not exceed the sum insured as stated in the Schedule.

ii) the deductible stated in the Schedule shall apply in respect of each and every occurrence.

### 10. Professional Fees

include professional fees (for estimates, plans, specifications, quantities, tenders and supervision) necessarily incurred in the reinstatement or replacement of Insured Property following Damage

It is understood and agreed that the amount payable in respect of such fees shall not include expenses incurred in connection with the preparation of the Insured's claim.



## F&I ASSETS POLICY RISKS

### 11. **Undamaged Equipment**

include loss incurred less the amount of any salvage money obtained in the event of undamaged equipment stock and or materials in trade becoming unusable for any reason whatsoever resulting solely from Damage insured by this Policy.

### 12. **Increased Leasing/Hire Costs**

include the additional costs resulting from the cancellation of any lease/hire contract in force at the time of Damage and replacement thereof by a new lease/hire contract in respect of similar property, at a rental charge rate above that payable under the cancelled contract, as a direct result of Damage. The additional lease/hire charges are to be paid for a maximum period of 12 months.

### 13. **Import Surcharge**

include Import Surcharges levied in terms of the Customs and Excise Act 1964 (as amended) or similar legislation in any other territory, and the amount payable shall be the actual import surcharges incurred in replacement of property following Damage.

### 14. **Loss of Contents of Tank/Storage Vessels**

provide for the loss of contents of tanks/or storage vessels and cleaning up costs incurred as a direct result of an Insured Event to the tanks/vessels as provided for herein but subject to the following additional Exceptions:

- i) loss by evaporation, pollution, trade losses
- ii) valves left open. provided that:
  - a) the liability of the Insurers under this extension shall not exceed the limit as stated in the Schedule.
  - b) the deductible as stated in the Schedule shall apply in respect of each and every occurrence.

### 15. **Wire Ropes**

Wire ropes forming part of Insured Property, but shall be limited to the normal life of the rope. The normal life shall be defined as the average life completed by the immediately preceding two sets of ropes used for the same duty. Should complete replacement become necessary during the normal life, then the Insurer shall only be liable pro rata for the portion of the estimated life remaining in the rope, calculated on the basis of normal life.

This Specific Extension shall only apply to the complete severance of wire ropes and not to individual strands.



## F&I ASSETS POLICY RISKS

### **INSURED EVENT 7. ELECTRONIC EQUIPMENT**

#### **Insured Events**

Physical loss of or damage to the Insured Property from any cause not hereinafter excluded which occurs during the Period of Insurance (hereinafter called "Damage") within the Territorial Limits as stated in the Schedule.

#### **Insured Property**

Electronic equipment, not forming an integral part of Insured Property as defined in the Machinery Breakdown section of this Policy, owned by or leased to the Insured or for which the Insured has accepted responsibility to insure.

#### **Basis of Loss Settlement**

- (a) Where the Damage can be repaired, the Insurers will pay the cost of restoration to working order including installation of new parts of similar kind and quality without deduction for betterment
- (b) Where the Insured Property is totally lost or destroyed, the Insurers will pay the current installed new replacement value of the Insured Property (or similar Property providing the same function) at the time of reinstatement provided always that
  - (i) the salvage value becomes the property of the Insurers but the Insured shall not be entitled to abandon the remains
  - (ii) the liability of the Insurers in respect of Insured Property not replaced shall be the installed new replacement value of such Property less equitable depreciation of such damaged Property at the time of loss.
- (c) In respect of (a) and (b) above the indemnity provided shall include all costs necessarily and reasonably incurred by the Insured in respect of
  - (i) dismantling and re-erection costs and customs dues, if any,
  - (ii) the customary daily rates of wages in the district together with ordinary freight charges, express delivery including airfreight, overtime and Sunday and holiday rates of wages in connection with repairs, reinstatement or replacement (subject to a limit of 50% of the amount which the repair or replacement would have cost had these extra expenses not been incurred)
  - (iii) engineers' and other professional fees for the reinstatement of loss or damage in accordance with the scale recommended by the appropriate professional body excluding any fees incurred in connection with the preparation of the claim
  - (iv) dismantling, demolition or clearance of the Insured Property removing debris from the premises and providing, erecting and maintaining hoardings and similar structures
- (d) Costs of alterations additions improvements and overhauls carried out on the occasion of a repair unrelated to the loss or damage are payable by the Insured
- (e) If, without the consent of the Insurers, temporary repairs are carried out by the Insured in the interests of safety or to minimise further Damage the cost of such temporary repairs shall be borne by the Insurers.



## F&I ASSETS POLICY RISKS

### Specific Memoranda

#### 1. Declared Value

“Declared Value” shall mean the value declared to Insurers as the Insured’s assessment of the Reinstatement Value of the Insured Property, as at the first day of the Period of Insurance Immediately anterior to Damage, without provision for inflation either before or after Damage.

#### 2. Reinstatement Value

Reinstatement Value shall mean the cost of replacing or reinstating on the same site property identical in every respect to the Insured Property as new.

#### 3. AVERAGE – Day One Basis

If at inception of this Policy or any renewal thereof (or, in the case of additions, extensions, Acquisitions and new locations subsequent to the first day of the Period of Insurance, as at the effective date such Insured Property being included under this Policy) the total Declared Value of the Insured Property is less than 90% of the Reinstatement Value of the Insured Property, the Insured shall be considered their own insurer for the difference and bear a rateable share of the loss accordingly.

