

Machinery All Risks Insurance Policy

WHEREAS the Insured by a proposal and declaration which shall be the basis of this Policy is deemed to be incorporated herein has applied to Bolttech Insurance (Hong Kong) Company Limited (hereafter called "the Company") for the insurance provided by this Policy and has paid or agreed to pay the premium as consideration for such insurance.

The Company agrees subject to the terms exceptions limits and conditions specified herein or endorsed hereon that if during any period of insurance the Machinery described in the Schedule be lost or damaged in the circumstances specified herein the Company will indemnify the Insured against such loss or damage.

Important Notice

1. Please examine this Policy carefully. For enquiry, please contact the Company or your Insurance Broker/Agent immediately.
2. Pursuant to the Cancellation Condition of this Policy, the Company will charge a minimum premium of HK\$500 if the Policy is terminated at the request of the Insured.

請注意

1. 請貴保戶詳細查閱此保單之內容，如有任何查詢，請從速與本公司或閣下之保險經紀 / 代理人聯絡。
2. 根據取消保險單條款，若投保人終止保單，本公司將收取不少於港幣五百元正保費。

Circumstances

The Company will indemnify the Insured against any physical and/or accidental loss of or damage to the machinery whilst at the Situation from any cause except contained herein.

Exceptions

This Policy does not cover:

1. mechanical or electrical failure or overheating of the Machinery
Mechanical or electrical failure means damage resulting from defective material, design, construction or erection, vibration, maladjustment, misalignment, loosening of parts, stress, fatigue, centrifugal force, water, hammer, self-heating, defective or inadequate lubrication, excessive electrical current or voltage, failure of insulation, short circuits, open circuits or arcing.
Nothing contained in this exception shall be construed as excluding from the cover provided by this Policy damage directly due to impact or collision with anything external to the Machinery damaged by mechanical or electrical failure or overheating whether or not such impact or collision is due to that failure or overheating.
2. loss or damage due to
 - (a) testing involving the imposition of abnormal conditions, intentional overloading or experiments
 - (b) faults or defects known to the Insured or any of his responsible employees at the time the contract was arranged and not disclosed to the Company
 - (c) any process of heat treatment, welding, grinding, cutting, drilling, shaping or the application of tools to the Machinery other than for the purpose of lifting or moving it
3. loss or damage for which a supplier contractor or repairer is legally responsible by contract or otherwise
If such responsibility is denied and the loss or damage is otherwise insured by this Policy the Company will pay for the loss or damage and in accordance with Condition 4(e) will be entitled to any indemnity subsequently obtained from the supplier contractor or repairer
4. theft or conversion of any item of Machinery by the hirer of such Machinery or his employees or agents
5. loss of or damage to
 - (a) foundations and masonry unless specifically included in and described in the Schedule
 - (b) operating materials such as fuels, chemicals, filter substances, heat transfer media, cleansing agents, lubricants, oils, catalysts
 - (c) materials in course of process
 - (d) tyres by the application of brakes or by punctures cuts or bursts
 - (e) parts which by their use and/or nature suffer a high rate of wear or depreciation such as crushing hammering or grinding surfaces, wear, plates, screens and sieves, flexible pipes jointing and packing materials, filter, cloths, ropes, belts, straps, elevator and conveyor belts or bands cables (other than electrical conductors), brushes, batteries, refractory materials, fire, bars, burner, jets, exchangeable and replaceable parts such as bits, drills, knives, saw, blades, dies, moulds, patterns, blocks, stamps, punches, coating or engravings on cylinders and rolls

Unless the loss or damage is due to fire lightning explosion extinguishing of a fire or subsequent demolition aircraft or other aerial devices or articles dropped therefrom collapse of buildings, flood, inundation, escape of water from water containing apparatus, earthquake, subsidence, landslide, avalanche, hurricane, cyclone, volcanic, eruption or similar natural catastrophes, theft or any attempt thereof of a complete item of machinery, impact or collision with anything external to the item of machinery in which such parts are incorporated.
6. repair or replacement necessitated by wear, corrosion, erosion, deposits of scale, sludge or other sediment or any other direct consequence of progressive or continuous influences of working or atmospheric or chemical action rust or scratching of painted or polished surfaces but the Company shall be liable for other damage insured by this Policy and resulting from such cases.
7. consequential loss liquidated damages or penalties for delay or detention or in connection with guarantees of performance or efficiency.

