

Machinery Breakdown Insurance – Insurance Product Information Document

Type of Policy: Machinery Breakdown Insurance

Basic Cover Provided:

The Insurers will pay the cost of repairs or replacement if the insured items suffer any unforeseen and sudden physical loss or damage whilst on the premises. This includes loss from causes such as:

- * Defects in casting and material
- * Faulty design, faults at workshop or in erection
- * Bad workmanship, lack of skill, carelessness, physical explosion, tearing apart on account of centrifugal force, short-circuit, storm,
- * Other similar sudden and accidental causes which are not excluded under this policy in a manner necessitating repair or replacement,

The Insurers will indemnify the Insured in respect of such loss or damage, as hereinafter provided, by payment in cash, replacement or repair (at the insurers' option) up to an amount not exceeding in anyone year of insurance in respect of each of the items specified in the Schedule the sum set opposite thereto and not exceeding in all the total sum expressed in the Schedule as insured hereby.

(For more details about the basic cover, please refer page no. 01 of the policy wording)

Provisions:

It shall be a requirement of this policy that the sum insured is equal to the cost of replacement of the insured machinery by new machinery of the same kind and capacity, which means its cost of replacement including eg: freight dues and customs duties, if any, and cost of erection.

Basis of Indemnity

a) In cases where damage to an insured item can be repaired - the insurers shall pay expenses necessarily incurred to restore the damaged machine to its former state of serviceability plus the cost of dismantling and re-erection incurred for the purpose of effecting the repairs as well as ordinary freight to and from a repair shop, customs duties and dues, if any, to the extent such expenses have been included in the sum insured. If the repairs are executed at a workshop owned by the Insured, the insurers shall pay the cost of materials and wages incurred for the purpose of the repairs plus a reasonable percentage to cover overhead charges. No deduction shall be made for depreciation in respect of parts replaced, but the value of any salvage shall be taken into account. If the cost of repairs as detailed hereinabove equals or exceeds the actual value of the machinery insured immediately before the occurrence of the

damage, the item shall be regarded as destroyed and settlement shall be made on the basis provided for in (b) below.

(b) In cases where an insured item is destroyed - the insurers shall pay the actual value of the item immediately before the occurrence of the loss, including charges for ordinary freight, cost of erection and customs duties, if any provided such expenses have been included in the sum insured, such actual value to be calculated by deducting proper depreciation from the replacement value of the item. The Insurers shall also pay any normal charges for the dismantling of the machinery destroyed, but the salvage shall be taken into account.

Any extra charges incurred for overtime, night work, work on public holidays, and express freight shall be covered by this Policy only if especially agreed in writing.

The cost of any alterations, additions, improvements or overhauls shall not be recoverable under this Policy.

The cost of any provisional repairs shall be borne by the insurers if such repairs constitute part of the final repairs and do not increase the total cost of repair. The insurers shall make payments only after being satisfied by production of the necessary bills and documents that the repairs have been effected or replacement has taken place, as the case may be.

(For more details please refer to the "Provisions" section on page no. 01 of the policy wording)

What is not covered (Exclusions):

1. The deductible stated in the Schedule to be borne by the Insured in anyone occurrence, if more than one item is lost or damaged in one occurrence, the Insured shall not, however, be called upon to bear more than the highest single deductible applicable to such items;
2. loss of or damage to exchangeable tools, eg: dies, moulds, engraved cylinders, parts which by their use and / or nature suffer a high rate of wear or depreciation, eg: refractory linings, crushing hammers, objects made of glass, belts, ropes, wires, rubber tyres, operating media, eg: lubricants, fuels, catalysts;
3. loss or damage due to fire, direct lightning, chemical explosion (except flue gas explosions in boilers), extinguishing of a fire or subsequent demolition, aircraft or other aerial devices or articles dropped therefrom, theft, burglary or attempts thereat, collapse of buildings, flood, inundation, earthquake, subsidence, landslide, avalanche, hurricane, cyclone, volcanic eruption or similar natural catastrophes;
4. loss or damage for which a supplier, contractor or repairer is responsible either by law or under contract;
5. loss or damage caused by any faults or defects existing at the time of commencement of this Policy within the knowledge of the Insured or his representatives whether such faults or defects were known to the Insurers or not;

6. loss or damage arising out of the willful act or gross negligence of the Insured or his representatives;
7. War, invasion, civil war, mutiny, strike, riot, rebellion, revolution, military power, or any act of terrorism or related actions.
8. Loss or damage connected with ionizing radiations, nuclear fuel/waste/combustion, or any weapon of war employing atomic or nuclear fission/fusion.
9. Loss or damage as a direct consequence of the continual influence of operation (e.g., wear and tear, cavitations, erosion, corrosion, rust, boiler scale)
10. consequential loss or liability of any kind or description, any payments over and above the indemnity for material damage as provided herein;

(For more details about the exclusions, please refer page 02 & 03 of the policy wording)

Mode of Payment of Premium:

Annual Premium has to be paid for the Policy (unless mentioned otherwise in the Policy Schedule) and for any subsequent renewals.

