
Section 9 - Machinery

This section is subject to the General Conditions contained in the **Policy Booklet**.

Specific Definitions

The meaning of some of the important words and terms used in Section 9 only, are shown below.

Aircraft means any vessel, craft, device or thing designed to fly in or through the atmosphere or space including any vessel, craft, device or thing made or intended to be propelled on a cushion of air over the surface of land or water.

Boiler Explosion means the sudden and violent rending of the **Boiler** or **Pressure Vessel** by force of internal steam, gas or fluid pressure (including the pressure of ignited flue gases) causing bodily displacement of its structure together with forcible ejection of its contents.

Boiler or **Pressure Vessel** means those parts of the permanent structure of a boiler, pressure vessel, economiser or superheater and attaching pipe systems which are subject to internal steam, gas or fluid pressure and declared to **us**.

Breakdown means sudden and unforeseen physical **Damage** to the **Machine** which requires immediate repairs or any part to be replaced in order to make the **Machine** operate in the same manner and condition as before the sudden and unforeseen physical **Damage**.

Burglary means:

- a) stealing consequent upon actual forcible and violent entry into or exit from the **Premises**;
- b) stealing or any attempted stealing by any person concealed on the **Premises**; or
- c) stealing consequent upon threat of immediate violence or violent intimidation.

Collapse means the sudden and dangerous distortion of a **Boiler** or **Pressure Vessel** caused by bending or crushing of the permanent structure by force of steam, gas or fluid pressure (other than the pressure of ignited flue gases) including **Damage** caused by overheating resulting from deficiency of water.

Machine means the electrical or mechanical machinery specified in the **Schedule**.

Stock in Trade means:

- a) stock in trade and/or merchandise, including the value of work done, containers and packaging materials and raw material which **you** own; and
- b) customers' goods and items held in trust or on commission for which **you** are legally responsible.

Watercraft means any vessel, craft, device or thing designed to float on or in water or to travel on or through water, the hull length of which exceeds 8 metres.

Cover Provided

If **your Schedule** indicates that **you** have taken out insurance under Section 9, **we** will pay **you** if there is a:

- a) **Breakdown** of the **Machine**; or
- b) **Boiler Explosion** or **Collapse** of the **Boiler** or **Pressure Vessel**;

occurring at the **Premises** during the **Period of Insurance** and on the basis set out below.

We will not pay **you** in respect of any of the matters set out in the Specific Exclusions listed below or the General Exclusions contained in the **Policy Booklet**.

Basis of Settlement

If **you** have a valid claim under Section 9, **we** will at **our** option pay or **Reinstate** the **Machine**, **Boiler** or **Pressure Vessel** on the basis set out below.

1. Machine

Where the **Machine** is:

- a) lost or destroyed, its replacement by a similar machine to a condition equal to but not better or more extensive than its condition at the time of loss or destruction; and
- b) **Damaged**, the repair and/or restoration of the **Machine** without deduction for depreciation.

We are not bound to replace, restore or repair exactly or completely but only as circumstances permit and in a reasonably sufficient manner.

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If the **Machine** or its component can be repaired, then it must be repaired unless the cost of repair exceeds the replacement cost, in which case the **Machine** or its component will be replaced without deduction for depreciation.

2. Boiler or Pressure Vessel

Where the **Boiler** or **Pressure Vessel** is:

- a) lost or destroyed, its replacement by similar property, to a condition equal to but not better or more extensive than its condition when new; or
- b) **Damaged**, the repair or restoration of the **Boiler** or **Pressure Vessel** to a condition substantially the same as but not better or more extensive than its condition when new.

We are not bound to replace, restore or repair exactly or completely but only as circumstances permit and in a reasonably sufficient manner.

If the **Boiler** or **Pressure Vessel** can be repaired, then it must be repaired unless the cost of repair exceeds the replacement cost, in which case the **Boiler** or **Pressure Vessel** will be replaced without deduction for depreciation.

3. Salvage

The agreed value of any salvage will be deducted from any claim and the salvage will remain **your Property**.