8. any loss, damage or liability directly due to excavation, boring, drilling, chiselling or any underground operation resulting in the exchangeable and replaceable attachments of the Constructional Plant, Machinery and Equipment such as bits, drills, chisels, casings or the like items used for such operations being stuck and/or abandoned underground.
9. any loss or destruction of or damage to any property whatsoever or any loss or expense whatsoever resulting or arising therefrom or any consequential loss or any legal liability of whatsoever nature
 - A. directly or indirectly caused by or contributed to by or arising from
 - (a) ionising radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel solely for the purpose of this exception combustion shall include any self sustaining process of nuclear fission
 - (b) nuclear weapons material
 - (c) war invasion act of foreign enemy hostilities or warlike operations (whether war be or declared or not) civil war
 - (d) mutiny civil commotion assuming the proportion of or amounting to a popular rising military rising insurrection rebellion revolution military or usurped power
 - (e) the act or any person acting on behalf of or in connection with any organisation with activities directed towards the overthrow by force of the Government de jure or de facto or to the influencing of it by terrorism or violence
 - (f)
 - (i) permanent or temporary dispossession resulting from confiscation, nationalisation, commandeering or requisition by any lawfully constituted authority
 - (ii) permanent or temporary dispossession of any building resulting from the unlawful occupation of such building by any personprovided that the Company are not relieved of any liability to the Insured in respect of physical damage to the Machinery occurring before dispossession or during temporary dispossession which is otherwise covered by this PolicyIn any action suit or other proceedings where the Company allege that by reason of the provisions of Exceptions (c) (d) and (e) above any loss destruction damage or liability is not covered by this insurance the burden of proving that such loss destruction damage or liability is covered shall be upon the Insured.
 - B. caused by or contributed to by or arising from
 - (g) the act of any person taking part together with others in any disturbance of the public peace (whether in connection with a strike or lockout or not) not being an occurrence mentioned in (c) (d) and (e) above and the action of any lawfully constituted authority in suppressing or attempting to suppress any such disturbance or in minimising the consequences of any such disturbance
 - (h) the wilful act of any striker or locked-out worker done in furtherance of a strike or in resistance to a lock-out and the action of any lawfully constituted authority in preventing or attempting to prevent any such act or in minimising the consequences of any such act
10. loss of and/or damage to or liability arising out of the ownership or possession of or use under the control of the Insured or any person acting on behalf of the Insured of
 - (i) any vessel craft or thing made to or intended to fly, float or travel on or through water or air and/or property carried by stored in or mounted upon such vessel craft or thing
 - (ii) any power driven vehicle which is licensed for road use other than any mobile crane, mechanical navy, shovel, grab, excavator, site clearing and levelling plant or any self propelled vehicle with plant permanently attached which is not more specifically insured under any other Policy of insurance

Special Clauses

(The following clauses apply to the Policy)

1. War and Terrorism Exclusion Endorsement

Notwithstanding any provision to the contrary within this policy or any endorsement thereto it is agreed that this policy excludes loss, damage, cost or expense 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 contributing concurrently or in any other sequence to the loss;

- (a) 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
- (b) 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 group(s) of persons, whether acting alone or on behalf of or in connection with any organisation(s) or government(s), committed for political, religious, ideological or similar purposes including the intention to influence any government and/or to put the public, or any section of the public, in fear.

This endorsement also excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to (a) and/or (b) above.

If the Company alleges that by reason of this exclusion, any loss, damage, cost or expense is not covered by this policy the burden of proving the contrary shall be upon the Insured.

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

2. Terrorism Exclusion for Contamination & Explosives

It is agreed that, regardless of any contributory causes, this policy does not cover any loss, damage, cost or expense directly or indirectly arising out of

- a) biological or chemical contamination
- b) missiles, bombs, grenades, explosives

due to 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 group(s) of persons, whether acting alone or on behalf of or in connection with any organisation(s) or government(s), committed for political, religious, ideological, or ethnic purposes or reasons including the intention to influence any government and/or to put the public, or any section of the public, in fear.

For the purpose of a)"contamination" means the contamination, poisoning, or prevention and/or limitation of the use of objects due to the effects of chemical and/or biological substances.

If the Company alleges that by reason of this exclusion, any loss, damage, cost or expense is not covered by this insurance the burden of proving the contrary shall be upon the Insured.

3. Cyber Risks Exclusion

Property damage covered under this policy shall mean physical damage to the substance of property.

Physical damage to the substance of property shall not include damage to data or software, in particular any detrimental change in data, software or computer programs that is caused by a deletion, a corruption or a deformation of the original structure.

