

QBE Insurance (Malaysia) Berhad (Reg. No.: 161086-D)
(Licensed under the Financial Services Act 2013 and regulated by Bank Negara Malaysia)
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QBE Machinery Breakdown Cover POLICY

QBE INSURANCE (MALAYSIA) BERHAD welcomes you as a Policyholder and we take this opportunity to recommend that you thoroughly examine this Document which sets out the limitations and benefits of the insurance. Please store it in a safe place.

Should you have any query, please contact your Registered Agent/Broker or our QBE office, especially if the insurance is not completely in accordance with your intentions.

MBDMBD002-Q-0115 (NON-CONSUMER)



Contents

A.	THE COVER	1
1.	PREAMBLE	1
B.	GENERAL EXCLUSIONS.....	1
1.	EXCESS	1
2.	EXCHANGEABLE TOOLS AND SEIZURE	2
3.	SPECIFIC PERILS	2
4.	CONTRACTOR'S RESPONSIBILITY	2
5.	EXISTING FAULTS OR DEFECTS	2
6.	WILFUL ACT	2
7.	WAR, CIVIL COMMOTION.....	2
8.	RADIOACTIVITY.....	2
9.	CONTINUAL INFLUENCE OF OPERATION.....	2
10.	CONSEQUENTIAL LOSS.....	2
11.	TERRORISM	2
12.	ELECTRONIC DATA	3
C.	PROVISIONS	4
1.	MEMO 1 - SUM INSURED	4
2.	MEMO 2 - BASIS OF INDEMNITY	4
D.	GENERAL CONDITIONS	5
1.	DUTY OF DISCLOSURE.....	5
2.	IDENTIFICATION	5
3.	COMPLIANCE	5
4.	MATERIAL CHANGE	5
5.	CLAIM NOTIFICATION.....	6
6.	SUBROGATION	6
7.	ARBITRATION.....	7
8.	WITHHOLDING INDEMNIFICATION	7
9.	FRAUDULENT CLAIM AND REPUDIATION.....	7
10.	SANCTION LIMITATION AND EXCLUSION	7
11.	OTHER INSURANCE	7
12.	TERMINATION	8
13.	INTEREST INCURRED	8
14.	PREMIUM WARRANTY	8
	IMPORTANT NOTICE:	8



A. THE COVER

1. PREAMBLE

This Policy is issued in consideration of the payment of premium as specified in the Policy Schedule and pursuant to the answers given in Insured's Proposal Form (or when Insured applied for this insurance) and any other disclosures made by Insured between the time of submission of Insured's Proposal Form (or when Insured applied for this insurance) and the time this contract is entered into. The answers and any other disclosures given by Insured shall form part of this contract of insurance between Insured and QBE INSURANCE (Malaysia) BERHAD (hereinafter called "the Company"). In the event of any pre-contractual misrepresentation made in relation to Insured's answers or in any disclosures made by Insured, it may result in avoidance of Insured's contract of insurance, refusal or reduction of Insured's claim(s), change of terms or termination of Insured's contract of insurance.

This Policy reflects the terms and conditions of the contract of insurance as agreed between Insured and Company.

The Company hereby agrees with the Insured that if at any time during the Period of Insurance stated in the Schedule or during any subsequent period for which the Insured pays and the Company may accept the premium for the renewal of this Policy, the items of Plant (or any part thereof) entered in the Schedule, whilst at the Situation mentioned therein, suffer any unforeseen and sudden physical loss or damage from causes such as defects in casting and material, faulty design, faults at workshop or in erection, bad workmanship, lack of skill, carelessness, shortage of water in boilers, physical explosion, tearing apart on account of centrifugal force, short-circuit, storm, or from any other cause not specifically excluded hereinafter, in a manner necessitating repair or replacement.

The Company will indemnify the Insured in respect of such loss or damage, as hereinafter provided, by payment in cash, replacement or repair (at the Company's option) up to an amount not exceeding in any one Period of Insurance in respect of each of the items of Plant specified in the Schedule the sum set opposite thereto and not exceeding in all the Material Sum expressed in the Schedule as insured hereby.

This Policy shall apply to the items of Plant after successful completion of their performance acceptance tests whether they are at work or at rest, or being dismantled for the purpose of cleaning or overhauling, or in the course of the aforesaid operations themselves, or when being shifted within the Situation, or during subsequent re-erection.