4. Our Limit of Liability

Our liability is limited to the **Sum Insured** in respect of each item stated in the **Schedule** less the **Excess** shown.

Additional Benefits

If you have a valid claim under Section 9, we will also pay you the following Additional Benefits necessarily and reasonably incurred and in addition to the Sum Insured.

1. Overtime, Freight, Hire and Temporary Repair

We will pay up to a total of 20% of the **Sum Insured** or \$5,000, whichever is the lesser, for:

- a) extra charges for overtime, night work or work on public holidays;

- b) express freight within the Commonwealth of Australia other than specifically chartered air freight;

- c) the cost of hiring of temporary machines; and

- d) the cost of effecting temporary repair.

2. Submersible and Deep Well Pumps

We will pay up to \$500 for any one occurrence for the costs associated with the removal or reinstallation of borehole or deep well type pumps.

If you are insured under Section 9, we will extend your insurance to include the following Additional Benefits.

3. Automatic Inclusion of Similar Items

We will pay **you** if there is a:

- a) **Breakdown** of a **Machine**; or

- b) a **Boiler Explosion** or collapse of a **Boiler** or **Pressure Vessel**;

occurring at the **Premises** during the **Period of Insurance** on the basis set out under Cover Provided and Basis of Settlement above if the **Machine, Boiler** or **Pressure Vessel** is installed, tested and commissioned for commercial use and is of a similar category to any **Machine, Boiler** or **Pressure Vessel** previously declared to **us**, but:

- i. not if the **Machine, Boiler** or **Pressure Vessel** has been installed, tested and commissioned for a period exceeding three months;

- ii. the value of the additional **Machine, Boiler** or **Pressure Vessel** must not exceed the current **Sum Insured**;

- iii. the additional **Machine, Boiler** or **Pressure Vessel** must be free from material defects known to **you** and must comply with any statutory obligation concerning its examination and certification; and

- iv. **you** must inform **us** within three months of the installation of such additional **Machine, Boiler** or **Pressure Vessel** and pay the appropriate extra **Premium**.

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4. Seasonal Increase

We will increase the **Sum Insured** specified in the **Schedule** for "Refrigerated Stock" by 20% during the following periods:

- a) for 30 days prior to Christmas Day and for 8 days following Christmas Day; and
- b) for 15 days prior to Easter Tuesday.

Specific Exclusions

We will not pay **you** under Section 9 in the following circumstances. For the purposes of this section only, references to **Machine**, **Boiler** or **Pressure Vessel** include references to **Machine**, **Boiler** or **Pressure Vessel** falling within **Additional Benefit** 3 above.

1. Maintenance

We will not pay for maintaining, cleaning, adjusting, overhauling or making improvements to the **Machine**, **Boiler** or **Pressure Vessel**.

2. Wear, Tear and Leakage

We will not pay for the cost of rectifying:

- a) wear, tear or gradual deterioration;
- b) scratching or other marking of painted or polished surfaces;
- c) wearing away or wasting of the material of the **Machine**, **Boiler** or **Pressure Vessel** by atmospheric conditions, rust, erosion, oxidation, leakage, corrosion or ordinary use;
- d) slowly developing deformation or distortion of any part of the **Machine**, **Boiler** or **Pressure Vessel**;
- e) cracks, fractures, blisters, laminations, flaws or grooving even if accompanied by leakage or **Damage** to tubes, heaters or others parts of the **Boiler** or **Pressure Vessel** caused by overheating or leakage at seams, tubes or other parts of the **Boiler** or **Pressure Vessel**; or
- f) failure of joints.

3. Hydraulic or Hydrostatic Test

We will not pay for the cost of rectifying **Damage** arising during the application of, or as a result of, any hydraulic or hydrostatic test of the **Boiler** or **Pressure Vessel**.