Consequently the following are excluded from this policy :

- (A) Loss of or damage to data or software, in particular any detrimental change in data, software or computer programs that is caused by a deletion, a corruption or a deformation of the original structure, and any business interruption losses resulting from such loss or damage. Notwithstanding this exclusion, loss of or damage to data or software which is the direct consequence of insured physical damage to the substance of property shall be covered.
- (B) Loss or damage resulting from an impairment in the function, availability, range of use or accessibility of data, software or computer programs, and any business interruption losses resulting from such loss or damage.

4. **Pollution and Contamination Exclusion Clause**

This insurance does not cover any loss arising from pollution or contamination except destruction of or damage to property insured caused by pollution or contamination which results from a peril not excluded in the Policy.

5. **Sanction Exclusion**

Notwithstanding anything to the contrary in the Policy the following shall apply:

If, by virtue of any law or regulation which is applicable to the Company at the inception of this Policy or becomes applicable at any time thereafter, providing coverage to the Insured is or would be unlawful because it breaches any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom, United States of America or The People's Republic of China/Hong Kong SAR, that the Company shall provide no coverage or benefit or have no liability whatsoever to the Insured, to the extent that it would be in breach of such law or regulation.

6. **Radioactive Exclusion Clause**

This insurance does not cover loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with nuclear energy or radioactivity of any kind including but not limited to any of the following regardless of any other cause or event contributing concurrently or in any other sequence to the loss:

- i) ionising radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel
- ii) the radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof
- iii) any weapon or other device employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter.

7. **Communicable Disease Exclusion Endorsement (LMA 5393 rev)**

1. Notwithstanding any provision to the contrary within this policy, this policy does not insure any loss, damage, liability, 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.

Conditions**1. Interpretation**

This Policy and Schedule shall be read together as one contract and any word or expression to which a specific meaning has been attached in any part of this Policy and Schedule shall bear such specific meaning wherever it may appear.

2. Sum Insured – Average

The Sum Insured for each item described in the Schedule shall at all times be equal to the cost of replacement of the item by a new item of the same specification and performance when purchased as an individual item including freight charges erection costs customs dues and taxes.

If any item shall at the time of any loss or damage be of greater value as calculated above than the Sum Insured for such item then the Insured shall be considered as being his own insurer for the difference and shall bear a proportionate share of the loss accordingly.

3. Limit of Indemnity

The limit of indemnity payable under this Policy in respect of any one item is the Sum Insured as stated in the Schedule against such item.

This limit will not be reduced because a payment is made in respect of a claim under this Policy.

4. Claims Procedures and Provisions

On the happening of any event giving rise or likely to give rise to a claim under this Policy coming to the knowledge of the Insured the Insured shall

- (a) give notice thereof to the Company or their nearest representative as soon as possible
- (b) take precautions to prevent any further loss or damage. The Company shall not be liable in respect of any further damage arising out of the continued use of damaged Machinery until such Machinery shall have been repaired to the satisfaction of the Company
- (c) take precautions to preserve any things which might prove necessary or useful by way of evidence in connection with any claim and so far as may be reasonably practicable no alteration or repair shall without the consent of the Company be made after the event until the Company shall have had an opportunity of Inspection
- (d) when called upon to do so deliver to the Company or their representative a statement in writing of all particulars and details reasonably practicable of the machinery affected and the value thereof and the damage thereto and furnish all such vouchers proofs explanations and other evidence as may be reasonably required by the Company together with a statutory declaration if required in verification of the statement
- (e) at the expense of the Company do or permit to be done all such acts and things as may be necessary or reasonably required by the Company for the purpose of enforcing any rights or remedies or obtaining relief or indemnity from other parties to which the Company shall be or would become entitled or subrogated upon their paying for or making good any loss or damage under this Policy whether such acts and things shall be or become necessary or required before or after indemnification by the Company.
- (f) take all practical steps to recover any Machinery including in the event of property lost stolen or wilfully damaged the giving of immediate notice to the Police.

5. Indemnification

- (i) If any claim be in any respect fraudulent or if any fraudulent means or devices be used by the Insured or anyone acting on his behalf to obtain any benefit under this Policy or if any loss or damage be occasioned with the connivance of the Insured all benefits under this Policy shall be forfeited
- (ii) the Company at their own option repair, replace or reinstate any damaged item or part thereof or pay the amount of the damage in money
- (iii) the basis of indemnification are:
 - (a) in the case of repairable damage – the cost of restoration to normal working order comprising the value of replacement parts labour charges at standard rates of wages transport costs at ordinary rates (any additional charges resulting from the use of air freight are excluded) and the cost of dismantling and re-erection customs dues and taxes. The value of damaged parts replaced which can be used again in any way whatsoever may be deducted. The liability of the Company is limited to the reinstatement of the item to its

condition immediately prior to the loss or damage. If the value of an item or a part thereof is increased by the repair the liability of the Company shall be reduced by the amount of such increase

- (b) in the case of total loss – the market value of the item immediately before the loss or damage together with the cost of dismantling the damaged Machinery and the cost of delivering and erecting a replacement item but less the value of any salvage.

