



ZURICH

Because life changes.

AllGuard Business Insurance

Engineering Plant Section

Introduction

This Cover Section forms part of Your Policy and must be read together with the General Conditions and Limitations of Cover, the Schedule, the Proposal and any Endorsements.

This Cover Section only forms part of Your Policy when ENGINEERING PLANT SECTION is shown in the Schedule and is limited to the Period of Insurance indicated.

Definitions

The following definitions shall apply to words used in this Cover Section and Endorsements that apply to this Cover Section.

BOILERS AND UNFIRED PRESSURE PLANT

Boilers and Unfired Pressure Plant means any structure that is subject to internal steam, gas or other fluid pressure other than normal atmospheric pressure and shall include:

1. fittings and direct attachments that are connected to the structure without any intervening valve, cock or tap; and
2. supports for the structure and operating equipment such as furnace doors, access doors, combustion chambers, smoke boxes and casings.

Provided that this does not include:

- (a) internal combustion engines;
- (b) rotating, reciprocating or electrical devices; and
- (c) Pressure Pipe Systems.

COLLAPSE

Collapse means the sudden distortion of the furnace of a boiler or any part of a pressure vessel caused by the bending or crushing of the permanent structure by force of steam, gas, fluid pressure or vacuum including damage caused by overheating resulting from deficiency of water.

DAMAGE OR DAMAGED

Damage means any sudden unforeseen physical damage to or destruction of any part of the Plant that prevents the Plant from operating normally and requires repair or replacement of the Plant before normal operation can be resumed.

Damaged has a corresponding meaning to Damage.

ELECTRICAL, ELECTRONIC AND MECHANICAL PLANT

Electrical, Electronic and Mechanical Plant means all integral parts of the Plant that are not Boilers and Unfired Pressure Plant or Pressure Pipe Systems.

EXCLUDED PLANT

Excluded Plant means:

1. computers, electronic data processing equipment;
2. communications equipment including but not limited to telecommunication transmitting and receiving equipment;
3. audio visual, amplification, burglar alarms, monitoring systems and surveillance equipment;
4. lighting facilities;
5. research, diagnostic and electro-medical-equipment;
6. lifts, escalators, office machines;
7. coin or card operated machines;
8. storage tanks and vats;
9. any container used to contain explosive or inflammable gases and liquids;
10. mobile machinery;
11. Building ducts, reticulating electrical wiring, water and gas piping;
12. hot water systems used for heating up to 500 litres of water to a temperature below one hundred degrees Celsius (100°C); and
13. property not owned by You or not at the Premises.

EXPENDABLE ITEMS

Expendable items means items and parts that are not normally reused or repaired or any item or part that requires periodic or frequent replacement including but not limited to:

1. electrical and electronic glass bulbs, tubes, x-ray tubes;
2. electrical contacts, heating elements, batteries;
3. wear plates, cutting edges, tools, dies, moulds, patterns, impression rollers, engraved cylinders;

4. fuses, sheer pins and other safety or protective devices that require a replacement after they have performed or attempted to perform their designed function;
5. tyres, tracks, conveyer belts, ropes; and
6. glass and ceramic components.

EXPLOSION

Explosion means the sudden, unforeseen and violent rending of any boiler pressure plant or pressure pipe systems by force of internal steam gas or fluid pressure or the pressure of ignited flue gases.

FLOOD

Flood means the covering of normally dry land with:

1. water released or that has escaped from the normal confines of:
 - (a) any watercourse whether natural or altered;
 - (b) any lake whether natural or altered; or
 - (c) any reservoir, canal or dam; or
2. water that cannot enter any watercourse, lake, reservoir, canal or dam because of:
 - (a) water already contained within these normal confines; or
 - (b) water that has already been released or has escaped from any of these normal confines.

PLANT

Plant means the following defined types of Plant when these are shown in the Schedule:

1. Electrical, Electronic and Mechanical Plant;
 2. Boilers and Unfired Pressure Plant;
 3. Pressure Pipe Systems;
- and the word Plant shall apply to any or all items shown in the Schedule as well as any or all components, or parts of these items.

Unless specifically shown in the Schedule, Plant does not include Excluded Plant.

PRESSURE PIPE SYSTEMS

Pressure Pipe Systems means:

1. for Boilers and Unfired Pressure Vessels:

any pipe systems with valves, fittings, traps and separators that contain steam, condensate, gas or other fluids that are pressurised by the Plant, including any piping between the Boilers and feed water pumps or injectors; and
2. for refrigeration and air-conditioning equipment specified in the Schedule:

the interconnecting pipes and coils that contain a heat transfer medium.

