

MSUNDUZI MUNICIPALITY



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The Msunduzi Municipality

GENERAL INSURANCE POLICY

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PREAMBLE

Subject to the terms, exceptions, conditions (precedent or otherwise) and in consideration of and conditional upon the prior payment of the premium by or on behalf of the Insured and receipt thereof by or on behalf of the Insurers.

The Insurer agrees to indemnify or compensate the Insured by payment or, at the option of the Insurer, by replacement, reinstatement or repair, in respect of the Insured Events occurring during the period of insurance up to the sums insured, limits of indemnity, compensation and other amounts specified.

Specific exceptions, conditions and provisions shall override general exceptions, conditions and provisions.

DEFINITIONS

For the purpose of this policy unless the context otherwise requires:

1. "**Insurer**" means the General Insurance Fund of the Msunduzi Municipality, which is administered by the Chief Financial Officer's Department. Established by the Msunduzi Municipality in order to implement its scheme of self insurance as adopted by it on 4 June 1962 and as subsequently amended, under the powers conferred on it by Section 63 of the Local Government Municipal Finance Management Act No. 56 of 2003, by providing cover in respect of the Msunduzi Municipality's several insurable interests and risks and in respect of certain other parties for whom the Msunduzi Municipality may legally provide insurance cover, the administration of which Insurer is controlled by the Strategic Chief Financial Officer or his/her successor in title in terms of the authority conferred on him/her by the aforesaid resolution as amended from time to time.
2. "**Insured**" means The Msunduzi Municipality and any party (various departments) who is insured under any section of this policy.
3. "**Premium**" means the amount as determined by the Chief Financial Officer or his/her successor in title which is payable to the Insurer by any Service of the Msunduzi Municipality or by or on behalf of any Other Insured, for insurance cover under any Section of this policy in respect of each year of insurance.
4. The phrases and terminology that have been adapted in this document to fall in line with the generally accepted phrases in the short term insurance industry.

GENERAL EXCEPTIONS, CONDITIONS, PROVISOS AND EXTENSIONS**APPLICABLE TO ALL SECTIONS OF THIS POLICY**

(Except where otherwise stated in each Section)

A : GENERAL EXCEPTIONS**1. War, riot and terrorism**

- (A) This policy does not cover loss of or damage to property related to or caused by:
- (i) Civil commotion, labour disturbances, riot, strike, lockout or public disorder or any act or activity which is calculated or directed to bring about any of the foregoing;
 - (ii) War, invasion, act of foreign enemy, hostilities or warlike operations (whether war be declared or not) or civil war;
 - (iii)
 - (a) Mutiny, military rising, military or usurped power, martial law or state of siege, or any other event or cause which determines the proclamation or maintenance of martial law or state of siege;
 - (b) Insurrection, rebellion or revolution;
 - (iv) any act (whether on behalf of any organisation, body or person or group of persons) calculated or directed to overthrow or influence any State or Government or any provincial, local or tribal authority with force or by means of fear, terrorism or violence;
 - (v) any act which is calculated or directed to bring about loss or damage in order to further any political aim, objective or cause, or to bring about any social or economic change, or in protest against any State or Government or any provincial, local or tribal authority, or for the purpose of inspiring fear in the public or any section thereof;
 - (vi) Any attempt to perform any act referred to in clause (iv) or (v) above;
 - (vii) The act of any lawfully established authority in controlling, preventing, suppressing or in any other way dealing with any occurrence referred to in clause (A) (i), (ii), (iii), (iv), (v) or (vi) above.

If the Insurer alleges that, by reason of clause (A) (i), (ii), (iii), (iv), (v), (vi), or (vii) of this exception, loss or damage is not covered by this policy, the burden of proving the contrary shall rest on the insured.

- (B) This policy does not cover loss or damage caused directly or indirectly by or through or in consequence of any occurrence for which a fund has been established in terms of the War Damage Insurance and Compensation Act, 1976 (no. 85 of 1976) or any similar Act operative in any of the territories to which this policy applies.
- (C) Notwithstanding any provision of this policy including any exclusion, exception or extension or other provision not included herein which would otherwise override a general exception, this policy does not cover loss of or damage to property or expense of whatsoever nature directly or indirectly caused by, arising out of or in connection with any act of terrorism regardless of any other cause or event contributing concurrently or in any sequence to the loss, damage or expense.

