

Policy Document

HSB Machinery Inherent Defects Insurance (loss of income)

Mechanical and electrical defects, and
loss of income insurance



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Your contract with us

Thank you for buying the machinery inherent defects insurance policy from us, HSB Engineering Insurance Limited (HSBEIL). We are pleased that you have chosen our policy, and we will work hard to make sure that you are happy with the cover and service you receive.

The policy is a legal contract between:

- you, the person or organisation shown in the schedule as ‘The insured’; and
- us.

The policy is made up of this document, the schedule setting out details of your cover, and any endorsements shown in the schedule. These make up the entire contract between you and us and must be read together. Please keep them all safely together.

We used the information you gave us on your proposal, and any further information we received, to decide whether to insure you. If any of that information was not accurate or was incomplete, this could affect your cover (see ‘Your responsibility to provide us with a fair presentation of the risk’ under ‘Important information’).

If you pay the total premium shown in the schedule, and keep to the terms and conditions of the policy, you will be covered under the sections of this document shown in the schedule for the **period of insurance**.

Signed for and on behalf of



Stephen Worrall
CEO



Stephen Morris
Underwriting Director

HSB Engineering Insurance Limited

Important information

Headings and interpretation

Throughout this policy:

- words or phrases which appear in bold have the meanings shown in the 'Definitions' section;
- headings are only to help you find the information you need, they do not form part of the policy wording;
- words which appear in the singular include the plural and vice versa;
- words which appear in the present tense include the past tense and vice versa; and
- any words after the terms 'including', 'include', 'in particular', 'for example' or any similar expressions are examples and shall not limit the meaning of the words.

Your policy

This document, together with the schedule and any endorsements shown in the schedule, contains the information you need to know about your insurance. This document contains important information such as the terms and conditions of your insurance and how to contact us. The schedule and endorsements show:

- which sections of this document apply;
- the **limit of liability** for each section;
- any extra cover you have; and
- the premium.

Please keep the schedule with this document. We will send you a new schedule whenever there is a change to your insurance.

Your policy provides cover against specified events. Read this policy carefully to make sure that it meets your needs and you understand what is and is not covered. If there is anything you need to change or do not understand, contact the person who arranged this insurance for you, or you can contact us. You can find the contact details for your local HSBEIL office on our website at www.hsbeil.com.

Your responsibility to provide us with a fair presentation of the risk

You, or anyone acting for you, must make a fair presentation of your risk to us, not only when you first buy your policy, but also at each renewal and/or if you ask us to make any mid-term change to the policy during the **period of insurance**.

This means that the information you give us in your proposal is complete and accurate so has not been misrepresented in any way, and that you have made a fair presentation of the risk to be insured by disclosing every material fact and circumstance which you know or ought to know. A fact or circumstance is material if it would influence the judgment of the underwriter when considering whether to accept the risk and on what terms, conditions and premium. If you are in any way unsure whether or not a fact or circumstance is material to disclose, please consult the person who arranged this insurance for you or contact us.

If you fail to make a fair presentation and if:

- your failure is deliberate or reckless, we will treat your policy as if it never existed, refuse all claims and keep any premium you have paid. If your failure occurs during a change to your policy we will terminate your policy from the date of that change, refuse subsequent claims and keep any premium you have paid.
- your failure is not deliberate or reckless and we would not have issued your policy had you made a fair presentation, we will treat your policy as if it never existed and return any premium you have paid. If your failure occurs during a change to your policy we will treat your policy as though the change was not made and return any extra premium you paid.
- your failure is not deliberate or reckless and we would have issued or changed your policy on different terms had you made a fair presentation, we will:
 - alter the terms of your policy to those we would have imposed (other than those relating to premium); and/or
 - reduce the amount paid or payable on any claim in proportion to the amount of any additional premium that we would have charged.

As set out in general condition 3 – 'Alteration in risk', you, or anyone acting for you, must tell us about any change in circumstance which happens either before or during the **period of insurance** which may affect your cover (for example, something that increases the risk or something we asked you about when we accepted your proposal).