B. GENERAL EXCLUSIONS

The Company shall not be liable for:

1. EXCESS

The Excess stated in the Schedule to be borne by the Insured in any one occurrence; if more than one item of Plant is lost or damaged in one occurrence, the Insured shall not, however, be called upon to bear more than the highest single Excess applicable to such items;

2. EXCHANGEABLE TOOLS AND SEIZURE

loss of or damage to exchangeable tools, e.g. dies, moulds, engraved cylinders, parts which by their use and/or nature suffer a high rate of wear or depreciation, e.g. refractory linings, crushing hammers, objects made of glass, belts, ropes, wires, rubber tyres, operating media, e.g. lubricants fuels, catalysts;

3. SPECIFIC PERILS

loss or damage due to fire, direct lightning, chemical explosion (except fuel 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. CONTRACTOR'S RESPONSIBILITY

loss or damage for which a supplier, contractor or repairer is responsible either by law or under contract;

5. EXISTING FAULTS OR DEFECTS

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 Company or not;

6. WILFUL ACT

loss or damage arising out of the wilful act or gross negligence of the Insured or his representatives;

7. WAR, CIVIL COMMOTION

any consequence of war, invasion, act of foreign enemy, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, mutiny, riot, strike, lock-out, civil commotion, military or usurped power, acts of a group of malicious persons or persons acting on behalf of or in connection with any political organisation, conspiracy, confiscation, commandeering, requisition or destruction of or damage to property by order of any government de jure or de facto or by any public authority;

8. RADIOACTIVITY

any consequence of nuclear reaction, nuclear radiation or radioactive contamination;

9. CONTINUAL INFLUENCE OF OPERATION

loss or damage as a direct consequence of the continual influence of operation (e.g. wear and tear, flood, inundation, cavitation, erosion, corrosion, rust, boiler scale);

10. CONSEQUENTIAL LOSS

consequential loss or liability of any kind or description, any payments over and above the indemnity for material damage as provided herein.

11. TERRORISM

Any act of terrorism regardless of any other cause or event contributing concurrently or in any other sequence to the loss, notwithstanding any provision to the contrary within this insurance or any endorsement thereto

For the purpose of this endorsement an act of terrorism means an act, including but not limited to the use of force or violence and/or the threat thereof, of any person or group(s) of persons, whether acting alone or on



behalf of or in connection with any organisation(s) or government(s), committed for political, religious, ideological or similar purposes including the intention to influence any government and/or to put the public, or any section of the public, in fear.

This endorsement also excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to any act of terrorism.

If the Underwriters allege that by reason of this exclusion, any loss, damage, cost or expense is not covered by this insurance the burden of proving the contrary shall be upon the Insured.

In the event any portion of this endorsement is found to be invalid or unenforceable, the remainder shall remain in full force and effect.

12. ELECTRONIC DATA

For loss or damage as a result of, notwithstanding any provision to the contrary in the Policy or any endorsement thereto,

- (a)
 - i) total or partial destruction, distortion, erasure, corruption, alteration, misinterpretation or misappropriation of ELECTRONIC DATA,
 - ii) error in creating, amending, entering, deleting or using ELECTRONIC DATA, or
 - iii) total or partial inability or failure to receive, send, access or use ELECTRONIC DATA - for any time or at all,

from any cause whatsoever, regardless of any other contributing cause or event whenever it may occur

ELECTRONIC DATA means facts, concepts and information converted to a form useable for communications, display, distribution, interpretation or processing by electronic and electromechanical data processing or electronically controlled equipment and Includes programmes, software and other coded instructions for such equipment.

- (b) However, in the event that a peril listed below (being a peril insured by this policy but for this exclusion) is caused by any of the matters described in paragraph (a) above, this Policy, subject to all its provisions, will insure:
 - i). physical loss of or damage or destruction to Property Insured directly caused by such listed peril, and/or
 - ii). consequential loss insured by this Policy.

Further, this exclusion does not apply in the event that a peril listed below (being a peril insured by this policy but for this exclusion) causes any of the matters described in paragraph (a) above:

Fire, Explosion, Lightning, Windstorm, Hail, Tornado, Cyclone, Hurricane, Earthquake, Volcano, Tsunami, Flood, Freezing, Weight of Snow, Impact by Aircraft or other aerial objects dropped therefrom, Impact by any Road Vehicle or Animal, Bursting Overflowing Discharging or Leaking of Water Tanks Apparatus or Pipes, or Theft of Electronic Data solely where such Theft is accompanied by Theft of the computer hardware, firmware, medium, microchip, integrated circuit or similar device containing such Electronic Data.



- (c) For the purposes of the Basis of Settlement provision in this Policy, computer systems records includes Electronic Data as defined in paragraph (a) above.

Any terrorism exclusion in this Policy or any endorsement thereto prevails over this endorsement.