Claims Procedure and Required Documents:

Immediate notice shall be given to the Insurer of any occurrence likely to give rise to a claim under this Policy.

1. Call us on 011-2206306, as soon as you come to know the loss/damage.
2. If any claim is made by a third party, refer the same to us without making any commitment.
3. You may also need to fill up the claim form which will be sent by Non-Motor Claims Department and return it with other requested documents as soon as possible to keep your claim moving quickly.
4. In case of a property claim, an assessor/investigator will be sent as soon as possible to visit the damaged property.
5. Adjustment of loss/damage will be carried out by an appropriate loss adjuster depending on the loss.

Required Documents:

- Duly completed Claim Form.
- Extract of the complaint made to the police if applicable.
- Estimates & Bills
- Any other requirements which may be needed by the insurer whilst processing the claim.

(For more details, please refer, "Conditions" Section of the policy wording)

Fraud:

If any claim be made by or on behalf of the Insured which shall be in any respect unfounded fraudulent or intentionally exaggerated, or if a false declaration or statement be made in support thereof, no claim shall be recoverable hereunder.

Obligations of the Policyholder:

Obligations of the policyholder in disclosing material facts

- At the time of purchase:- Disclose all material facts requested in the Proposal Form, truly and accurately, to avoid any claim rejection.
- During the policy term:- Notify the Insurer of any significant changes in risk or personal information.

Obligations of the policyholder when a claim is made

- When making a claim:- Provide all necessary documents and details as mentioned in the Claim Procedure along with the Claim Form.

Complaints Procedure:

We are committed to serve you with passion and willing to receive your feedback. If you are not satisfied with our services, you can lodge a complaint by below methods;

- By telephone - Customer Care Officer - 011 2126136
- By email - pilassist@peoplesinsurance.lk
- By WhatsApp - 0716230048
- By fax - 011 2126109
- By post - Customer Care Officer, People's Insurance PLC, No. 07, Havelock Road, Colombo 05
- Via online - Complaint Submission Form is available on our website www.peoplesinsurance.lk → Please click on the "Complaints" tab
- By visiting

Below information to be provided when lodging a complaint;

- I. Complaint in brief
- II. Your name and contact details
- III. References: Policy No. / Vehicle No. / Claim No.
- IV. Any supporting documents

The Trilingual Complaints Handling Procedure can be downloaded from our website - www.peoplesinsurance.lk → Please click on the "Complaints" tab

Dispute Resolution:

If you are not satisfied with the resolution given by us for a complaint lodged, you have the option to use following Alternative Dispute Resolution (ADR) mechanisms.

- I. Address your concerns to:- Insurance Ombudsman of Sri Lanka
No. 1, Bethesda Place, Colombo 05.

info@insuranceombudsman.lk
011 2505542 / 011 250 5041

II. Arbitration:- As per the Arbitration Clause in the Policy

III. Address your concerns to:- Director Investigations
Insurance Regulatory Commission of Sri Lanka
Level 11, East Tower, World Trade Centre
Colombo 01
011 2396184-9 / 011 2335167
investigation@irsl.gov.lk / info@irsl.gov.lk

Please refer page no 08, "Complaints Procedure" section of the policy wording

A Few Things to Remember

Cancellation of the Insurance:

This Insurance may be terminated at any time at the request of the Insured, in which case the Insurer will retain the customary short period rate for the time the Policy has been in force, subject to no claims being made. This Insurance may also at any time be terminated at the option of the Insurer on notice to that effect being given to the Insured, in which case the Insurer shall be liable to repay on demand a ratable proportion of the premium for the unexpired term from the date of the cancellation.

(For more details, please refer , Condition section of the policy wording)

- The due observance and fulfilment of the terms and conditions of this Policy shall be conditions precedent to any liability of the Insurer to make any payment under this policy.
- Payment of Premium:- Should be as per the Premium Payment Warranty in the Policy
- Insured shall take all reasonable precautions to prevent or minimize loss or damage to the property insured.
- In order to receive the right amount of compensation in an event of a claim, Insured should ensure that the property is insured to its current market value

Important Notes:

This Insurance Product Information Document (IPID) is intended to provide a summary of the main cover and additional covers (if applicable) and key features of the Policy and is not personalized to your specific individual needs. Please note that all matters of whatever nature pertaining to this Insurance (including but not limited to claims, interpretation of terms and

conditions and litigation etc.) shall be governed by the terms, conditions and exclusions of the Policy which shall prevail over the contents of this document.

For Further Information:

If you require any further information, you can make a request via

- Telephone - 0112126126
- Email - pilassist@peoplesinsurance.lk
- Visiting any of our offices island wide