Your rights to cancel your policy

Cooling-off period

You have 14 days to make sure that you are happy with the cover provided. You can cancel the policy by telling the person who arranged this insurance for you, or by telling us in writing, and returning the schedule. This 14-day period, known as the 'cooling-off period', starts on:

- the day you receive your policy; or
- the date the **period of insurance** starts, whichever is later.

If you do cancel the policy within the cooling-off period, as long as you have not made a claim, we will refund all the premium to the person who paid the premium. If you have made a claim, you will not get a refund.

Our rights to cancel your policy

We may cancel your policy if you do not keep to:

- general condition 5 – 'Caring for the insured equipment'; or
- general condition 11 – 'Paying the premium'.

If we cancel your policy because you have not kept to the general conditions shown above, we will send at least 14 days' written notice to the address we have for you. If you have not made a claim, we will refund a percentage of the premium based on the number of days left in the **period of insurance**. If you have made a claim you will not get a refund and you must pay us any amount you still owe for the period during which you have been insured for.

Important information

Other important terms that may affect your cover

You must meet the requirements contained in any **condition precedent** set out in the policy. If you do not keep to these requirements you will not be able to bring a claim under the policy and we will not become legally responsible to pay that claim.

Our regulators

HSB Engineering Insurance Limited is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. The Financial Conduct Authority's website includes a register of all regulated firms.

You can contact the Financial Conduct Authority at:

Financial Conduct Authority
12 Endeavour Square
London E20 1JN

Telephone: 0800 111 6768

Website: www.fca.org.uk

What happens if we cannot meet our liabilities

If we cannot pay you what we owe, you may be entitled to compensation under the Financial Services Compensation Scheme (FSCS).

You can get more information about the scheme by contacting the FSCS at:

Financial Services Compensation Scheme
PO Box 300
Mitcheldean GL17 1DY

Telephone: 0800 678 1100

Website: www.fscs.org.uk

How we use your information

We are the controller of any personal information (for example, names, addresses, telephone numbers, job titles or dates of birth) you provide to us, or which is processed in connection with your policy. We collect and process information about you that we consider to be necessary in order to make decisions about the cover we provide to you, any claims you make, or to detect and prevent fraud. We also may record incoming and outgoing telephone calls with you for training, monitoring and quality control purposes.

We may share your information with, and obtain information about you from, companies within the Munich Re Group, other insurers, brokers, loss adjusters, credit reference agencies, fraud prevention agencies or other third parties who provide services on our behalf.

For further details on how your information is used and your rights in relation to your information, please see our Privacy statement at www.hsbeil.com.

The laws and jurisdiction that apply

Before the **period of insurance** starts, you can tell us in writing which of the following laws you want to apply to the policy.

Option 1: The laws that apply in the part of the United Kingdom, Channel Islands or Isle of Man where the **equipment** is kept (the **installation** address).

Option 2: The laws that apply in the part of the United Kingdom, Channel Islands or Isle of Man where you live or where your business is located.

Option 3: The laws of England and Wales.

If you do not tell us a preference, option 3 will apply.

All disputes in connection with your policy will take place in the relevant courts of the option that applies to the policy.

Unless you and we agree otherwise in writing, all communications relating to the policy will be in English.

Contacting us

Making a claim

When you make a claim, it is very important that you meet all of the requirements of the policy, particularly claim condition 1 – 'Reporting a claim'. You must notify us within the time frames set out in the **condition precedent** otherwise you will not be able to bring a claim under the policy.

If you do not keep to the other conditions in the policy we may not pay part or all of your claim.

You must report your claim to either the person who arranged this insurance for you or to us at:

Claims Department
HSB Engineering Insurance Limited
Chancery Place
50 Brown Street
Manchester M2 2JT

Telephone: +44 (0) 330 100 3432 (Calls to this number are charged at the same standard landline rate as calls to 01 or 02 numbers.)