For the purpose of this General exception 1(C) an act of terrorism includes, without limitation, the use of violence or force or the threat thereof whether as an act harmful to human life or not, by any person or group of persons, whether acting alone or on behalf of or in connection with any organization or government or any person or body of persons, committed for political, religious, personal or ideological reasons or purposes including any act committed with the intention to influence any government or for the purpose of inspiring fear in the public or any section thereof.

If the Insurer alleges that, by reason of clause 1(C) of this exception, loss or damage is not covered by this policy, the burden of proving the contrary shall rest on the insured.

2. Nuclear

Except as regards the Fidelity, Stated Benefits and Group Personal Accident sections

- (i) This policy does not cover
 - (a) Loss or destruction of or damage to any property whatsoever or any loss or expense whatsoever resulting or arising there from or any consequential loss
 - (b) Any legal liability of whatsoever nature directly or indirectly caused by or contributed to by or arising from ionising radiations or contamination by radio-activity from any nuclear fuel or from

any nuclear waste from the combustion of nuclear fuel.

For the purpose of this exception only, combustion shall include any self-sustaining process of nuclear fission.

- (ii) the indemnity provided by this policy shall not apply to nor include any loss destruction, damage or legal liability directly or indirectly, caused by, or contributed to by, or arising from nuclear weapons material.

3. Computer losses

General exception applicable to all sections of this policy insuring damage to property or the consequences of damage to property or any liability.

Notwithstanding any provision of this policy including any exclusion, exception or extension or other provision not included herein, which would otherwise override a general exception, this policy does not cover:

- (a) loss or destruction of or damage to any property whatsoever (including a computer) or any loss or expense whatsoever resulting or arising there from;
- (b) any legal liability of whatsoever nature;
- (c) any consequential loss;

Directly or indirectly caused by or contributed to by or consisting of or arising from the incapacity or failure of any computer, correctly or at all

- (i) To treat any date as the correct date or true calendar date or correctly or appropriately to recognise, manipulate, interpret, process, store, receive or to respond to any data or information, or to carry out any command or instruction, in regard to or in connection with any such date, or
- (ii) To capture, save, retain or to process any information or code as a result of the operation of any command which causes the loss of data or the inability to capture, save, retain or correctly to process such data in regard to or in connection with any such date, or
- (iii) To capture, save retain or to process any information or code due to program errors, incorrect entry or the inadvertent cancellation or corruption of data and/or programmes, or
- (iv) To capture, save, retain or to process any data as a result of the action of any computer virus, or other corrupting, harmful or otherwise unauthorised code or instruction including any trojan horse, time or logic bomb or worm or any other destructive or disruptive code, media or program or interference.

A computer includes any computer, data processing equipment, microchip, integrated circuit or similar device in computer or non-computer equipment or any computer software, tools, operating system or any computer hardware or peripherals and the information or data electronically or otherwise stored in or on any of the above, whether the property of the Insured or not.

Special extension to General exception 3

- (A) Loss or destruction of or damage to the insured property by fire, explosion, lightning, earthquake or by special perils referred to below or indemnified by the Glass, Employer's Liability, Stated Benefits, Group Personal Accident or Motor section is not excluded by this General exception.

The special perils that are not excluded for the purpose of this special extension are damage caused by:

1. Storm, wind, water, hail, snow excluding damage to property
 - (a) arising from its undergoing any process necessarily involving the use or application of water;
 - (b) caused by tidal wave originating from earthquake or volcanic eruption;
 - (c) in the underground workings of any mine;
 - (d) in the open (other than buildings, structures and plant designed to exist or operate in the open);
 - (e) or in any structure not completely roofed;
 - (f) being retaining walls;
-] Unless so
] described and
] specifically
] insured as a
] separate item
2. aircraft and other aerial devices or articles dropped there from;
 3. impact by animals, trees, aerals, satellite dishes or vehicles excluding damage to such animals, trees, aerals, satellite dishes or vehicles or property in or on such vehicles.

These special perils do not cover wear and tear or gradual deterioration.

- (B) General exception 3 also does not apply to consequential loss as insured by any Business Interruption indemnity provided by this policy to the extent that such consequential loss results from damage to insured property by the perils referred to in Special extension A above.
- (C) This Special extension will not insure any loss, destruction, damage or consequential loss if it would not have been insured in the absence of this Computer Losses General exception and this Special extension.
- (D) This Special extension shall not apply to any Public Liability indemnity.

