

DISCOVERY BUSINESS INSURANCE

MACHINERY INSURANCE

Our machinery insurance offering includes cover for machinery breakdown, machinery breakdown loss of profits and deterioration of stock. This cover is targeted at small and medium-sized non-specialist engineering companies. This means we are not targeting heavy duty or specialised engineering machinery.

We offer this cover on an ad hoc basis, subject to approval by the underwriting team.

Machinery breakdown insurance

This section provides cover for the repair or replacement of any insured machinery that breaks down while working, at rest, being dismantled, moved, re-erected or re-commissioned at the business premises resulting from sudden and unforeseen causes other than those that are specifically excluded.

We cover the following costs incurred under machinery breakdown insurance:

- Repair and replacement of insured items
- Re-erection and commissioning
- Claims preparation costs
- Automatic additions
- Transit and temporary premises extension
- Operating media
- Architects and other professional fees
- Clearance costs
- Express delivery and overtime

Target clients include:

Those using, owning or with custody and responsibility of machinery across various industries including but not limited to manufacturing, processing and storage.

We offer cover for items such as refrigerators (in a bar, butchery or supermarket). Actual machinery covered includes motors, generators, transformers, switchboards, switchgear, cabling, engines, compressors, refrigeration equipment, fans, blowers, lifts, presses, printing machinery, machine tools and process plant.

Exceptions to cover

Cover exclusions and exceptions are stated in the Plan Guide and include (but are not necessarily limited to):

- High-value specialised equipment, including power generating, transmission and distribution equipment, boilers, switchgear, mining equipment and process plant.
- Stand-alone machinery breakdown cover.
- Fire, lightning, inundation, flood, earthquake, subsidence, landslide chemical explosion, burglary and theft, impact by land or water borne craft.
- Wear and tear and pre-existing faults or defects.
- Abnormal conditions directly or indirectly resulting from testing, intentional overloading or experimenting.
- Consequential loss, delay or interruption and liability of any nature.
- Cyclone, volcanic eruption or similar natural catastrophes.
- Water leaks from water-containing apparatus.
- Wasting, wearing away or wearing out of any part of insured machinery due to ordinary use.
- Gradual deterioration; however, the client is covered for any incidents resulting from such wear and tear.
- Damage that a supplier, contractor or repairer is legally responsible for by contract or otherwise
- Gradually developing flaws, defects, cracks or partial fractures in any part not necessitating immediate stoppage.
- Power surge.
- Collapse of buildings.

Conditions of cover

The following conditions are applicable to cover under this section:

- Itemising including identification, for example, serial and model numbers
- Replacement-value sum insured
- Type and use of machine
- Service and maintenance
- Voltage protection
- Regular safety and reliability tests
- Excesses
- Machines older than 15 years
- Performance and output records

Machinery breakdown loss of profits

This section provides cover for loss of gross profit or revenue or increased cost of working arising out of an indemnifiable loss or damage sustained to machinery insured under the Machinery breakdown section.

Basis of cover

Cover may be provided on the following basis:

- Gross profit (difference basis), loss of gross profit due to a reduction in turnover or increase in cost of working.
- Additional increase in cost of working incurred to maintain normal operations.
- Any sums (cost or expenses) saved during the period of interruption are deducted.
- Reduction in turnover, where the rate of gross profit is applied to the amount by which turnover has reduced.
- Increase in cost of working: additional expenditure reasonable or necessary for the sole purpose of minimising the reduction in turnover.

Exceptions to cover

The following losses and perils are excluded under the machinery breakdown loss of profits section:

- Business interruption without damage or breakdown to specified machinery under the Property section.
- Cover for fire and additional perils of aircraft, lightning, explosion, riot, malicious persons, earthquake, storm, flood, escape of water and impact by vehicles or animals.
- Breakdown of new machinery.
- Deliberate act of the public utility supplier.
- Normal wear and tear.
- Loss resulting from damage caused during testing or maintenance.
- Damage to renewable parts, fuses, brickwork, masonry or foundations
- Loss resulting from damage to highly specialised machinery not specified for machinery cover under the Property section
- Time excess.

Deterioration of stock

The standard Discovery Business Insurance Plan provides cover for deterioration of refrigerated stock, which provides limited cover for temperature controlled goods and stock. This cover is limited to perils included under the property damage section.

The introduction of machinery insurance under the Discovery Business Insurance offering provides an opportunity to extend the deterioration of stock cover to include cover for damage to goods resulting from a rise or fall in temperature, a change in the concentration of gases or the escape of refrigeration media caused by:

- Accidental, unforeseen and sudden physical damage to the refrigeration machinery.
- Failure of electricity supply unless due to a deliberate act of the supply authority or shortage of fuel or water or drought at any power station.
- Contamination by refrigeration fumes arising as a direct result of unforeseen and sudden physical damage to the refrigeration machinery.

This cover applies to machinery units that are under the manufacturer's guarantee or warranty or where a maintenance contract for the machinery unit is held with a qualified engineer.

Exceptions to cover

Losses resulting from the following causes are not covered under the deterioration of stock section:

- Wear and tear or gradual deterioration of the refrigeration machinery.
- Failure of recording devices of temperature monitoring controls.
- Expendable and exchangeable components of the refrigeration machinery.
- Inherent defects or disease of stored goods.
- Natural deterioration or putrefaction of concerned goods.
- Overloading of storage compartments beyond their maximum rated capacity.
- Deviations from designer specifications.