Email: new.loss@hsbeil.com

Making a complaint

We are committed to providing the highest standards of customer service and treating our customers fairly. If you have a complaint, contact the person who arranged this insurance for you or contact us at:

The Customer Relations Leader
HSB Engineering Insurance Limited
Chancery Place
50 Brown Street
Manchester M2 2JT

Telephone: +44 (0) 330 100 3433 (Calls to this number are charged at the same standard landline rate as calls to 01 or 02 numbers.)

Email: complaints@hsbeil.com

Our aim is to resolve complaints as soon as possible. If we are able to resolve the complaint within three days we will send you a summary resolution communication (SRC) to confirm the complaint has been resolved.

If the complaint takes longer than three days to resolve we will:

- confirm this within five business days;
- pass it to our complaints team to be reviewed; and
- do our best to deal with your complaint within four weeks. If we cannot, we will write to you and let you know when we will be able to give you a final response.

If we cannot resolve your complaint within eight weeks, or you are not happy with our final response, you may be able to complain to the Financial Ombudsman Service (FOS).

The FOS is an independent organisation which may be able to review your complaint for you.

You can contact the FOS at:

The Financial Ombudsman Service
Exchange Tower
London E14 9SR

Telephone: 0800 023 4567

Website: www.financial-ombudsman.org.uk

The FOS's service is available to individual policyholders as well as charities, trustees and small businesses with an income or assets within set limits. You can get more information from us or the FOS.

If you make a complaint to the FOS, this may affect your right to take legal action against us.

Making any other enquiry

If you have any questions about the policy or your cover, contact the person who arranged the insurance or contact us.

You can find the contact details for your local HSBEIL office on the website at www.hsbeil.com.

Definitions

Where the words below are printed in bold in this document or the schedule, they have the meanings shown here.

Certificate of practical completion

The certificate or certificates confirming the substantial completion of the **installation** issued by your architect, engineer, contract administrator or other supervising officer under the building contract.

Condition precedent

An important legal term which sets out a step or action you must take. If you do not keep to or meet the requirements set out in a **condition precedent** you will not be able to bring a claim under the policy and we will not become legally responsible to pay that claim.

Damage

This means:

- physical damage;
- physical destruction; or
- **impending damage**;
resulting from a **defect**.

Defect

A flaw within the **equipment** or due to the incorrect installation of **equipment** resulting from faulty or defective design, plan, specification, materials or workmanship which existed prior to the date the **certificate of practical completion** was issued, but which remained undiscovered until **damage** occurred or was discovered.

Equipment

New mechanical and electrical fixed service equipment described in the schedule.

Equipment does not include:

- chimneys, masonry, brickwork, foundations, or supporting structures; or
- computer programs, electronic data and codes, software and data storage materials.

The **equipment** must:

- form part of the permanent apparatus for the proper functioning of the **installation** and be included in:
 - the building contract for the original construction of the **installation**; and
 - the **certificate of practical completion**; and
- be owned by you, or in your care, custody and control and you must be legally liable for it.

Estimated gross income

The amount shown in the schedule as the gross **income** you expect to earn during the **period of insurance**, or a proportionately adjusted amount if the **indemnity period** is less than 12 months.

Excess

The amount of your claim, as shown in the schedule, that we will not pay. This amount is subject to general condition 8 – 'Inflationary uplift'.

Financial loss

This means:

- the amount your **income** reduces during the **indemnity period** in comparison to your **standard income** as a result of **damage to equipment**;
- the extra expense you incur avoiding or minimising the reduction in your **income** (but no more than the amount of reduction avoided); and
- less any amount saved during the **indemnity period** in respect of charges and expense of your business that may stop or be reduced as a result of the **damage**.

Impending damage

A condition that needs to be, with our agreement, immediately corrected to prevent **damage**.

Income

Monies actually received by you for goods or services provided from the **installation** during the course of your business.

Indemnity period

The time period, as shown in the schedule, starting on the date of the **damage**.