### Specific Exclusions

#### 1. The Insurers shall not be liable to indemnify the Insured in respect of

- 1.1 loss or damage as insured under Insured Events.
- 1.2 theft, collapse of buildings,
- 1.3 water which escapes from any container
- 1.4 subsidence, landslip, storm, flood, hail, snow, inundation, earthquake, earthtremor, volcanic eruption or other convulsions of nature or rock fall in mines
- 1.5 Accidental Damage as insured under Insured Events;

#### 2. wastage of material or the like or wearing away or wearing out of any part of the Insured Property caused by or naturally resulting from ordinary usage or working or other gradual deterioration, development of poor contacts, scratching of painted or polished surfaces unless caused by an Insured Event but resultant Damage is not hereby excluded

#### 3. parts having a short life such as (but not limited to) X-ray tubes, cathode ray tubes, thermionic emission tubes, fuses and sacrificial buffer circuits. If such parts are damaged as a result of an Insured Event, the Insurers shall indemnify the Insured for the residual value of such parts

#### 4. the cost of reproducing data whether recorded on cards, tapes, discs or otherwise unless specifically provided for herein

#### 5. loss of use of the Insured Property or other consequential loss, damage or liability of any nature whatsoever other than losses specifically provided for herein

#### 6. loss or damage provided for under the terms of any maintenance or leasing agreement effected by or on behalf of the Insured

#### 7. modification of or alteration to the Insured Property to ensure the operating integrity of the electronic system;

#### 8. replacement or system upgrading of legal programmes to achieve compatibility with the modified or altered electronic system;



## F&I ASSETS POLICY RISKS

9. modification of previously captured data which has become inaccessible due to modification of or alteration to the electronic system or in consequence of the replacement or upgrading of legal programmes.

### Specific Clauses

#### 1. Supplier's or Manufacturer's Guarantee or Warranty

In the event of Damage to property which is the subject of a supplier's or manufacturer's guarantee or warranty, the repair, replacement, rectification or reinstatement of such property shall include everything necessary to preserve, without limitation, reduction, or prejudice, all benefit under such guarantee or warranty.

#### 2. Functional Unit

In the event of the loss or destruction of part of any combination of separate items of Insured Property comprising a functional unit, whether the items are at the same location or not, which renders the remaining part or parts of the unit unusable, Insurers agree to indemnify the Insured for the full value of such functional unit.

### Specific Extensions

The Insurers will also indemnify the Insured in respect of

#### 1. Reconstitution of Data

all costs and expenses which the Insured shall necessarily and reasonably incur in the reconstruction or recompilation of data and programmes, recorded on data carrying media, lost as a result of Damage or accidental erasure provided always that the indemnity shall not extend to nor include such costs incurred due to programme errors, incorrect entry or the cancellation or corruption of data or programmes other than as stated above.

#### 2. Increased Leasing/Hire Costs

the additional costs resulting from the cancellation of any lease/hire contract in force at the time of Damage, and replacement thereof by a new lease/hire contract in respect of similar property, at a rental charge rate above that payable under the cancelled contract, as a direct result of Damage. The additional lease/hire charges are to be paid for the remainder of the contract subject to a maximum period of 12 months.

#### 3. Incompatibility

costs incurred by the Insured to maintain normal operations in consequence of indemnifiable loss or damage in respect of:

- 3.1 modification of or alteration to the Insured Property to ensure the operating integrity of the electronic system;
- 3.2 replacement or system upgrading of legal programmes to achieve compatibility with the modified or altered electronic system;
- 3.3 modification of previously captured data which has become inaccessible due to modification of or alteration to the electronic system or in consequence of the replacement or upgrading of legal programmes.

#### 4. Temporary Replacement Property

charges for substitute or temporary replacement property during the period commencing immediately after the occurrence of Damage.





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## SECTION 2 - BUSINESS INTERRUPTION

### INSURED EVENT

The Insurers will indemnify the Insured in accordance with the provisions hereinafter set out for loss following interruption of or interference with the Business in consequence of Damage occurring during the period of insurance at the Premises in respect of which payment has been made or liability admitted under Insured Event 1 of Section 1 of this Policy during the policy period (hereinafter termed Damage) provided that liability shall be deemed to have been admitted if such payment is precluded solely because the Insured is required to bear the first portion of the loss.

### BASIS OF INDEMNITY

#### **1 Gross Profit**

The amount payable is limited to loss of Gross Profit due to:

**1.1** reduction in Turnover being the sum produced by applying the Rate of Gross Profit to the amount by which the Turnover during the Indemnity Period shall, in consequence of the Damage, fall short of the Standard Turnover

and

**1.2** increase in cost of working being the additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the reduction in Turnover which, but for that expenditure, would have taken place during the Indemnity Period in consequence of the Damage but not exceeding the sum produced by applying the Rate of Gross Profit to the amount of the reduction thereby avoided

less any sum saved during the Indemnity Period in respect of such of the:

(Difference Basis) charges and expenses of the business payable out of gross profit

(Additions Basis) insured Standing Charges:

as may cease or be reduced in consequence of the Damage provided that if the sum insured by this item be less than the sum produced by applying the Rate of Gross Profit to the Annual Turnover (or to a proportionately increased multiple thereof where the Indemnity Period exceeds 12 months) the amount payable shall be proportionately reduced.

#### **2 Gross Revenue**

The amount payable is limited to:

**2.1** loss of Gross Revenue being the amount by which the Gross Revenue during the Indemnity Period shall, in consequence of the Damage, fall short of the Standard Gross Revenue

and



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- 2.2** increase in cost of working being the additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the loss of Gross Revenue which, but for that expenditure, would have taken place during the Indemnity Period in consequence of the Damage but not exceeding the amount of the reduction in Gross Revenue thereby avoided

less any sum saved during the Indemnity Period in respect of such of the working expenses and standing charges of the Business as may cease or be reduced in consequence of the Damage provided that if the sum insured by this item be less than the Annual Gross Revenue (or to a proportionately increased multiple thereof where the

Indemnity Period exceeds 12 months) the amount payable shall be proportionately reduced.

### **3 Rent Receivable**

The amount payable is limited to:

- 3.1** loss of Rent Receivable being the amount by which the Rent Receivable during the Indemnity Period shall, in consequence of the Damage, fall short of the Standard Rent Receivable

and

- 3.2** increase in cost of working being the additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the loss of Rent Receivable which, but for that expenditure, would have taken place during the Indemnity Period in consequence of the Damage but not exceeding the amount of the reduction in Rent Receivable thereby avoided

less any sum saved during the Indemnity Period in respect of such of the charges or expenses of the Business as may cease or be reduced in consequence of the Damage provided that if the sum insured by this item be less than the Annual Rent Receivable (or to a proportionately increased multiple thereof where the Indemnity Period exceeds 12 months) the amount payable shall be proportionately reduced.

