



Deterioration of Stock (Machinery Breakdown)

Defined events

This insurance is in respect of:

1. **Fortuitous damage to the products and/or coldroom(s) insured**
2. **Increase in the cost of working**

and the amount payable as indemnity there under shall be:

(i) **In respect of fortuitous damage to the products and/or coldroom(s) insured:**

The value of the insured products and/or coldroom(s) affected as a direct consequence of the damage but not exceeding the limit of indemnity stated in the schedule

(ii) **In respect of increase in the cost of working:**

The additional expenditure necessarily and reasonably incurred as a direct consequence of the damage (including costs incurred in obtaining alternative storage facilities for the insured products) wholly and exclusively incurred for the purpose of preventing or minimising damage to the insured products but not exceeding the amount that would otherwise have been indemnifiable under clause (i) above

Provided always that:

- (a) other than in the case of the accidental escape of refrigerant damage shall cause a fluctuation in temperature in the coldroom(s)
- (b) the company shall have the benefit of any saving in expenditure as a result of the damage.

Definitions

1. Damage

- A. Unforeseen and sudden physical damage** to the machinery described in the schedule of this section from any cause provided for under Machinery breakdown section issued by the company's liability under which section shall except for the provision of the specific exception relating to the deductible amount be a condition precedent to liability hereunder
- B. Failure of the public supply of electricity** at the terminal ends of the supply authority's service feeders in the insured's premises from any accidental cause other than:
 - (i) the deliberate act of the insured or any supply authority
 - (ii) drought or shortage of fuel at any power station

If stated in the schedule to be included



C. Damage to the insured products (contained in the coldrooms and/or the insured coldroom(s)) caused as a direct result of the accidental escape of refrigerant following unforeseen and sudden physical damage to the refrigeration machinery described in the schedule of this section.

If stated in the schedule to be included

2. Coldroom

The term "coldroom" shall be deemed to include "refrigeration chamber".

3. Damage

Except in clause "A" of the definition the word "damage" wherever it appears in this section shall mean:

(a) in respect of the insured products

"destruction or impairment in value of the insured products by deterioration or contamination or putrefaction or spoilage"

(b) in respect of the insured coldroom(s)

"contamination by refrigerant necessitating the evacuation of the coldroom(s)".

If stated in the schedule to be included

4. Value

The word "value" wherever used in this section shall mean:

In respect of the insured products

(a) "The actual purchase price paid by the insured to his supplier for the insured products or that part thereof affected by damage"

or

(b) "The actual purchase price paid by the insured to his supplier for the insured products or that part thereof affected by damage to which is added the processing costs of such insured products prior to being placed in the coldroom(s)"

or

(c) "The selling price of the insured products or that part thereof affected by damage"

In respect of insured coldroom(s)

"The current day replacement cost of the coldroom(s)

Whichever stated in the schedule to be applicable.



Specific exceptions

The company shall not indemnify the insured in respect of:

1. The amount of the deductible stated in the schedule
2. Damage to insured products not contained in insured coldroom(s) at the time of such damage
3. Consequential loss damage or liability arising out of the damage to the insured products and/or coldroom(s)
4. Damage to the insured products and/or coldroom(s) caused by bruising rodents pests or natural deterioration disease or vice.

Special memoranda

Memo 1:

In the event of damage to the insured products:

- (a) where such damage necessitates destruction of the insured products a certificate of condemnation must be obtained by the insured from the appropriate local authority for such goods to be destroyed
- (b) in cases where damage is alleged to have impaired the value of the insured products reasonable proof of impairment of value must be submitted by the insured in respect of such insured products
- (c) where the insured has incurred an increase in the cost of working so as to prevent or minimise damage to the insured products reasonable proof of the necessity for incurring such costs must be furnished by the insured.

Memo 2:

The machinery described in the schedule of this section shall be subject to regular and adequate maintenance processes undertaken by suitably qualified members of the insured's own staff or in terms of a maintenance contract with specialist maintenance engineers.

Memo 3:

The controlling switchgear of the refrigeration machinery described in the schedule of this section shall incorporate apparatus for automatic restarting following a failure of the public supply of electricity.

Memo 4:

The premium charged under this section shall be provisional and adjusted on the expiry of each period of insurance in accordance with the provisions of memorandum 5 hereunder.

Memo 5:

On the expiry of each period of insurance the insured shall make the following declaration to the company:

- (i) the average monthly value of the insured products contained in coldroom(s). The provisional premium shall be adjusted at the rates agreed between the insured and the company and an additional or refund premium charged or allowed to the insured



or

- (ii) the maximum value of the insured products contained in coldroom(s) at any one time during the period of insurance. The provisional premium charged shall be adjusted at the rates agreed between the insured and the company and an additional or refund premium charged or allowed to the insured
- (iii)
 - (a) the estimated value at risk for the forthcoming period of insurance in accordance with the provisions of (i) above
 - (b) the replacement cost of the coldroom(s).