Infectious agent

Any transmissible bacterium, microorganism, virus or other pathogen that induces or is capable of inducing an infectious disease.

Inflationary index

The percentage amount shown in the schedule that the **estimated gross income, excess, limit of liability, and total insured value** are increased by at each anniversary of the start of the **period of insurance**.

Installation

Equipment installed at the address shown in the schedule as the **installation** address which is located within the **territorial limits**.

Limit of liability

The amount, as shown in the schedule, for which you are insured for each **occurrence**, regardless of the number of people or organisations insured by your policy.

Market value

The estimated amount that part or all of the **equipment** would sell for under normal market conditions, after allowance for fair wear and tear, had the sale taken place immediately prior to **damage**.

New business

Any business that, at the time of **damage**, has not been trading for a full year.

Occurrence

One event or a series of events arising out of, or in connection with, the same cause, source or event.

Pandemic

A widespread outbreak of a human infectious disease, into at least three countries on two different continents.

Definitions

Pandemic impact

Any of the following if they are caused by, result from, arise out of or related to a **pandemic**:

- sickness, disability or death;
- civil or military actions or orders, including confiscation; curfews; evictions; quarantines; restricted access to buildings or other property and restricted travel;
- strikes, riots or civil commotion;
- actions taken or refused to be taken by individuals or businesses;
- any other actions, advice or restrictions put in place by either the Government or competent, local, civil or military authority in order to hinder, defend against or respond to any **infectious agent** or **pandemic** or fear or threat of an **infectious agent** or **pandemic**.

Period of insurance

The period of time, as shown in the schedule, during which you are covered by the policy, unless it is cancelled or treated as though it never existed (see 'Your responsibility to provide us with a fair presentation of the risk' on page 4).

Policy limit

The amount, as shown in the schedule, which is the most we will pay across all sections of the policy for each **occurrence**.

Standard income

Your **income** during the period of the 12 months immediately before the date of the **damage** which corresponds with the **indemnity period**. This figure may be increased or reduced depending on your business's trading trends and circumstances at the time of the **damage**.

Territorial limits

The **territorial limits**, as shown in the schedule.

Time excess

The time period, as shown in the schedule, we will not pay any **financial loss** for.

Total insured value

The amount shown in the schedule declared by you which represents the value of all **equipment** at the start of the **period of insurance**.

Transit

The loading, unloading and movement of the **equipment** other than by airborne or waterborne craft except by roll-on roll-off ferry.

Section 1 - Mechanical and electrical defects

As well as the claim conditions, general conditions and general exclusions, the following terms and conditions apply under section 1.

What we will pay for

1. Equipment damage

We will pay you for **damage to equipment**, during the **period of insurance**, while it is at the **installation** address.

We will pay you for physical damage caused to **equipment** during **transit** or whilst temporarily removed from any **installation** address as long as:

- the **equipment** is being removed for the purpose of repair, replacement or restoration;
- the **equipment** remains under your control; and
- the physical damage occurs whilst within the member states of the European Economic Area.

2. Loss prevention measures

We will pay for the cost of preventing or minimising actual or expected **damage to equipment** covered by the policy, as long as:

- **damage** would be expected if the measures were not taken;
- we are satisfied that the **damage** has been prevented or minimised by these measures; and
- the cost is limited to the cost of **damage** which would have been caused.

The full terms and conditions of the policy apply as if **damage** had arisen.

3. Removing debris

If we accept a claim for **damage to equipment**, we will also pay the cost of dismantling, demolishing and removing **damaged equipment** and for any required protection to the **equipment**.

How much we will pay

Partial loss

If the **equipment** is partially **damaged**, we will pay the cost of repairing or restoring the **damaged** part to a condition similar to the condition it was in when new. We will not pay more than the amount we would have to pay for a total loss (see below).

In respect of **damage** to conveyor belts and refractory materials which form a component part of the **equipment** and have a limited working life, we will pay up to the **market value** of the part at the time of the **damage**.