### **4 Additional Increase in Cost of Working**

The insurance under this item is limited to such further expenditure beyond that recoverable under item 1.2, 2.2 or 3.2 as the Insured shall necessarily and reasonably incur during the Indemnity Period in consequence of the Damage for the purpose of maintaining the normal operation of the Business.

### **5 Increased Cost of Working (applicable to all data carrying media)**

- 5.1** The insurance under this item is limited to the additional expenditure necessarily and reasonably incurred by the Insured during the Indemnity Period in consequence of Insured Events 1 and 2 of Section 1 for the sole purpose of avoiding or diminishing the interruption of or interference with the normal business of the Insured

less any sum saved during the Indemnity Period in respect of such of the charges and expenses of the Business as may cease or be reduced in consequence of the said Insured Events.



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The indemnity by this item shall not apply directly or indirectly to

**5.1.1** the cover provided for in item 5.2 of this Section of the Policy

**5.1.2** the intrinsic value (including reinstatement value) of the property insured by Section A of the Policy.

### **5.2 Reinstatement of data/programs**

Costs and expenses necessarily and reasonably incurred by the Insured for the reconstitution or recompilation of data and/or programs recorded on or stored in data-carrying media which is lost as a result of accidental erasure (which shall include the Insured Events 1 and 2 in the indemnity clause to Section A of this Policy) or by theft or by the deliberate wilful or wanton intention of causing the cancellation or corruption of data or programs as provided for in Section A of this Policy

provided always that

- (a) the indemnity shall not extend to nor include such costs incurred due to program errors, incorrect entry or the inadvertent cancellation or corruption of data and/or programs
- (b) in respect of each and every occurrence or series of occurrences arising out of or in connection with any one event indemnifiable by this item, the Insured shall bear the amount stated in the Specification as the First Amount Payable
- (c) where the Insured elects to insure programs (software), a schedule of such programs shall be lodged with the Company at the commencement of each Period of Insurance.

### **Specific exception to Item 5 of Section B**

#### **Fines and damages**

Unless specifically provided for the Company shall not be liable to indemnify the Insured in respect of fines or damages for breach of contract for late or non-completion of orders or any penalties of whatsoever nature.

## **6. Research and Development Expenditure**

This insurance shall indemnify the Insured for

- 6.1.1** research establishment and development expenditure lost in consequence of the damage;
- 6.1.2** increase in cost of working incurred in consequence of the damage.

The amount payable as indemnity hereunder shall be limited to:

- 6.2.1** the cost of redevelopment of any projects (commenced prior to the damage) up to the stage reached at the time of the damage



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the increased costs incurred by the Insured to return the projects to the point in time which would have been reached had the damage not occurred. Payment under this item shall cease once the project is again on schedule

less any savings in expenditure not incurred in consequence of the damage.

### **DEFINITIONS APPLICABLE TO SECTION 2**

#### **Indemnity Period**

The period commencing with the occurrence of the Damage and ending not later than the number of months thereafter stated in the Specification during which the results of the Business shall be affected in consequence of the Damage.

#### **Turnover**

The money paid or payable to the Insured for goods sold and delivered and for services rendered in the course of the Business at the Premises.

#### **Gross Profit (Additions Basis)**

The sum produced by adding to the Net Profit the amount of the insured Standing Charges or, if there be no Net Profit, the amount of the insured Standing Charges less such a proportion of any net trading loss as the amount of the insured Standing Charges bears to all the Standing Charges of the Business.

#### **Gross Profit (Difference Basis)**

The amount by which the sum of Turnover, closing stock and work in progress exceeds the sum of opening stock and the Specified Working Expenses stated in the Specification. The amount of opening and closing stock and work in progress shall be arrived at in accordance with the Insured's normal accounting methods due provision being made for depreciation.

#### **Net Profit (Additions Basis)**

The net profit (exclusive of all capital receipts and all outlay properly chargeable to capital) resulting from the Business of the Insured at the Premises after due provision for all standing and other charges including depreciation but before deduction of any taxation chargeable on profits.

#### **Insured Standing Charges (Additions Basis)**

As stated in the Specification.

#### **Gross Revenue**

The money paid or payable to the Insured for goods sold and for services rendered in the course of the Business.

#### **Rent Receivable**

The money paid or payable to the Insured by tenants in respect of rental at the Premises and for services rendered.

#### **Rate of Gross Profit**

The rate of gross profit earned on the turnover during the financial year immediately before the date of the Damage.

If the Damage occurs before the completion of the first year's trading of the Business at the Premises the values of the bracketed terms shall be calculated by using values proportionate to the results obtained during the period between the commencement of the Business and the date of the Damage.



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### **Annual Turnover/Gross Revenue/Rent Receivable**

The Turnover / Gross Revenue / Rent Receivable during the twelve months immediately before the date of the Damage.

### **Standard Turnover/Gross Revenue/Rent Receivable**

The Turnover / Gross Revenue / Rent Receivable during that period in the twelve months immediately before the date of the Damage which corresponds with the Indemnity Period.

If during the Indemnity Period goods shall be sold, services shall be rendered, work shall be done or the Business shall be conducted elsewhere than at the Premises the money paid or payable to the Insured in respect of such sales, services or work performed shall be brought into account in arriving at the Turnover, Revenue or Rent Receivable during the Indemnity Period.

### **CLAUSES CONDITIONS AND EXTENSIONS APPLICABLE TO SECTION 2**

#### **1 Termination of Cover**

The insurance under this section shall cease, unless the Insurers have given their written consent, if the Business is wound up or carried on by a liquidator or judicial manager or is permanently discontinued.

#### **2 Due Diligence**

- 2.1** On the happening of any Damage in consequence of which a claim is or may be made under this section, the Insured shall, in addition to complying with General Conditions 3 and 4, with due diligence do and concur in doing and permit to be done all things which may be reasonably practicable to minimise or check any interruption of or interference with the Business or to avoid or diminish the loss and in the event of a claim being made under this section shall, not later than thirty days after expiry of the Indemnity Period or within such further time as the Leading Insurer, on behalf of the Insurers, may in writing allow, at their own expense deliver to the Insurers in writing a statement setting forth particulars of their claim together with details of all other insurances covering the Damage or any part of it or consequential loss of any kind resulting therefrom.
- 2.2** The Insured shall, at their own expense, also produce and furnish to the Insurers such books of accounts and other business books, vouchers, invoices, balance sheets and other documents as may reasonably be required by the Insurers for the purpose of investigating or verifying the claim together with, if demanded, a statutory declaration of the truth of the claim and of any matters connected therewith.
- 2.3** No claim under this section shall be payable unless the terms of this condition have been complied with and, in the event of non-compliance therewith in any respect, any payment on account of the claim already made shall be repaid to the Insurers forthwith.