WEAR OR GRADUAL DETERIORATION

Wear or Gradual Deterioration means:

1. the wearing or wearing out of Plant or property as a result of its normal operation;
2. the wearing or wasting away of material as a result of the normal operation of Plant or property;
3. mildew, disease, fading, erosion, corrosion, rust or other forms of oxidation;
4. Damage resulting from atmospheric conditions; or
5. slowly developing deformation or distortion.

Cover

We will pay for the cost of repairing or, at Our option, replacing:

1. Plant that is Damaged; and
2. property that is hit by flying fragments of Plant that has disintegrated following Damage to that Plant.

Provided that You are responsible for the property that is hit and this property is owned by You or in Your custody or control.

Provided that the Damage to the Plant occurs during the Period of Insurance.

Limitations of Cover

1. **Excess**
You are liable for the Excess for each and every event that results in Damage.
2. **Maintenance Agreements**
We will not pay for the repair or replacement of Plant and other property when any party other than You has responsibility to repair or replace such Plant or other property.
3. **Part immediately affected**
Where Damage is confined to a part of the Plant or other property, We will pay the cost of repairing or, at Our option replacing that part plus the dismantling or rebuilding costs that are necessarily incurred to repair or replace that part.
4. **Sum Insured**
We will not pay more than the applicable Sum Insured for any one Event.
5. **Improvements**
If an item of Plant or property cannot be repaired without improving the output, capacity or efficiency of that item, then Our payment will be limited to the cost of replacing that item less an amount equal to the value of any such improvement(s).

6. Conversion to non CFC refrigerant operation

We will not pay for any costs that are associated with the conversion or alteration of Plant or property that is undertaken to assist the Plant to operate with a non CFC (Chlorofluorocarbon) type of refrigerant.

7. Obsolete Items

If it is necessary to replace parts of Plant which have become unavailable or obsolete we will not pay more than the estimated cost of replacing those parts with similar parts for similar types of plant which are currently available.

8. Exclusions

Cover is further limited by the exclusions that follow.

Exclusions

Other than where specifically provided for in the schedules of this policy:

1. You are not insured for the cost of repair or replacement of Expendable Items.
 2. Except where the repair or replacement is made necessary by Damage to other parts of the Plant;
 - (a) We will not pay for the repair or replacement of joints, gaskets or seams, drive belts, filters, chains, brickwork, foundations or refractories, seals, shaft seals, flexible drives or flexible pipes, soft rollers, replacement of refrigerant, brine or any transfer media.
 - (b) We will not pay for repair of any crack, fracture, blister, lamination, flaw or grooving which has not penetrated completely through the entire thickness of the material of the Plant, even though repair or renewal of the part affected may be necessary either immediately or at some future time.
 3. We will not pay for the costs incurred in repairing Wear or Gradual Deterioration including:
 - (a) damage to a safety or protective device caused by its own operation;
 - (b) the chipping or scratching of painted or polished surfaces.
 4. We will not pay for the cost of the carrying out of normal maintenance, such as the tightening of loose parts, recalibration or adjustments.
 5. We will not pay for Damage to any item of Plant which was known to be defective before the Damage occurred.
6. We will not pay any loss of use or consequential loss of any kind.
 7. We will not pay for Damage caused directly or indirectly by:
 - (a) fire, smoke or soot, extinguishing of a fire or subsequent demolition, lightning, hail, wind, rain, storm, Flood, impact by landborne vehicles or waterborne craft, aircraft or other aerial devices or pressure waves created by their travelling at sonic or supersonic speed, theft or attempted theft, malicious damage, earthquake, subsidence, rockslide, mudslide, landslide, earth movement, subterranean fire, volcanic eruption;
 - (b) explosion other than as defined;
 - (c) the use or application of any tool or process to the Plant in the course of maintenance, inspection, repair, alteration, modification or overhaul (including but not limited to Damage caused while machining a crankshaft or while applying heat to case harden or weld an item);
 - (d) or occurring during installation, building or erection of Plant unless this follows dismantling of Plant for the purpose of cleaning, inspecting, repairing or movement within the Premises;
 - (e) loss or damage arising out of:
 - (i) the Plant being subjected to tests involving abnormal stresses or arising out of the Plant being intentionally overloaded or operated in excess of its normal designed operating specifications;
 - (ii) any raising or lowering operation in which a single load is shared between more than one item of Plant (including but not limited to cranes), whether such item is insured under this Cover Section or not;
 - (f) Deliberate or Negligent Acts
any deliberate act or negligence by You or on Your behalf;
 - (g) contributed to by or arising out of nuclear risks, directly or indirectly caused by or contributed to by ionising radiation or contamination by radioactivity from nuclear fuel or from any nuclear waste from the combustion of nuclear fuel. For the purpose of this Exclusion only combustion shall include any self-sustaining process of nuclear fission.