We will also pay the cost of replacing undamaged parts of the **equipment** if they are not compatible with the replacement **damaged** parts used to repair **damage** to the **equipment**. However, we will not pay more to replace the undamaged parts with a new compatible part than the cost to replace the undamaged part had the undamaged part alone suffered **damage**.

Total loss

If the **equipment** is **damaged** beyond economical repair (that is, if the cost of repairs is higher than the cost of replacing the **equipment**) we will pay the cost of a new replacement that is equal in specification and performance to, but not better than, the **damaged equipment**.

If at the time of **damage**, items which are the same as the **equipment** are no longer produced by the manufacturer, we will pay the cost of replacing the **equipment** with its nearest equivalent.

Maximum we will pay

For all **damage** arising from each **occurrence** we will pay up to the **limit of liability** shown in the schedule, regardless of the number of persons or organisations insured by the policy. The **limit of liability** is subject to general condition 8 – ‘Inflationary uplift’

We will not pay more than the **policy limit** for each **occurrence**, regardless of the number of persons or organisations insured by this policy.

Any ‘Extra cover limits’ will be on top of the **limit of liability** shown against ‘Section 1’ in the schedule.

Extra cover

If we have agreed to provide any of the extra cover below, this will be shown in the ‘Extra cover limits’ in the schedule and we will not pay more than these limits for each **occurrence**.

1. Contamination

If we accept a claim for **damage to equipment**, we will pay for the cost of repairing, replacing, disposing of or cleaning up **equipment** that is contaminated or polluted as a result of that **damage**.

2. Energy efficiency improvements

If we accept a claim for **damage to equipment**, we will pay for the reasonable additional cost, as agreed by us in writing, to replace the **damaged equipment** with similar equipment that is better for the environment, safer and more efficient than the **equipment** being replaced.

3. European Union and local authorities’ legislation

If we accept a claim for **damage to equipment**, we will pay the reinstatement costs necessary to keep to any building law or regulation, or any requirement of the European Union, act of parliament or local authority, that applies to the **damaged equipment** or its replacement.

We will not pay for:

- any cost relating to undamaged property or any undamaged **equipment**;
- any tax, charge or assessment which arises out of capital appreciation (that is, any increase in the value of the **equipment**); or
- the cost of keeping to any notice issued before the **damage** happened.

Section 1 - Mechanical and electrical defects

4. Hire charges for substitute equipment

If we accept a claim for **damage to equipment**, we will pay for the cost of hiring substitute equipment of a similar type and capacity during the repair of the **damaged equipment**, or until the **damaged equipment** is permanently replaced.

5. Investigation cost

If we accept a claim for **damage to equipment**, and we agree in writing, we will pay the cost of investigating possible repair, replacement or restoration.

6. Surrounding property damage

We will pay for **damage** to surrounding property that happens as a direct result of **damage** to the **equipment**.

7. Temporary and fast tracked repair

If we accept a claim for **damage**, we will pay for the cost of making temporary repairs and fast-tracking a permanent repair, replacement or restoration.

What we will not pay for

We will not pay for the following.

1. Airborne and waterborne craft

Damage to equipment situated on, being loaded onto, unloaded from or moved by:

- airborne or waterborne vessels, craft or similar devices; or
- platforms or rigs,

unless otherwise covered under this section.

2. Contractors' responsibilities

The cost of repairing, putting right, replacing or restoring any **damage** resulting from a **defect** that is the responsibility of any contractor under the contract for the design and construction of the **installation** which is discovered within the first 12 months after the issue of the **certificate of practical completion**, unless the contractor is insolvent.

3. Excess

The amount shown as the 'Excess' in the schedule. This amount is subject to general condition 8 - 'Inflationary uplift'.

4. Excluded parts

Damage to:

- tyres; or
- bulbs, fuses, batteries, or any other consumable part of the **equipment** that requires periodic renewal, unless forming part of other insured **damage**.