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### 3 Accumulated Stocks (Applicable Gross Profit Basis of Indemnity)

In adjusting a loss an equitable allowance shall be made if any shortage in turnover due to the Damage is postponed by reason of the Turnover being temporarily maintained from accumulated stocks.

### 4 Auditors

The Insured's auditors or professional accountants may certify from the Insured's books of account or other business books any detail required by the Insurers and their certificate shall be prima facie evidence of such detail.

### 5 Departments/Branches

If the Business is conducted in departments/branches, the independent trading results of which are ascertainable, the provisions of Gross Profit/Gross Revenue/Rent Receivable, relating to reduction in Turnover/Gross Revenue/Rent Receivable and increase in cost of working, shall apply separately to each department/branch affected by the Damage except that if the sum insured by the relative item be less than the aggregate of the Annual Gross Revenue/Annual Rent Receivable/sums produced by applying the Rate of Gross Profit for each department/branch of the Business (whether affected by the Damage or not) to the relative Annual Turnover (or to a proportionately increased multiple thereof where the Indemnity Period exceeds 12 months) the amount payable shall be proportionately reduced.

### 6 Time Excess

Wherever a Time Excess is indicated in the Schedule the definition of Indemnity Period is amended to read:

"The period commencing with the expiration of the Time Excess shown in the Schedule following the occurrence of the Damage and ending not later than the number of months thereafter stated in the Schedule during which the results of the Business shall be affected in consequence of the Damage."

### 7 Salvage Sale

If the Insured shall hold a sale of salvage during the Indemnity Period the provisions of Gross Profit shall, for the purposes of such claim, read as follows:

"in respect of reduction of Turnover the sum produced by applying the Rate of Gross Profit to the amount by which the Turnover during the Indemnity Period (less the Turnover for the period of the salvage sale) shall, in consequence of the Damage, fall short of the Standard Turnover from which sum shall be deducted the Gross Profit actually earned during the period of the salvage sale."

### 8 Extensions to Other Premises

**8.1** Loss, as insured by this section, resulting from interruption of or interference with the Business in consequence of Damage (as within defined) to property (of a type not excluded by Section 1 of this policy) at the undernoted situations within the Territorial Limits shall be deemed to be Damage to property used by the Insured at the Premises.

#### **8.1.1 Contract Sites (if stated to be included in the schedule)**

The situation(s) listed in the Schedule where the Insured is carrying out a contract for an amount not exceeding the percentage of the sum insured as stated in the Schedule provided that this extension shall not apply to any situation(s) occupied by the Insured.

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- 8.1.2 Customers (if stated to be included in the schedule)**  
The premises of the Insured's customers listed in the Schedule for an amount not exceeding the percentage of the sum insured as stated in the Schedule. This policy covers first tier only and is subject to the territorial limits as stated in the Schedule.
- 8.1.3 Unspecified Customers (if stated to be included in the schedule)**  
The premises of any of the Insured's customers for an amount not exceeding 20% of the Gross Profit sum insured as stated in the Schedule. This policy covers first tier only and is subject to the territorial limits as stated in the Schedule.
- 8.1.4 Specified Suppliers (if stated to be included in the schedule)**  
The premises of the suppliers listed in the Schedule for an amount not exceeding the percentage of the sum insured stated in the Schedule. Subject to the Insurers' prior agreement the Territorial Limits of such suppliers is premises situated within the territorial limits as stated in the schedule. This policy covers first tier only.
- 8.1.5 Unspecified Suppliers (if stated to be included in the schedule)**  
The premises of any of the Insured's suppliers, manufacturers or processors of components, goods or materials but excluding the premises of any public supply undertaking from which the Insured obtains gas, electricity or water provided that: LIMITED TO a MAXIMUM OF 20% of THE GROSS PROFIT sum insured or the sum insured as stated in the schedule .
- 8.1.5.1** the Insurer's liability for any one occurrence of damage does not exceed the percentage of the sum insured as stated in the Schedule.
- 8.1.5.2** in respect of premises situate in Japan or North America loss or damage caused by earthquake is not insured by this extension.
- 8.1.5.2** This policy covers first tier customer's and supplier's only and is subject to the territorial limits as stated in the Schedule.
- 8.1.6 Storage Sites**  
The premises listed in the Schedule where property of the Insured is stored for an amount not exceeding the percentage of the sum insured stated in the Schedule provided that this extension shall not apply to any premises occupied by the Insured.
- 8.1.7 Transit and Vehicles**  
Property of the Insured while in transit by air, road, rail or inland waterway and, notwithstanding the exclusion to Property Insured, vehicles owned or operated by the Insured elsewhere than at premises occupied by the Insured for an amount not exceeding the percentage of the sum insured stated in the Schedule.
- 8.2** Loss, as insured by this section, resulting from interruption or interference with the Business in consequence of Damage (as within defined) at the undernoted situations within the territorial limits shall be deemed to be Damage to property used by the Insured at the Premises:
- 8.2.1 Prevention of Access (Extended Cover) (if stated to be included in the schedule)**  
Property within a 50 km radius of the Insured's Premises destruction of or damage to which shall prevent or hinder the use of the Premises or access thereto whether the Premises or property of the Insured therein shall be damaged or not.

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### 9 Public Utilities (if stated to be included in the schedule)

Loss, as insured by this section, resulting from interruption of or interference with the Business in consequence of total or partial failure of the public supply of water, gas, electricity or telecommunications to the Premises of the Insured shall be deemed to have resulted from Damage (as within defined) provided that this insurance does not cover loss resulting from damage directly or indirectly caused by:

- 9.1 the deliberate act of the Insured or the exercise of an authority empowered by law to supply water, gas, electricity or telecommunications of its power to withhold or restrict supply unless such withholding or restriction is directly attributable to Damage (as within defined) to property of such authority;
- 9.2 drought;
- 9.3 pollution of water;
- 9.4 shortage of fuel or water;
- 9.5 any event described in General Exceptions 1, 2, 3, 4 and 7;
- 9.6 damage to property situated outside the Territorial Limits.

