

CONTRACTORS' PLANT and MACHINERY INSURANCE

Whereas the Insured named in the Schedule hereto has made to **PT. ASURANSI "X"** (hereinafter called "the Insurers") a written proposal by completing a Questionnaire which together with any other statements made in writing by the Insured for the purpose of this Policy is deemed to be Incorporated herein,

Now this Policy of Insurance witnesseth that, subject to the Insured having paid to the Insurers the premium mentioned in the Schedule and subject to the terms, exclusions, provisions and conditions contained herein or endorsed hereon,

The Insurers hereby agree 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 Insurers may accept the premium for the renewal of this Policy, the items (or any part thereof) entered in the Schedule, whilst at the location or in the geographical area mentioned therein, suffer any unforeseen and sudden physical loss or damage from any cause not specifically excluded 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 their own option) up to an amount not exceeding in any one year of insurance in respect of each of the items specified in the Schedule the sum opposite thereto and not exceeding in all the total sum expressed in the Schedule as insured hereby.

This Policy shall apply whether the insured items are at work or at rest, or being dismantled for the purpose of cleaning or overhauling, or in the course of aforesaid operations themselves, or in the course of sub-sequent re-erection, but any case only after successful commissioning.

EXCLUSIONS

The Insurers shall not be liable for :

- a. the deductible stated in the Schedule to be borne by the Insured in any one 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;
- b. loss or damage due to electrical or mechanical breakdown, failure, breakage or derangement,
- c. freezing of coolant or other fluid, defective lubrication or lack of oil or coolant, but if as a consequence of such breakdown or derangement an accident occurs causing external damage, such consequential damage shall be indemnifiable
- c. loss of or damage to replaceable parts and attachments such as bits, drills, knives or other cutting edges, saw blades, dies, moulds, pattern, pulverizing and crushing surfaces,

screens and sieves, ropes, belts, chains, elevator and conveyor bands, batteries, tyres, connecting wires and cables, flexible pipes, jointing and packing material regularly replaced;

- d. loss or damage due to explosion of any boiler or pressure vessel subject to internal steam or fluid pressure or of any internal combustion engine;
- e. loss of or damage to vehicles designed and licensed for general road use unless these vehicles are exclusively used on construction sites;
- f. loss of or damage to waterborne vessels or craft;
- g. loss or damage due to total or partial immersion in tidal waters;
- h. loss or damage whilst in transit unless otherwise agreed by endorsement;
- i. loss or damage as a direct consequence of the continual influence of operation (e.g. wear and tear, corrosion, rust, deterioration due to lack of use and normal atmospheric conditions);
- j. loss or damage occurring whilst any insured item is undergoing a test of any kind or is being used in any manner or for any purpose other than that for which it was designed;
- k. loss of or damage to plant and/or machinery working underground unless otherwise agreed by endorsement;
- l. loss or damage directly or indirectly caused by, or arising out of, or aggravated by 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, a group of malicious persons or persons acting on behalf of or in connection with any political organization, conspiracy, confiscation, commandeering, requisition or destruction or damage by order of any government de jure or de facto or by any public authority;

- m. loss or damage directly or indirectly caused by, or arising out of, or aggravated by nuclear reaction, nuclear radiation or radioactive contamination;
- n. loss or damage due to 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;
- o. loss or damage directly or indirectly caused by, or arising out of, or aggravated by the wilful act or wilful negligence of the Insured or his representatives;
- p. loss or damage for which the supplier or manufacturer is responsible either by law or under contract;
- q. consequential loss or liability of any kind or description;
- r. loss or damage discovered only at the time of taking an inventory or during routine servicing.

In any action, suit or other proceeding where the Insurers allege that by reason of the provision of exclusions l - p above any loss, destruction or damage is not covered by this Policy, the onus of proving that such loss, destruction or damage is covered shall be upon the Insured.

CONDITIONS

1. The due observance and fulfillment of the terms of this Policy in so far as they relate to anything to be done or complied with by the Insured and the truth of the statements and answers in the questionnaire and proposal made by the Insured shall be a condition precedent to any liability of the Insurers.
2. 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. The Insured shall at his own expense take all reasonable precautions and comply with all reasonable recommendations of the Insurers to prevent loss or damage and comply with statutory requirements and manufacturer's recommendations.

4. a. Representatives of the Insurers shall at any reasonable time have the right to inspect and examine the risk and the Insured shall provide the representatives of the Insurers with all details and information necessary for the assessment of the risk.
- b. The Insured shall immediately notify the Insurers by telegram 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, 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 Insurer.

5. In the event of any occurrence which might give rise to a claim under this Policy, the Insured shall
 - a. immediately notify the Insurers by telephone or telegram as well as in writing, giving an indication as to the nature and extent to the loss or damage;
 - b. take all reasonable steps within his power to minimize the extent of the loss or damage;
 - c. preserve the parts affected and make them available for inspection by a representatives or surveyor of the Insurers;
 - d. furnish all such information and documentary evidence as the Insurers may require;
 - e. inform the police authorities in the case of loss or damage due to theft or burglary;

The Insurers shall on no account be liable for loss or damage of which no notice has been received by the insurers within 14 days of its occurrence. Upon notification being given to the Insurers 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 Insurers shall have the opportunity of inspecting the loss or damage before any repairs or alterations are effected. If a representative of the Insurers 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. Nothing contained herein shall prevent the Insured from taking such steps as are absolutely necessary for the upkeep of operations at the respective construction site. The liability of the Insurers under this Policy in respect of any item sustaining damage shall cease if said item is not repaired properly without delay.

6. The Insured shall at the expense of the Insurers do and concur in doing and permit to be done all such acts and things as may be necessary or required by the Insurers in the interest of any right or remedies, or of obtaining relief or indemnity from parties (other than those insured under this Policy) to which the Insurers are 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 or become necessary or required before or after the Insured's indemnification by the Insurers.
7. If any difference arises as to the amount to be paid under this Policy (liability being otherwise admitted), such difference shall 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 arbitrators, one to be appointed in writing by each of the parties within one calendar month after having been required in writing so to do by either of the parties, or, in case the arbitrators do not agree, of an umpire to be appointed in writing by the arbitrators before the latter enter upon the reference. The umpire shall sit with the arbitrators and preside at their meetings. The making of an award shall be a condition precedent to any right of action against the Insurers.
8. 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 not be liable to make any payment hereunder.
- b. In the event of the Insurers 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.

9. This Policy may be terminated at the request of the Insured at any time, in which case the Insurers 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 Insurers by seven days' notice to that effect being given to the Insured, in which case the Insurers 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 Insurers may have incurred.

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

PROVISIONS

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 items by new items of the same kind and capacity, which means their cost of replacement including, e.g. freight, custom duties and dues, if any, and cost of erection.

If the sum insured is less than the amount required to be insured, the Insurers 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.

Memo 2 - Basis of Loss Settlement

In the event of any loss or damage the basis of any settlement under this Policy shall be as follows :

a. In cases where damage to an insured item can be repaired - the Insurers shall pay expenses necessarily incurred to restore the damaged item 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 insured item 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, custom 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 value of any 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 amount payable by the Insurers according to the above-mentioned provisions shall be reduced by the deductible stated in the Schedule. 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.