5. Experiments and overload

Damage caused by intentional overloading, testing, experiment or deliberate application of any abnormal condition.

6. Failure to carry out work

Damage resulting from the failure to carry out work identified as outstanding at the issue of a **certificate of practical completion**.

7. Improvements

Any cost of improving or servicing **equipment** following **damage**, unless otherwise covered under extra cover 2 - 'Energy efficiency improvements'.

8. Solidification

Damage to equipment caused by solidification unless that **damage** results from **damage** to the **equipment**.

9. Wear and tear

Damage to equipment caused by:

- wear and tear, gradual degradation, or rust;
- scratching or chipping of painted or polished surfaces;
- erosion or corrosion;
- reduction in performance; or
- any fault known about at the start of the **period of insurance**.

Section 2 - Loss of income

As well as the claim conditions, general conditions and general exclusions, the following terms and conditions apply if the schedule shows that you have cover under section 2.

What we will pay for

If section 2 is shown as insured in the schedule, we will pay your **financial loss** resulting from **damage to equipment** during the **period of insurance**.

How much we will pay

We will pay your **financial loss** during the **indemnity period** as a result of **damage**.

When we are working out the amount to pay, we will take into account the circumstances that would have affected **income** at the **installation** address had the **damage** not happened.

If you are a **new business**, we will pay the difference between your **income** during the **indemnity period** and during the period immediately before the loss, less any savings resulting from reduced costs.

Maximum we will pay

For all **financial loss** arising from each **occurrence** we will pay up to the **limit of liability** shown in the schedule, regardless of the number of persons or organisations insured by the policy. The **limit of liability** is subject to general condition 8 - 'Inflationary uplift'

We will not pay more than the **policy limit** for each **occurrence**, regardless of the number of persons or organisations insured by this policy.

Any 'Extra cover limits' will be on top of the **limit of liability** shown against 'Section 2' in the schedule.

Extra cover

If we have agreed to provide any of the extra cover below, this will be shown in the 'Extra cover limits' in the schedule and we will not pay more than these limits for each **occurrence**.

1. Claims preparation cost and accountants' fees

We will pay for the cost of you providing us with the information we need to work out the amount we should pay, as a result of:

- extra staffing costs;
- extra fees charged by your usual auditors or accountants; or
- any goods used in providing the information we need.

2. Public relations costs

If we accept a claim for **financial loss**, and we agree in writing, we will also pay the cost for the services of a professional public relations firm to assist you in creating and disseminating communications to:

- the media;
- the public; or
- your customers and clients.

3. Reinstatement of data

If we accept a claim for **damage** to computer equipment controlling or operating an item of **equipment**, we will also pay the cost of reinstating lost data.

Special condition applying to section 2

1. Damage requirement

We will only pay a claim for **financial loss** resulting from **damage to equipment** if:

- the **damage** is covered under section 1; or
- the reason we would not pay a claim under section 1, is because of:
 - the **excess**; or
 - the application of 'Contractors' responsibilities' under 'What we will not pay for' in section 1.

What we will not pay for

We will not pay for the following.

1. Indirect losses

Financial loss or any other cost resulting from:

- any lease, contract, licence or order ending or being suspended or cancelled;
- penalties of any kind;
- lack of, or guarantees of, performance;
- inefficiency or delay;
- measures to eliminate or reduce losses from any of the causes stated above in this exclusion; or
- any other loss not incurred directly as a result of an insured damage loss.

2. Time excess

Financial loss during the period of the **time excess**.

Claim conditions

You must comply with the following conditions whenever you need to make a claim under the policy. If you do not meet these conditions, we may refuse to pay part or all of your claim.

1. Reporting a claim

It is a **condition precedent** of your policy that as soon as you know about any incident or circumstance that may give rise to a claim that you tell the person who arranged your policy (or us), providing full details, as soon after the incident or circumstance as possible.