In respect of interruption of or interference with the Business arising from mechanical or electrical breakdown there shall be no liability under this extension for interruption or interference with the Business unless such interruption or interference extends beyond 72 hours from commencement thereof.

### 10. Tax Allowances

10.1 The insurance under this item is limited to

#### 10.1.1 Increased Tax

The loss or reduction of adjusted tax allowance because of a reduction in Turnover during the Indemnity Period in consequence of the Damage occurring at the Premises of the Insured. The amount payable under this item will be amended if necessary so that the Insured is always placed in the same after tax position that would have pertained if the damage had not occurred and the Turnover had been maintained.

#### 10.1.2 Additional Expenditure

The additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding a reduction in the Turnover referred to in 10.1.1. The maximum amount payable under this item shall not exceed the amount of adjusted tax saved under 10.1.1.

10.2 If the sum insured by this item is less than the adjusted tax allowance due to the Insured at the time of the Damage (proportionately increased where the number of months in the Indemnity Period exceeds 12) the amount payable will be proportionately reduced.



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### 10.3 Definitions

**10.3.1** Tax allowance = the allowance granted to the Insured in terms of Section II Bis of the Income Tax Act.

**10.3.2** Adjusted tax allowance =  $\frac{\text{tax allowance} \times 100}{100 \text{ minus current tax rate}}$

**10.3.3** Turnover - the monetary value of goods and materials or other items upon which the tax allowance is based.

### 11. Telkom access (if stated to be included in the schedule)

Subject to the limits specified in the schedule, consequential loss as provided for under Insured Events of Section B arising from accidental failure of the Telkom access lines is included, provided always that the insurance under this extension shall be subject to the special conditions below.

#### Special conditions applicable to Telkom access lines

11.1 The liability of the Company shall not exceed the sum insured by this Section.

11.2 The Indemnity Period shall commence 72 hours after the failure and end not later than 31 days after such failure.

11.3 The insurance provided does not cover loss occasioned by the deliberate act of any Telkom authority or by the exercise of such Telkom authority of its power to withhold or restrict access to its lines.

### 12. Output

At the option of the Insured, the term Output may be substituted for the term Turnover and, for the purposes of this Section, Output shall mean the sale or transfer value, as shown in the Insured's books, of goods manufactured or processed by the Insured at the Premises

provided that

- (a) only the meaning of Output or the meaning of Turnover shall be operative in connection with any one event resulting in interruption
- (b) if the meaning of Output be used
  - (i) the Accumulated Stocks' clause shall be inoperative
  - (ii) the Memo at the end of the definitions shall read

If, during the Indemnity Period, goods shall be manufactured or processed other than at the premises for the benefit of the Business either by the Insured or by others on behalf of the Insured, the sale or transfer of such goods shall be brought into account in arriving at the Output during the Indemnity Period.



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### 13. Accumulated Stocks

In adjusting any loss, account shall be taken and an equitable allowance made, including to the Indemnity Period, if necessary, if any shortage in Output or Turnover, due to the Damage is postponed by reason of the Output or Turnover being temporarily maintained from accumulated stocks or stockpiles of finished goods, raw material or work in progress in warehouses, depots or other relevant holding areas.

### 14. Delayed Indemnity Period

(Not applicable to Machinery Breakdown or Electronic Breakdown, if Insured)

In the event of interruption of or interference with the Business, as a result of Damage, where the results of the business are affected commencing at a date later than that of the Damage, Insurers shall agree if required to amend the period during which indemnity is proved by this Policy, provided that:

- a. the commencement date of the Indemnity Period may be up to, but not exceeding 6 months after the date of Damage;
- b. the Indemnity Period shall cease at the number of months specified in the Schedule after the commencement of the Indemnity Period;
- c. there is no interruption of / or interference with the business, as a result of Damage, during the Indemnity Period between the date of Damage and such deferred commencement date of the Indemnity Period.
- d. the Insured has been operating for a minimum of a full duration of the indemnity period prior to the Damage.

### 15. Departmental Clause

If the Business be conducted in departments and/or branches, the independent trading results of which are ascertainable, the provisions of Gross Profit, Gross Rentals, Gross Revenue or Standing Charges (as set out under "Bases of Loss Settlement") shall apply separately to each department and/or branch affected by Damage.

### 16. Salvage Sale

If, following Damage giving rise to a claim under this Section, the Insured shall hold a salvage sale during the Indemnity Period suitable adjustment shall be made in the calculation of the loss.

### 17. Discontinuation of Business

Notwithstanding the provisions of Specific Condition 1 of this Section in the event of the Business being liquidated or permanently discontinued after Damage, this insurance shall subject to the agreement of the Insurer (which agreement shall not be unreasonably withheld) and the terms and conditions hereof, cover loss as insured for a period not exceeding the Maximum Indemnity Period and not exceeding the period that would have been necessary to reinstate the Premises or property therein damaged or destroyed, which period shall be mutually agreed by the Insured and the Insurer.



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### 18. Interest on Lost Sales

Business Interruption loss adjustments will take cognisance of the interest that would have been earned on the proceeds of sales, had the Damage not occurred, between the time that payment would have been received from the sale of goods and the time of receipt of payment in settlement of the claim

### 19. Premium Adjustment

The premium being provisional in that it is calculated on 75 per cent of the declared value is subject to adjustment on expiry of each period of insurance as follows:

In the event of the gross profit/gross rentals/revenue earned (proportionately increased if the number of months referred to in the definition of indemnity period exceeds twelve) during the financial year most nearly concurrent with any period of insurance being less or greater than 75 percent of the sum insured thereon, a pro rata return or additional premium not exceeding 33% of the provisional premium paid for such period of insurance will be made in respect of the difference.

In event of a claim being made under this section, the amount paid or payable thereon shall be regarded as actually earned.