C. PROVISIONS

1. MEMO 1 - SUM INSURED

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, e.g. freight, dues and custom duties, if any, and cost of erection. If the sum insured is less than the amount required to be insured, the Company shall pay only in such proportion as the sum insured bears to the amount required to be insured. Every item if more than one shall be subject to this condition separately.

2. MEMO 2 - BASIS OF INDEMNITY

- (a). In case where damage to an insured item can be repaired - the Company 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, custom duties and dues, if any, but, 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 Company shall pay the cost of material 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 Company 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 Company 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 Company if such repairs constitute part of the final repairs and do not increase the total cost of repair.



The Company 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.

D. GENERAL CONDITIONS

1. DUTY OF DISCLOSURE

Where Insured have applied for this Insurance wholly for purposes related to Insured's trade, business or profession, Insured had a duty to disclose any matter that Insured know to be relevant to Insured and Company decision in accepting the risks and determining the rates and terms to be applied and any matter a reasonable person in the circumstances could be expected to know to be relevant otherwise it may result in avoidance of Insured's contract of insurance, refusal or reduction of Insured's claim(s), change of terms or termination of Insured's contract of insurance.

Insured also have a duty to tell Company immediately if at any time after Insured's contract of insurance has been entered into, varied or renewed with Company any of the information given in the Proposal Form (or when Insured applied for this insurance) is inaccurate or has changed.

2. IDENTIFICATION

The Schedule shall be deemed to be incorporated in and form part of this Policy and the expression "this Policy", wherever used in this contract, shall be read as including the Schedule Any word or expression to which a specific meaning has been attached in any part of this Policy or of the Schedule shall bear such meaning wherever it may appear.

3. COMPLIANCE

The Insured shall at his own expense take all reasonable precautions and comply with all reasonable recommendations of the Company to prevent loss or damage and comply with statutory requirements and manufacturers' recommendations. The liability of the Company under this Policy in respect of any insured item shall cease if the said item insured is not kept in good order or condition.

4. MATERIAL CHANGE

- a) Representatives of the Company shall at any reasonable time have the right to inspect and examine the risk and the Insured shall provide the representatives of the Company with all details and information necessary for the assessment of the risk.
- b) The Insured shall immediately notify the Company by facsimile and in writing of any material change in the risk and cause at his own expense such additional precautions to be taken as circumstances may require to ensure safe operation of the insured items, and the scope of cover and/or premium shall, if necessary, be adjusted accordingly. No material alteration shall be made or admitted by the Insured whereby the risk is increased, unless the continuance of the insurance is confirmed in writing by the Company.

5. CLAIM NOTIFICATION

In the event of any occurrence which might give rise to a claim under this Policy, the Insured shall:

- a) immediately notify the Company by telephone or facsimile as well as in writing, giving an indication as to the nature and extent of loss or damage;
- b) take all steps within his power to minimise the extent of the loss or damage;
- c) use its best endeavours to preserve all property, products, appliances and plant and all other things which may assist in the investigation or defence of a claim or in the exercise of rights of subrogation and so far as may be reasonably practicable no alteration or repair shall be effected without the consent of the Company until the Company shall have had an opportunity of inspection;
- d) furnish all such information and documentary evidence as the Company may require;

The Company shall on no account be liable for loss or damage of which no notice has been received by the Company within 14 days of its occurrence.

Upon notification being given to the Company under this condition, the Insured may carry out repairs of any minor damage or replace items which have sustained any minor damage; in all other cases a representative of the Company shall have the opportunity of inspecting the loss or damage before any repairs or alterations are effected. If a representative of the Company does not carry out the inspection within a period of time, which could be considered adequate under the circumstances, the Insured shall be entitled to proceed with the repairs or replacement.

The liability of the Company under this Policy in respect of any insured item shall cease if said item is kept in operation after a claim without being repaired to the satisfaction of the Company, or if temporary repairs are carried out without the Company's consent.

6. SUBROGATION

The Insured shall at the expense of the Company do and concur in doing and permit to be done all such acts and things as may be necessary or required by the Company in the interest of any rights or remedies, or of obtaining relief or indemnity from parties (other than those insured under this Policy) to which the Company shall be or would become entitled or which is or would be subrogated to them upon their paying for or making good any loss or damage under this Policy, whether such acts and things are to become necessary or required before or after the Insured's indemnification by the Company.



7. ARBITRATION

If any difference arises as to the amount of any loss or damage such difference shall independently of all other questions be referred to the decision of an Arbitrator, to be appointed in writing by the parties in difference, or, if they cannot agree upon a single Arbitrator, to the decision of two disinterested persons as Arbitrators, of whom one shall be appointed in writing by each of the parties within two (2) calendar month after having been required so to do in writing by the other party.