2. Claims co-operation

It is a **condition precedent** of your policy that as soon as you know about any incident or circumstance that may give rise to a claim you must also:

- take all reasonable steps and precautions to prevent further **damage to equipment, financial loss** or other loss covered by your policy;
- keep any damaged **equipment** and other evidence and allow us to inspect it; and
- give us details of any other insurances you may have which may cover damage to **equipment, financial loss** or other loss insured by this policy.

In addition, for any incident or circumstance that may give rise to a claim it is a condition precedent that you must:

- immediately send us every letter, writ, summons or other document you receive in connection with the claim;
- co-operate with us fully and provide in a timely manner all the information and assistance we may require to investigate your claim; and
- not admit responsibility or liability, or agree to pay any money on our behalf without our written permission.

3. Enforcing your rights

We may, at our expense, take all necessary steps to enforce your rights against any third party. We can do this before or after we pay a claim. You must not do anything before or after we pay your claim to affect our rights and you must give us any help and information we ask for.

4. Other insurance

If there is any other insurance covering your claim, we will only pay our share, even if the other insurer refuses the claim or disputes their share of the claim.

5. Salvage and recoveries

If you have made a claim and you later recover the **equipment**, or recover money from a third party, you must tell us immediately. If we have paid the claim, you must give the **equipment** or money to us.

If we have paid a claim and we then recover the **equipment**, or recover money from a third party, we will give you any proceeds above the amount we paid you in connection with the claim.

Any amount due from you or us must be paid as soon as reasonably possible.

General conditions

The following conditions apply to the whole policy. If you do not keep to any condition of the policy, and that condition is relevant to your claim, we may refuse to pay part or all of the claim.

1. Abandonment

You are not entitled to abandon the **equipment**, whether or not we have taken possession of it.

2. Alteration in risk

Your cover under the policy shall not be invalidated by any act, omission or change in circumstance whereby the risk of **damage to equipment or financial loss** has altered either without your knowledge or was beyond your reasonable control, provided that as soon as you (or anyone acting on your behalf) become aware of any such alteration, you shall give notice to us in writing immediately. If so, you may be required to pay additional premium and comply with any extra terms and conditions we apply to your policy as a result. This applies to any alteration in risk which arises, whether before or during the **period of insurance**.

3. Assignment

You will be entitled to assign this policy to any party acquiring insurable interest in the **equipment** by providing us with written notification of the assignment.

4. Average

If the **total insured value** is less than the actual value of the **equipment** at the time of any **damage** then you will bear the cost of the appropriate proportion of the **damage** insured under section 1 of the policy.

If the **estimated gross income** is less than the actual annual **income** received at the time of any **damage** then you will bear the cost of the appropriate proportion of the **financial loss** insured under section 2 of the policy.

5. Caring for the insured equipment

You must:

- keep to any law, legislation or regulation relevant to the **equipment**;
- make sure that the **equipment** is maintained, inspected and tested as recommended by the manufacturer;
- keep a record of all maintenance procedures and maintenance carried out, and make them available to us when requested;
- take all reasonable steps and precautions to prevent or reduce **damage to equipment**, and **financial loss**; and
- not continue to use **equipment** after **damage**, unless we have given our written permission.

If you do not keep to this condition, we may:

- refuse to pay part or all of your claim; and
- cancel your policy (see “Our rights to cancel your policy” on Page 4).

6. Change in risk

As soon as you (or anyone acting for you) become aware of any act, failure or change in circumstance which may affect your policy, you must tell us as soon as possible and keep to any extra terms and conditions we set. This applies to any change of circumstance which arises, whether before or during the **period of insurance**.

7. Contracts (Rights of Third Parties) Act 1999

Any person or company who is not named in the schedule has no right under the Contracts (Rights of Third-Parties) Act 1999 (or any other law) to enforce any term of the policy.