## Specific Conditions

### 1. Voidability of Cover

This insurance shall be void, except with the written agreement of the Insurer, if the Business be wound up or carried on by a liquidator or judicial manager or is permanently discontinued.

### 2. Claims

On the happening of any Damage in consequence of which a claim may be made under this Section the Insured shall, in addition to complying with General Condition 3 of this Policy, with due diligence do and concur in doing and permit to be done all things which may be reasonably practicable to minimise or curtail any interruption of or interference with the Business or to avoid or diminish the loss and, in the event of a claim being made under this Section, shall as soon as reasonably practicable after the expiry of the indemnity period, at their own expense (subject to the Claims Preparation Costs extension) deliver to the Insurer in writing a statement setting forth particulars of their claim together with details of all other insurance covering the loss or any part of it or consequential loss of any kind resulting therefrom. No claim under this Section shall be payable unless the terms of this Specific Condition have been complied with and in the event of non compliance therewith in any respect, any payment on account of the claim already made shall be repaid to the Insurer forthwith.

### 3. Average

(Applicable only to Property Damaged by Fire and Allied Perils)

If, at inception of the Period of Insurance, the total Declared Value is less than the sum produced by applying the Rate of Gross Profit/Standing Charges as defined to the projected Turnover or if the Declared Value is less than the budgeted Gross Revenue / Gross Rentals (as applicable), (proportionately adjusted if the number of months referred to in the Definition of Indemnity Period exceeds twelve), the amount payable in terms of the insuring items 1 to 4 of the Bases of Settlement shall be proportionately reduced.

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It is understood and agreed that the Special Circumstances Clause shall not be taken into account when calculating the Rate of Gross Profit/Standing Charges or the projected Turnover in terms of this condition.

### **Specific Extensions**

Provided that the Insurer's liability shall not exceed in respect of any one Occurrence the amount stated in the Schedule, unless the words "Not Insured" appear in the Schedule against the specific extension, the indemnity in terms of this Section is extended to include:

#### **1. Additional Increase in Cost of Working**

This insurance will indemnify the Insured for additional expenditure not recoverable, in terms of Items 1 to 4 of the Basis of Settlement, incurred with the consent of the Insurers, which will not be unreasonably withheld, during the Indemnity Period in consequence of the Damage for the purpose of maintaining normal operation of the Business.

#### **2. Extended Premises**

(Not applicable to Machinery breakdown or Electronic Equipment, if insured)

This insurance extends to include loss due to interruption of or interference with the Business in consequence of loss or damage as insured by this Policy to property of the type not specifically excluded by the Property Damage Section (but this limitation shall not apply to 2.1.2 and 2.6 below) or to property or locations or property at such locations as hereunder:

##### 2.1

- 2.1.1 premises or locations where the Insured have stored or temporarily deposited property or are fulfilling a contract;
- 2.1.2 motor vehicles, watercraft, aircraft or railway rolling stock, including railway engines, of the Insured or carriers;
- 2.1.3 premises or locations of the Insured's controlling, holding, controlled or subsidiary companies.

2.2 premises in respect of which the Insured have entered into a contract to purchase, lease or tenant;

2.3 the Insured's direct customers within the territorial limits as stated in the schedule

2.4 the Insured's direct suppliers within the territorial limits as stated in the schedule

2.5 in the vicinity of the Insured's Premises preventing or hindering the use thereof or access thereto whether the premises or property therein be damaged or not. In the vicinity shall be deemed to mean within a radius of 10km.

##### 2.6

- 2.6.1 Macadamised roads, bridges, tunnels, dams;
- 2.6.2 railway lines, railway yards (including equipment);
- 2.6.3 airports, runways or airport control towers;
- 2.6.4 docks, piers, wharves, harbours or dockyards (including equipment);
- 2.6.5 canals, aqueducts, pipelines;
- 2.6.6 cargo or freight loading and unloading facilities.



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### 3. Extended Damage

loss due to interruption of or interference with the Business in consequence of total or partial failure of the supply to the Insured of electricity, gas, water, communications and data processing facilities, steam, sewerage and other similar services through any cause other than

- 3.1 drought;
- 3.2 shortage of fuel or water;
- 3.3 the deliberate act of the supplier, including the right of the supplier to withhold or restrict supply following failure of the Insured to comply with any contractual obligation, unless such act arises solely from the operation of Damage as insured by this Policy

There shall be no liability under this Extension for such interruption or interference of the Business for the first number of hours (Time Exclusion) as stated in the Schedule.

For the purposes of this Clause, supply shall be considered to have failed when the quantity or quality is inadequate for the purpose for which it is required.

### 4. Miscellaneous Risk Extension

**Please Note: Cover under this section is, subject to a maximum indemnity period or limited to the sum insured stated below due to**

(Not applicable to Machinery Breakdown or Electronic Equipment if insured)

Loss due to interruption of or interference with the Business in consequence of outbreak or occurrence as stated below, shall be deemed to be loss resulting from an insured event to Property used by the Insured at the premises provided that after the application of all other terms, conditions and exceptions of this Policy, subject to the limit of indemnity as stated in the schedule.

- 4.1 Murder or Suicide or any attempt thereat at the premises, subject to a maximum indemnity period of 7 days following the incident.
- 4.2 Injury or illness sustained by any person arising from or traceable to foreign or injurious matter in food or drink provided from the premises, limited to a maximum of R100,000 per any one event.
- 4.3 Closing of the whole or part of the premises by order of a competent Public Authority consequent upon vermin or pests or defects in the drains or other sanitary arrangements at the premises, subject to a maximum indemnity period of 7 days following the incident.
- 4.4 Vermin and / or pests, subject to a maximum indemnity period of 7 days following the incident.
- 4.5 The presence of noxious fumes, subject to a maximum indemnity period of 7 days following the incident.

### 5. Bomb Scare

(Not applicable to Machinery Breakdown or Electronic Equipment if insured)

Loss due to interruption of or interference as a result of an insured event under Section 1 Property Damage with the Business in consequence of a bomb scare at or within the radius as indicated in the Schedule of the Premises owned, used or intended for use or occupied by the Insured. The insurance by this extension does not cover any loss occasioned by or through or in consequence, directly or indirectly of any of the occurrences contained in

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General Exclusion 1.1.2 and 1.1.3.1.