An item will be deemed to be a total loss if the cost of repair as defined in paragraph (a) of this Condition equals or exceeds the market value immediately before the occurrence.

In respect of each item the amount of the excess shown in the Schedule against that item shall be deducted from the amount of indemnity calculated in accordance with the foregoing basis.

6. Other Insurance

If at the time of any loss or damage covered by this Policy there shall be any other insurance covering such damage effected by or on behalf of the Insured the Company shall not be liable for more than their rateable proportion of such damage. If such other insurance is subject to any condition of advantage to the Company this Policy shall be subject to such conditions in a like manner.

7. Right of Access & Security

The Insured shall take precautions to keep the Machinery in good working order to enforce the observance by all persons of all proper safeguards against loss or damage to the Machinery and to ensure that statutory and other regulations relating to the operation and inspection of the Machinery are obeyed.

8. Right of Inspection

The Company's officials or representatives shall have the right at all reasonable times to inspect and examine the Machinery. Dismantling and re-assembling in connection with any examination shall be carried out by the Insured on such date or dates as the Company and the Insured shall mutually agree for the making of such examinations.

9. Change of risk

The Insured shall notify the Company of any defects or conditions of working which affect the risk of loss or damage and shall cause such additional precautions to be taken as the circumstances require. The Company shall not be liable for any loss or damage caused by departure from normal working conditions with the Insurer's approval and which creates an aggravated risk unless the Company shall have given prior consent.

10. Avoidance

If at any time after commencement of this insurance

- (a) the business of the Insured be wound up or carried on by liquidator or receiver or permanently discontinued
- (b) the Insured's interest ceases otherwise than by death

this Policy shall be avoided unless its continuance be admitted by endorsement signed by or on behalf of the Company.

11. Cancellation

The Company may cancel this Policy by sending ten days notice by registered letter to the Insured at his last known address and will return to the Insured a proportionate part of the premium corresponding to the unexpired period of insurance.

The Insured may cancel this Policy at any time by giving written notice to the Company and in such event the Insured shall be entitled to a refund of the unused part of premium paid in respect of the unexpired period of insurance calculated as per the table specified below. The Company shall retain a minimum premium of HK\$500.

Period of Insurance already covered	Refund Premium
Not Exceeding 1 month	90% of premium paid
2 months	80% of premium paid
3 months	70% of premium paid
4 months	60% of premium paid
5 months	50% of premium paid
6 months	40% of premium paid
7 months	30% of premium paid
8 months	20% of premium paid
9 months	10% of premium paid
Over 9 months	No refund

12. Fulfilment of Conditions

The due observance and fulfilment of the terms and conditions of this Policy in so far as they relate to anything to be done or complied with by the Insured and the truth of the statements and answers in the proposal and declaration shall be conditions precedent to any liability of the Company to make any payment under this Policy.

13. Arbitration

All differences arising out of this Policy shall be determined by arbitration in accordance with the prevailing Arbitration Ordinance. If the parties fail to agree upon the choice of arbitrators or umpires, then the choice shall be referred to the Chairman for the time being of the Hong Kong International Arbitration Centre. It is expressly stipulated that it shall be a condition precedent to any right of action or suit upon this Policy that an arbitration award shall be first obtained. If the Company shall disclaim liability to the Insured for any claim hereunder and such claim shall not within twelve calendar months from the date of such disclaimer have been referred to arbitration under the provisions herein contained then the claim shall for all purposes be deemed to have been abandoned and shall not thereafter be recoverable hereunder.

14. Contracts (Rights of Third Parties) Ordinance

The Contracts (Rights of Third Parties) Ordinance (Cap 623 of the Laws of Hong Kong) does not apply to this Policy, and the only parties who may enforce the terms of the Policy are the Company and the Insured (or their authorized representatives).

15. Renewal

The Company will send the Insured a renewal notice with the renewal terms (the terms may be different from this Policy) if the Company desire to renew this Policy. This Policy will be renewed if the required premium and documents for renewal are received by the Company in accordance with the renewal terms. The renewal of this Policy shall not constitute any waiver of the Company's right under this clause and/or the renewed Policy.