8. Fair presentation

If you fail to make a fair presentation and if:

- your failure is deliberate or reckless, we will treat your policy as if it never existed, refuse all claims and keep any premium you have paid. If your failure occurs during a change to your policy we will terminate your policy from the date of that change, refuse subsequent claims and keep any premium you have paid.
- your failure is not deliberate or reckless and we would not have issued your policy had you made a fair presentation, we will treat your policy as if it never existed and return any premium you have paid. If your failure occurs during a change to your policy we will treat your policy as though the change was not made and return any extra premium you paid.
- your failure is not deliberate or reckless and we would have issued or changed your policy on different terms had you made a fair presentation, we will:
 - alter the terms of your policy to those we would have imposed (other than those relating to premium); and/or
 - reduce the amount paid or payable on any claim in proportion to the amount of additional premium we would have charged.

9. Inflationary uplift

The **estimated gross income**, **excess**, **limit of liability**, and **total insured value** will be subject to an increase in line with the **inflationary index** at each anniversary of the start of the **period of insurance**. If at any time during the **period of insurance** the schedule is restated then the **estimated gross income**, **excess**, **limit of liability**, and **total insured value** will be recalculated from the anniversary of the reinstatement.

10. More than one insured

If more than one ‘insured’ is named in the schedule, the first named insured will receive all notices and agree any changes to the policy and will be treated as acting for all the named insureds. We will not remove any named insured without their permission.

For any claim, the total amount we will pay will not be more than the **limit of liability** (which is subject to general condition 8 – ‘Inflationary uplift’) plus any extra cover limits, regardless of the number of people or organisations insured by the policy.

General conditions

11. Paying the premium

You must pay the total premium on or before the start of the **period of insurance** or on dates agreed by us.

If you do not pay a premium on time, we may cancel the policy (see 'Our rights to cancel your policy' on page 4).

12. Tax

Any claim we pay will not include VAT unless you cannot recover part or all of the VAT you have paid.

13. Technical audit

It is a **condition precedent** of your policy that any requirements for alterations or risk improvements resulting from the technical audit carried out by HSB Engineering Insurance Services Limited or any other auditor agreed by us must be fully complied with unless we agree otherwise in writing.

General exclusions

The following exclusions apply to the whole of your policy.

1. Infectious agents and pandemics

We will not pay for any loss, **damage**, cost or expense caused by, either directly or indirectly, in connection with, or any action taken to hinder, defend against or respond to any **infectious agent, pandemic or pandemic impact**.

This exclusion applies regardless of any other cause or event that in anyway contributes concurrently or in any sequence to the loss, cost or expense, and regardless whether or not there is any declaration of an outbreak of a **pandemic** by the World Health Organisation or any authorised national or international body or legal jurisdiction.

2. Intentional acts

We will not pay for **damage** caused by any intentional act or failure by you, unless this is a measure to prevent or reduce injury, **damage** to the **equipment** or **financial loss**.

3. Pollution or contamination

We will not pay for any loss, **damage**, cost or expense of whatsoever nature directly or indirectly caused by, contributed to by or arising from pollution, except as shown in extra cover 1 – 'Contamination' in section 1.

4. Property being confiscated

We will not pay for any loss, **damage**, liability, cost or expense of whatsoever nature directly or indirectly caused by, resulting from, arising out of or in connection with your property being confiscated or damaged by, or under the order of, any government, public authority or local authority.

5. Sanction limitation

We will not pay a claim where in doing so it would potentially expose us to any sanction, prohibition or restriction under any United Nations resolutions, or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America.

6. War

We will not pay for any loss, **damage**, liability, cost or expense of whatsoever nature directly or indirectly caused by, resulting from, arising out of or in connection with caused by war, invasion, hostilities (whether war is declared or not), civil war, rebellion, revolution or uprising.

This general exclusion does not apply to any **damage** to **equipment** or **financial loss** resulting from, or caused by, weapons of war which were not discovered before the start of the **period of insurance**, as long as there is no war in the country where the **equipment** is in during the **period of insurance**.

7. Your insolvency or bankruptcy

Any loss, **damage**, liability, cost or expense of whatsoever nature directly or indirectly caused by, resulting from, arising out of or in connection with your insolvency or bankruptcy.

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