This extension is subject to a maximum indemnity period of 14 days.

**NB Note that this Extension is not given automatically but only upon agreement with Insurer**

### 6. Maximum Demand Charges

Maximum demand charges incurred by the Insured during the Indemnity Period in consequence of loss of or damage to the Insured Property, which exceeds the normal rate payable by the Insured and/or those maximum demand charges which are not proportionally reduced in relation to the reduction in the amount of electricity or gas consumed.

This extension is subject to a maximum indemnity period of 30 days.

### 7. Hired-in Plant

loss due to interruption or interference with the Business following upon Damage to hired-in plant whilst being used as replacement of Insured Property whether or not such hired-in plant is insured.

### 8. Port Blockage

(Not applicable to Machinery breakdown or Electronic Equipment, if insured)

Loss due to interruption of or interference with or delay in the recommencement of the Business in consequence of blockage of any port or harbour in the Republic of South Africa only as indicated in the Schedule – by stranding, grounding, sinking or capsizing of any vessel or craft or through collision or contact with any other vessel, craft, structure or other object in the harbour or approaches thereto.

Provided the Insurer shall not be liable under this Extension for loss as a consequence of any sinking, stranding and other blockage caused directly or indirectly by silting and / or failure to dredge or otherwise maintain adequate navigation channels and provided that the Insurers' liability shall not exceed the limit as stated in the Schedule of Limits of Liability.

There shall be no liability under this Extension for such interruption or interference of the Business for the first number of hours stated as Time Exclusion in the Schedule .

### 9. Royalties

(Not applicable to Machinery breakdown or Electronic Equipment, if insured)

Loss of income to the Insured under royalty, licensing fees, or commission agreements between the Insured and another party which is not realisable due to Damage, from any cause not excluded by this Policy, occurring during the Period of Insurance to property of the other party. Such other party referred to herein, may be located anywhere in the world, but such party shall not be an Insured under this Policy.

The amount of the indemnity shall be determined by:

9.1 the loss occurring within the Indemnity Period





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- 9.2 the difference between the royalties actually realised and that earned during the period in the preceding 12 months which corresponds with the Indemnity Period, adjusted as provided for by the Special Circumstances Clause

The Insured shall, to the extent possible, influence the party with whom the agreement exists to use any other machinery, supplies or locations in order to resume business so as to reduce the amount of loss hereunder and the Insured shall co-operate with that party in every way to effect this, but not financially, unless such expenditures shall be authorised by the Insurer.

### 10. Third Party I.T. Services

Loss due to interruption or interference with the Business as a result of an insured event causing damage to the insured Property in consequence of loss of or damage to computer equipment, the property of suppliers of information technology services to the insured as insured under Section 1 – Property Damage or Section 7 Electronic Equipment.

### 11. Public Relations Expenses

(Not applicable to Machinery breakdown, if insured)

the cost of employing suitable public relations personnel to deal with press and public announcements and other necessary activities reasonably incurred in consequence of Damage.

### 12. Tax Allowance

The non-receipt, whether wholly or partially of any tax allowance which, but for the interruption of the Business in consequence of Damage, would have been granted plus interest lost less any savings as a result of Damage, as a consequence of such non-receipt during the Indemnity Period.

The insurance by this item extends to include the loss of Tax Benefits derived solely from the export of any product which is manufactured at the premises of the Insured or for which the Insured is an agent, following upon an insured event which results in a Shortfall of Turnover as defined.

Provided that such benefits are directly attributed to Export Tax benefits and which may be adjusted by any Tax Allowance or Tax concession which was provided by Statute or any other recognised authority to which the Insured could have had benefit after the date of Damage but because of the Damage could not benefit from such allowance or concession.

### 13. Depreciation of Undamaged Stock

loss sustained in respect of stocks and materials in trade not directly affected by physical loss or damage which

13.1 would have been utilised by the Business or sold during the Indemnity Period had the Damage not occurred, and

13.2 cannot be utilised or sold before, or so far as can reasonably be foreseen, after the expiration of the Indemnity Period,

solely due to their obsolescence resulting from changes in designs or elapse of time and the amount payable as indemnity hereunder shall be the value of such goods immediately anterior to the loss or damage less, if the goods be sold for salvage, the net amount realised from such sale.

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### 14. Forward Exchange Losses

This insurance extends to include loss which the Insured may sustain in consequence of Damage which results in the Insured's forward exchange cover in respect of sell contracts entered into exceeding foreign currency receipts provided that the Insurers' liability shall not exceed the sum as stated in the Schedule .

### 15. Research Re-Establishment, Expenditure

This insurance shall indemnify the Insured for:

- 15.1 research establishment and development expenditure lost in consequence of Damage, and
- 15.2 increase in cost of working incurred in consequence of Damage.

The amount payable as indemnity hereunder shall be limited to:

- 15.3 the cost of redevelopment of any projects (commenced prior to the Damage) up to the stage reached at the time of the Damage
- 15.4 the increased costs incurred by the Insured to return the projects to the point in time which would have been reached had the Damage not occurred

less any savings in expenditure not incurred in consequence of the Damage.

Payment under this item shall cease once the project is again on schedule but not exceeding the number of months as stated in the Schedule as the Indemnity Period.

### 16. Fines and Penalties

This insurance shall indemnify the Insured in respect of all sums that the Insured shall be liable to pay and shall pay in discharge of contracts, cancellation charges or fines or penalties for breach of contract, dead freight and demurrage charges and pre-booked freight on air, land, sea or other means of conveyances and the amount payable as indemnity hereunder shall be such sum as the Insured shall be liable to pay to such contractors in respect of such charges incurred solely in consequence of Damage during the Indemnity Period.

### **ALTERNATIVE TIME EXCESS WORDING APPLICABLE TO SECTION 2**

#### **Time Excess**

A monetary amount established by calculating the percentage that the number of days stated in the Schedule bears to the Indemnity Period and applying that percentage to the total amount of the loss. In no event shall the Insurers be liable for a loss in terms of the Policy where the Indemnity Period does not exceed the number of days as stated in the Schedule.