8. In the event of loss or damage to the Plant giving rise to a claim under this Cover Section, We will not be liable for any costs associated with altering or modifying the Plant to enable it to operate with a more ozone friendly refrigerant gas as required by the UNEP.

For the purpose of the clause the following definition applies.

UNEP means United Nations Environment Policy Montreal protocol with respect to substances which deplete the ozone layer.

Extensions of Cover

1. Hire of Temporary Plant and Costs of Temporary Repairs

Following Damage that is covered by this Cover Section We will pay up to an additional fifty percent (50%) of the normal repair costs for:

- (a) the cost of hiring temporary plant;
- (b) the cost of temporary repairs;
- (c) the extra cost of expediting permanent repairs; and
- (d) consultants fees.

Provided that all these additional costs are limited to a maximum of \$5,000 for each event that results in Damage and that our written approval for these additional costs has first been obtained.

2. Temporary Cover

We will provide temporary cover for a period of up to 30 days for additional plant, that during the Period of Insurance is installed or brought into use.

Provided that:

- (a) You must give us notice in writing within the 30 day period and pay to us any additional premium we may require calculated from the date of installation or bringing into use;
- (b) the additional plant is free from known defects and must comply with all statutory requirements;
- (c) this temporary cover shall not commence until the additional plant has worked satisfactorily for eight (8) hours and has been handed over after commissioning;
- (d) this temporary cover shall only apply to plant which is of a similar kind to the Plant which is insured under this Cover Section;

- (e) the Sum Insured and Excess for the additional plant will be that specified for a similar item or group of items of Plant in the Schedule.

Special Condition

EXAMINATIONS

You will permit Our representatives to inspect the Plant at any reasonable time during the Period of Insurance and You will properly prepare the Plant at Your expense for such inspection.

Provided that any inspection by Us is for Our purposes only and does not warrant that the Plant is safe or that it is free from defects.

Optional Extension of Cover A

Deterioration of Stock

Cover

If Deterioration of Refrigerated Goods is shown in the Schedule then We will pay for deterioration or putrefaction of goods in cold storage which are cooled by refrigeration Plant shown in the Schedule.

Provided this deterioration or putrefaction occurs during the Period of Insurance and results from:

- 1. a change in temperature solely caused by:
 - (a) Damage that is covered by this Cover Section;
 - (b) operation or failure of thermostats, pressure controls or limiting devices, that is not due to an error when operating or setting these items;
 - (c) the accidental failure of the public electricity supply service; or
 - (d) sudden leakage of refrigerant from the Plant; or
- 2. contamination of the goods directly caused by sudden leakage of refrigerant from the Plant.

We may at our option pay for the cost of replacement of the refrigerated goods or replace those goods.

Provided that:

We will not pay for any goods which have passed their used by date nor will We pay for the disposal costs of these goods.

Limitations of Cover

1. Exclusions

Cover is limited by the Exclusions that follow.

Exclusions

The following exclusions shall apply to this Optional Extension of Cover - (A) Deterioration of Stock.

We will not pay for deterioration or putrefaction caused by:

1. the interruption of the electricity supply as a result of any deliberate act by the supply or generating authority or company, unless that act is performed specifically to protect life or any part of the electricity supply system and this act is not caused directly or indirectly by fire, Flood, storm or any other natural cause;
2. inappropriate or improper storage, damage to packing materials or inadequate air circulation;
3. Damage to goods due to any rationing of the electricity supply other than accidental damage to the generation equipment; and
4. Damage to goods which are alive or are of a bacterial nature.

Special Condition

UNDER-INSURANCE

In the event of Deterioration of Stock We will not pay for more than that proportion of the loss or Damage that the Sum Insured for goods in cold storage bears to eighty percent (80%) of the actual total cost price of the goods in cold storage specified in the Schedule.

Optional Extension of Cover B

Increased of Working

Cover

If Increased Cost of Working is shown in the Schedule then We will pay for costs that are incurred by You for the sole purpose of avoiding or diminishing a reduction in income from Your Business during the period that the Plant is Damaged.

Provided that:

1. these costs are additional to Your normal operating costs;
2. these costs are incurred because of an interruption of Your normal operations that directly results from Damage to Plant that is covered by this Cover Section;

3. You receive Our prior written approval to incur these costs;
4. We will not pay more than the Limit of Liability shown in the Schedule for Increased Cost of Working; and
5. We will not pay for any costs incurred during the Excess period shown in the Schedule for Increased Cost of Working.