B : GENERAL CONDITIONS**1. MISREPRESENTATION, MISDESCRIPTION AND NON-DISCLOSURE**

Misrepresentation, misdescription, or non-disclosure of any material particulars shall render voidable the particular item or section of the policy, as the case may be, affected by such misrepresentation, misdescription or non-disclosure.

2. OTHER INSURANCE, WARRANTIES & GUARANTEES

If at the time of any event giving rise to a claim under this policy any insurance, warranties and guarantees exists, negotiated by or on behalf of the Insured, covering any event insured under this policy, the Insurers shall only be liable to pay or contribute a rateable proportion of the amount payable to the Insured in respect of such event. If any such other insurance, warranties and guarantees are subject to any condition of average, this policy, if not already subject to any condition of average, shall be subject to average in like manner.

3. CANCELLATION

This insurance may be cancelled at any time by the Insurers giving 30 days' notice in writing or by the Insured giving immediate notice. On cancellation the Insured shall be entitled to claim a pro rata portion of the premium for the remainder of the period of insurance from the date of cancellation.

Cancellation will only be effective if there is sufficient proof of alternate insurance cover or proof of disposal.

In the event of this insurance being cancelled by the Insurers any annual aggregate deductible shall be reduced to an amount in the proportion that the actual period of insurance bears to an annual period of insurance. If the deductibles borne by the Insured in respect of losses occurring during the actual period of insurance exceed the proportionate aggregate deductible for the same period, then the difference shall be payable by the Insurers to the Insured.

4. PREMIUM ADJUSTMENT

Where the premium or any section or item of this policy has been calculated on estimated figures, the Insured shall, after the expiry of each period of insurance, furnish such particulars and

information as the Insurers may require for the purpose of recalculating the premium for that period. Any difference shall be paid by or to the Insured, as the case may be.

5. PREVENTION OF LOSS

The Insured shall take all reasonable steps and precautions to prevent accidents or losses.

6. CLAIMS

The Insured shall on the happening of any event that may give rise to a claim under this policy, at his own expense -

- (i) Inform the Insurers thereof within 30 days and furnish particulars of any other insurance covering such events as are insured hereunder;
- (ii) within 24 hours after the event notify the police of any claim involving theft or (if required by the Insurers) loss of property and take all practicable steps to discover the guilty party and to recover the property stolen or lost;
- (iii) within 30 days after the event, submit to the Insurers in writing full details of any claim;
- (iv) furnish the Insurers with such proofs, information and sworn declarations as the Insurers may require, and immediately deliver to the Insurers any notice of claim or communication whatsoever, writ, summons or other legal process issued or commenced against the Insured in connection with the event giving rise to the claim.

This General Condition shall be deemed to have been complied with if the information required in terms thereof is given within the time required to a loss adjuster appointed by or on behalf of the Insurers.

No claim (other than a claim under the Fidelity Sections or the Personal Accident Assault extension to the Money Section) shall be payable after the expiry of 24 months (or such further period as the Insurers may allow) after the happening of the event unless such claim is the subject of pending legal action or is a claim in respect of the Insured's legal liability to a third party.

If after the payment of a claim in terms of this policy in respect of lost or stolen property, the property (the subject matter of the claim) or any part thereof is located the Insured shall render all assistance in the identification and physical recovery of such property if called on to do so by the Insurers provided that the Insured's reasonable expenses in rendering such assistance shall be reimbursed by the Insurers. Should the Insured fail to render assistance in terms of this condition

when called on to do so the Insured shall immediately become liable to repay to the Insurers all amounts paid in respect of the claim.