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### EXTENSIONS TO OTHER PREMISES SECTION 2

#### **1 Roads, Bridges and Railway Lines**

Roads, bridges and railway lines over which stocks are conveyed between suppliers' premises and the Insured's Premises and between the Insured's Premises and customers' premises for an amount not exceeding the percentage of the sum insured as stated in the Schedule.



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### SECTION 3 - ACCOUNTS RECEIVABLE

#### INSURED EVENTS

- 1.1 Loss or damage as a result of accident or misfortune (hereinafter termed Damage) to the Insured's books of account or other business books or records at the premises or at the residence of any director, partner or employee or the premises of any accountant of the Insured, in consequence whereof the Insured are unable to trace or establish the outstanding debit balances in whole or part due to them.
- 1.2 Provided that the liability of the Insurer shall not exceed the sums insured stated in the schedule and that the basis of indemnity will be as set out in the schedule which forms part of this section.
- 1.3 If, because of imminent danger of their destruction, such books of account or other business books or records are removed to a place of safety, the insurance hereunder shall apply if such goods are destroyed, damaged or lost as aforesaid during such removal or while so located or being returned to the premises, provided the Insured shall notify the Insurer in writing of such removal within 31 days thereafter.
- 1.4 The Insurer will also pay all reasonable collection costs and expenses incurred by the Insured in excess of normal collection costs and expenses made necessary because of such Damage.

#### **2. Specific Exceptions to Section 3**

- 2.1 The Insurer will not pay for
  - 2.1.1 loss resulting from loss or damage to the books of account or other business books or records caused by  
wear and tear or gradual deterioration or moths or vermin
  - 2.1.2 detention, seizure or confiscation by any lawfully constituted authority;
  - 2.1.3 electrical or electronic or magnetic injury, disturbances or erasure unless the Insured maintains the duplicate records referred to in the Duplicate records clause of this section, in which case the Insured will be responsible for the first R500 of each and every loss;
- 2.2 loss caused by fraud or dishonesty of any principal, director, partner or employee of the Insured.

#### **3. Specification**

- 3.1 The insurance under this section is limited to the loss sustained by the Insured in respect of outstanding debit balances directly due to the Damage and the amount payable shall not exceed
  - 3.1.1 the difference between
    - 3.1.1.1 the outstanding debit balancesand
    - 3.1.1.2 the total of the amounts received or traced in respect thereofplus



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**3.1.2** the additional expenditure incurred in tracing and establishing customers' debit balances after the Damage

provided that, if the sum insured under this item is less than the outstanding debit balances, the amount payable shall be proportionately reduced.

### 4. Definitions

#### 4.1 Outstanding debit balances

The total declared in the statement last given under the provisions of the following memorandum adjusted for

**4.1.1** bad debts

**4.1.2** amounts debited (or invoiced but not debited) and credited (including credit notes and cash not passed through the books at the time of the damage) to customers' accounts in the period between the date to which said last statement relates and the date of the Damage

and

**4.1.3** any abnormal condition of trade which had or could have had a material effect of the business

so that the figures thus adjusted shall represent as nearly as reasonably practicable those which would have been obtained at the date of the Damage had the Damage not occurred.

### 5. Clauses and memoranda

#### 5.1 Declarations

The Insured shall, within 60 days of the end of each month or other agreed period, deposit with the Insurer a signed statement showing the total amount outstanding in customers' accounts as set out in the Insured's accounts as at the end of the said month.

#### 5.2 Adjustment

**5.2.1** In consideration of the premium under this section being provisional in that it is calculated on 75 percent of the sum insured, the premium will be adjusted as follows

**5.2.2** On the expiry of each Period of Insurance, the actual premium shall be calculated at the rate percent per annum on the average amount insured, ie the total of the sums declared divided by the number of declarations. If the actual premium is greater than the provisional premium, the Insured shall pay the difference. If it is less, the difference shall be repaid to the Insured, but such repayment shall not exceed 33,3 percent of the provisional premium paid.

**5.2.3** If the amount of a declaration exceeds the sum insured applicable at the date of such declaration, then for the purposes of this memorandum only, the Insured shall be deemed to have declared such sum insured.



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### 1. Riot strike and civil commotion (if stated in the schedule to be included)

The Insurer's limit of liability shall be limited to the sum insured as stated in the schedule

to cover loss or damage directly occasioned by or through or in consequence of:

- 1.1 civil commotion, labour disturbances, riot, strike or lockout;
- 1.2 the act of any lawfully established authority in controlling, preventing, suppressing or in any other way dealing with any occurrence referred to in 1.1 above;

Provided that this extension does not cover:

- 1.3 loss or damage occurring in the Republic of South Africa or Namibia;
- 1.4 consequential or indirect loss or damage of any kind or description whatsoever, other than loss of rent if specifically insured;
- 1.5 loss or damage resulting from total or partial cessation of work, or the retarding or interruption or cessation of any process or operation;
- 1.6 loss or damage occasioned by permanent or temporary dispossession resulting from confiscation, commandeering or requisition by any lawfully constituted authority;
- 1.7 loss or damage related to or caused by any occurrence referred to in General Exclusions 1 Standard Exclusions of this Policy or the act of any lawfully established authority in controlling, preventing, suppressing or in any other way dealing with any such occurrence.

If the Insurers allege that by reason of provisos 1.3, 1.4, 1.5, 1.6 or 1.7 loss or damage is not covered by this section, the burden of proving the contrary shall rest on the Insured.

### 6. Accountants clause

Any particulars or details contained in the Insured's books of account or other business books or records which may be required by the Insurer under this section for the purpose of investigating or verifying any claim hereunder, may be produced and certified by the Insured's auditors or professional accountants, and their certificate shall be prima facie evidence of the particulars and details to which it relates.

### 7. Duplicate records

The Insured shall maintain duplicates of their books of account or other business books or records containing details of outstanding balances and such duplicates shall be stored at different premises from the originals.

### 8. Protections

The Insured's books of account, or other business books or records containing details of outstanding balances, must be kept in a fire resistant safe, cabinet or strongroom outside business hours unless they are being worked on or are required for immediate reference.

### 9. Transit extension

The insurance under this section includes loss as defined to the Insured's books of account or other business books or records whilst in transit to or from the premises or residence of any director, partner, employee or accountant of the insured.