4. Perils

We will not pay for **Damage** caused by or arising from:

- a) fire, attempts to prevent the spread of fire, extinguishing of a fire or subsequent demolition;
- b) smoke or soot;
- c) lightning;
- d) explosion, other than **Boiler Explosion**;
- e) impact of land borne vehicles or waterborne craft;
- f) earthquake, subterranean fire or volcanic eruption;
- g) landslip, subsidence or erosion;
- h) riot, strike, lockout, civil commotion, persons acting maliciously on behalf of or in connection with any political organisation, or cessation of work whether total or partial;
- i) **Aircraft** or other aerial devices or articles dropped therefrom;
- j) storm, tempest, windstorm, hurricane or cyclone;
- k) **Rainwater** or **Flood**;
- l) liquid or substance discharging or leaking from any apparatus, appliance, pipe or other system, unless the apparatus, appliance, pipe or other system forms part of the **Machine**;
- m) **Burglary** or attempted **Burglary**; or
- n) malicious damage.

5. Existing Faults

We will not pay for faults or defects known to **you**, or **your Employees**, and not disclosed to **us** at the time the **Policy** was entered into.

6. Unsafe or Unlawful Operation

We will not pay:

- a) if at the time of **Damage**:
 - i. the setting of any safety device on or for the **Boiler** or **Pressure Vessel** was in excess of

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the limit imposed by any applicable regulation or the limit recommended by the manufacturer;

- ii. any safety device on or for the **Boiler** or **Pressure Vessel** was removed or rendered inoperative;
- iii. the **Boiler** or **Pressure Vessel** was not the subject of a current certificate of inspection as required by any Regulation; or

b) where the **Boiler** or **Pressure Vessel**:

- i. does not conform with all applicable Australian standards or codes; or
- ii. is operating in an unsafe condition; or

c) where an inspection of the **Boiler** or **Pressure Vessel** by a competent person has not been carried out at intervals specified in Australian Standard AS/NZS 3788 1996.

7. Fitting of Automatic Devices to Unattended Combustion Engines

We will not pay for **Damage** to an unattended combustion engine as a result of the combustion engine not being fitted with an effective operational engine monitoring device which would have stopped the combustion engine in the event of a lubricating or cooling fault or failure.

8. Fitting of Flow/Pressure Switch to Submersible or Borehole Pump

We will not pay for **Damage** to a submersible or borehole pump as a result of the submersible or borehole pump not being fitted with an effective operational water flow or pressure switch capable of stopping the submersible or borehole pump in the event of water pressure drop or insufficient water flow.

9. Modifications, Alterations, Additions, Improvements or Overhauls

We will not pay for the cost of any modifications, alterations, additions, improvements, or overhauls of the **Machine, Boiler** or **Pressure Vessel**.

10. Liability

We will not pay for legal liability of any kind.

11. Replacement of Machine

We will not pay for the cost of replacement of:

- a) heating or defrosting elements, brushes, batteries, screens, sieves, belts, ropes, wires, chains, felts, fabrics, packings, exchangeable tools, dryers, cutting blades, seals, fuses, filters, glass or ceramic components, electric contacts, filaments, tyres, rails, wear plates, dies, engraved cylinders, mould, patterns, or other parts which by their use and nature suffer a high rate of wear or depreciation;
- b) refrigerant or transformer oils due to defective glands, seals, valves, gauges or loose connections;
- c) fuels, chemicals, filter substances, heat transfer media, cleaning agents, lubricants, oil, catalysts or other operating material;
- d) concrete, brickwork or refractories; or
- e) materials in the course of or undergoing processing.

12. Statutory Regulations

We will not pay for the cost of replacement or exchange of:

- a) parts, equipment or apparatus;
- b) liquids; or
- c) refrigerant gases,

to meet with any statute or regulation in relation to substitution of refrigerant gas requirements whether carried out in the course of payable repairs or as a separate operation.

13. Testing

We will not pay for **Damage** arising from the **Machine, Boiler** or **Pressure Vessel** being:

- a) subjected to tests involving abnormal stresses; or
- b) intentionally overloaded.