In case either party shall refuse or fail to appoint an Arbitrator within two (2) calendar month after receipt of notice in writing requiring an appointment, the other party shall be at liberty to appoint a sole Arbitrator; and in case of disagreement between the Arbitrators, the difference shall be referred to the decision of an Umpire who shall have been appointed by them in writing before entering on the reference, and who shall sit with the Arbitrators and preside at their meetings.

The death of any party shall not revoke or affect the authority or powers of the Arbitrator, Arbitrators or Umpire respectively; and in the event of the death of an Arbitrator or Umpire, another shall in each case be appointed in his stead by the party or Arbitrators (as the case may be) by whom the Arbitrator or Umpire so dying was appointed.

The costs of the reference and of the award shall be in the discretion of the Arbitrator, Arbitrators or Umpire making the award. And it is hereby expressly stipulated and declared that it shall be a condition precedent to any right of action or suit upon this policy that the award by such Arbitrator, Arbitrators or Umpire of the amount of the loss or damage if disputed shall be first obtained.

8. WITHHOLDING INDEMNIFICATION

The Company shall be entitled to withhold indemnification

- a) if there are doubts regarding the Insured's right to receive the indemnity, pending receipt by the Company of the necessary proof;
- b) if in connection with the claim an examination by the police or an inquiry under criminal law has been instituted against the Insured, pending completion of such examination or inquiry.

9. FRAUDULENT CLAIM AND REPUDIATION

- a) If the proposal or declaration of the Insured is untrue in any material respect, or if any claim made is fraudulent or substantially exaggerated, or if any false declaration or statement is made in support thereof, then this Policy shall be void and the Company shall not be liable to make any payment hereunder.
- b) In the event of the Company disclaiming liability in respect of any claim and if an action or suit is not commenced within three months after such disclaimer or (in the case of arbitration taking place in pursuance of Condition 7 of this Policy) within three months after the arbitrators or umpire have made their award, all benefit under this Policy in respect of such claim shall be forfeited.

10. SANCTION LIMITATION AND EXCLUSION

The (re)insurer shall not provide cover nor be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose the



insurer or any member of the insurer's group to any sanction, prohibition or restriction under United Nations resolutions, Australian autonomous sanctions, or the trade or economic sanctions, laws or regulations of any country.

11. OTHER INSURANCE

If at the time any claim arises under this Policy there is any other insurance covering the same loss or damage, the Company shall not be liable to pay or contribute more than their rateable proportion of any claim for such loss or damage.

12. TERMINATION

This Policy may be terminated at the request of the Insured at any time, in which case the Company will retain the customary short-period rate for the time this Policy has been in force. This Policy may equally be terminated at the option of the Company by seven (7) days' notice to that effect being given to the Insured, in which case the Company will be liable to repay on demand a rateable proportion of the premium for the unexpired term from the date of cancellation less any reasonable inspection charges the Company may have incurred and less any long-term discount on premiums granted.

13. INTEREST INCURRED

The Company shall not be liable to pay interest other than interest for default.

14. PREMIUM WARRANTY

It is a fundamental and absolute special condition of this contract of insurance that the premium due must be paid and received by the Company within sixty (60) days from the inception date of this policy/endorsement/renewal certificate.

If this condition is not complied with then this contract is automatically cancelled and the Company shall be entitled to the pro rata premium for the period they have been on risk.

Where the premium payable pursuant to this warranty is received by an authorised agent of the Company, the payment shall be deemed to be received by the Company for the purposes of this warranty and the onus of proving that the premium payable was received by a person, including an Insurance agent, who was not authorised to receive such premium shall lie on the Company.

IMPORTANT NOTICE:

The following are channels available for complaints on insurance related matters. You can contact our Complaint Unit for assistance at 03-7861 8400 or the following authorised bodies

FINANCIAL MEDIATION BUREAU (FMB)

LEVEL 25, DATARAN KEWANGAN DARUL TAKAFUL
NO. 4 JALAN SULTAN SULAIMAN
50000 KUALA LUMPUR
TEL: 03-2272 2811
FAX: 03-2274 5752

DIRECTOR

LAMAN INFORMASI NASIHAT DAN KHIDMAT (LINK)
TINGKAT BAWAH, BLOK C
BANK NEGARA MALAYSIA
TINGKAT 14B PETI SURAT 10922,
50929 KUALA LUMPUR
TEL: 03-2698 8044 FAX: 03-2693 6919