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14. Damage to Machine, Boiler or Pressure Vessel

We will not pay for loss or **Damage** to:

- a) computers, telephone and closed circuit television installations, audio visual and amplification equipment and other office electronic equipment;
- b) gambling, amusement, vending machinery, audio or visual entertaining equipment;
- c) any vehicle, caravan, trailer or motorcycle;
- d) any mobile plant;
- e) lifts, escalators or elevators;
- f) reticulating electrical wiring or lighting equipment;
- g) water and gas piping;
- h) storage tanks and vats;
- i) **Watercraft**; or
- j) **Aircraft**.

15. Warranty or Guarantee

We will not pay for replacement parts, labour cost or travelling cost recoverable under any supplier, manufacturer or repairer's warranty or guarantee, or which would have been covered but for a breach of **your** obligations under the terms of the guarantee or warranty.

Specific Conditions

If Section 9 forms part of **your Policy**, **you** must follow the Specific Conditions noted below otherwise, **we** may not pay **your** claim under Section 9.

1. Notice of Alteration and Additions

You must notify **us** within 30 days of changes in work conditions, removal, alteration, or addition to any **Machine, Boiler** or **Pressure Vessel**.

If **we** do not approve of such changes, **we** may cancel the insurance in respect of the **Machine, Boiler** or **Pressure Vessel** and return to **you** a proportion of the **Premium** for the unexpired **Period of Insurance**.

2. Claims Procedures and Requirements

You must notify **us** prior to commencement of any repairs in excess of \$500, to ensure repairs are acceptable to **us**.

Your repairer must leave on the **Premises**, for **our** inspection, all parts which have been replaced.

3. Inspections

You must at all reasonable times permit **our** representative to inspect the **Machine, Boiler** or **Pressure Vessel**.

4. Underinsurance

This section is subject to Underinsurance, as defined in the General Conditions.

Optional Covers

If selected by **you** and specified in the **Schedule**, the Optional Cover as indicated below will apply.

1. Refrigerated Stock

a) **We** will pay for **Damage** to **Stock in Trade**, including packaging, held in a refrigerated compartment and arising from deterioration or putrefaction caused by:

- i. a **Breakdown** payable under Section 9 or which would have been payable but for the application of any **Excess**;
- ii. the failure of the public electricity supply caused by breakdown of the supplier's system which would have been payable if insured under Section 9, but **we** will not pay for a deliberate act of the supplier, unless performed for the sole purpose of safeguarding life, protecting a part of the supplier's system, or a scheme of rationing; or
- iii. the operation or failure of the **Machine's** protective devices or thermostats, but **we** will not pay for **Damage** caused by the manual operation or manual setting of switches or controls.

We will pay for the reasonable expenses incurred to minimise and prevent further loss, provided the expenses do not exceed the loss avoided.

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b) **Our** liability is limited to:

- i. the **Sum Insured**; or
- ii. the purchase cost of the **Damaged Stock in Trade**, plus the additional expenses incurred;

whichever is the lesser, less the stated **Excess**.

Following the occurrence of **Damage**, the **Sum Insured** is reinstated to the full amount specified in the **Schedule**, provided that **you** pay any extra **Premium** required by **us**.

c) **We** will not pay for **Damage** resulting from:

- i. the inefficiency of the refrigeration system to hold the refrigerated compartment containing the refrigerated **Stock in Trade**, at the required temperature;
- ii. the accidental or deliberate switching off of the refrigeration system controlling the refrigerated compartment containing the refrigerated **Stock in Trade**;
- iii. shrinkage, inherent defects or diseases;
- iv. improper storage or stowage or collapse of packing materials;
- v. refrigerated **Stock in Trade**, that has passed its used by date; or
- vi. **Damage** to goods which are alive or of a bacterial nature.

Unless **we** have authorised otherwise, any **Damaged** refrigerated stock must be retained for **our** inspection before disposal.

2. Overseas Air Freight

If **you** have a valid claim under Section 9 or would have had but for the application of an **Excess**, **we** will also pay for the cost of air freight necessarily and reasonably incurred from anywhere in the world to obtain replacement parts.

Our liability is limited to the **Sum Insured** stated in the **Schedule** for the cost of overseas air freight, less the **Excess**.