7. INSURERS' RIGHTS AFTER AN EVENT

- (a) On the happening of any event in respect of which a claim is or may be made under this policy the Insurers and every person authorised by them may without thereby incurring any liability and without diminishing the right of the Insurers to rely upon any conditions of this policy
- (i) take, enter or keep possession of any damaged property and deal with it in any reasonable manner. This condition shall be evidence of the leave and licence of the Insured to the Insurers to do so. The Insured shall not be entitled to abandon any property to the Insurers whether taken possession of by the Insurers or not;
- (ii) take over and conduct in the name of the Insured the defence or settlement of any claim and prosecute in the name of the Insured for their own benefit any claim for indemnity or damages or otherwise and shall have full discretion in the conduct of any proceedings and in the settlement of any claim. No admission, statement, offer, promise, payment or indemnity shall be made by the Insured without the written consent of the Insurers.
- (b) The Insured, shall, at the expense of the Insurers, do and permit to be done all such things as may be necessary or reasonably required by the Insurers for the purpose of enforcing any rights to which the Insurers shall be or would become subrogated upon indemnification of the Insured whether such things shall be required before or after such indemnification.
- (c) In respect of any section of this policy under which an indemnity is provided for liability to third parties the Insurers may in the case of any event pay to the Insured the limit of indemnity provided in respect of such event or any lesser sum for which the claim or claims arising from such event can be settled and the Insurers shall thereafter not be under further liability in respect of such event.

8. FRAUD

If any claim under this policy be in any respect fraudulent or if any fraudulent means or devices are used by the Insured or anyone acting on their behalf or with his knowledge or consent to obtain any benefit under this policy or if any event be occasioned by the wilful act or with the connivance of the Insured, the benefit afforded under this policy in respect of such claim shall be forfeited.

9. BREACH OF CONDITIONS

The condition of this policy and sections thereof shall apply individually to each of the risks insured and not collectively to them so that any breach shall void the section only in respect of the risk to which the breach applies.

10. GENERAL BURDEN OF PROOF

If the Insurer alleges that a loss or damage is not covered by the policy, the burden of proving to the contrary shall rest on the Insured.

C: GENERAL PROVISOS**1. CLAIMS PREPARATION COSTS**

The insurance by each section of this policy is extended to include costs reasonably incurred by the Insured in producing and certifying any particulars or details required by Insurers in terms of General Condition 6 or to substantiate the amount of any claim, provided that the liability of the Insurers for such costs in respect of any one claim shall not exceed the amount stated in the specification.

2. REASONABLE PRECAUTION COSTS

The insurance by sections of this policy where stated is extended to include all reasonable costs and expenses in effecting such temporary repairs and in taking such temporary measures as may be reasonably necessary after loss or damage giving rise to a claim under that section, provided that the Insurers' liability shall not exceed the amount stated in the Specification.

3. RECOVERY OF LOSS

In the case of recovery on account of any loss covered under this policy the amount recovered, after deducting the actual cost of obtaining or making such recovery but excluding the Insured's own labour and/or establishment costs, shall be applied in the following order.

- (1) To reimburse the Insured in full for the part, if any, of such loss which exceeds the amount of coverage provided by this policy (disregarding the amount of any first amount payable/deductible applicable).

- (ii) The balance, or the entire net recovery if no part of such loss exceeds the sums insured provided by this policy, or if payment shall have been made, to the reimbursement of the Insurers.

- (iii) Finally to that part of such loss sustained by the Insured by reason of any deductible clause as specified in the specification and/or to that part of such loss covered by any policy(ies) of insurance of which this policy is excess.

4. FIRST AMOUNT PAYABLE / DEDUCTIBLE

In respect of each and every occurrence giving rise to a claim under any section of this policy, the Insured shall be responsible for the first amounts payable (deductible) stated in the Specification of each section of any expenditure (or any less expenditure which may be incurred) for which provision is made under such section (including any payment in respect of costs, expenses and fees) and of any expenditure by the Insurers in the exercise of such discretion it may have under any such section. If the expenditure incurred by the Insurers shall include any first amount payable (deductible) for which the Insured is responsible, such amount shall be paid by the Insurers forthwith.

5. NEGLIGENCE/ACCOUNTABILITY

On the happening of any event in respect of which a claim is or may be made under this policy, the Insurer has the right to recover, in terms of the Msunduzi Municipality's Disciplinary Code, from any employee that is in contravention of the Code. The Deputy Municipal Manager: Corporate Services shall conduct the Disciplinary Inquiry in terms of the Disciplinary Code.

6. VALUE ADDED TAX

Sums insured, first loss amounts, indemnity limits or insured values, by whatever name such are referred to in this policy (henceforth "policy limits") are expressed on a VAT inclusive basis.

LIMIT OF INDEMNITY

The sections of the policy are subject to the following limits of indemnity:-

Sections	Limits of Indemnity Sum Insured
Combined	R5 000 000
Business Interruption	R6 000 000
Office Contents	R5 000 000
Business All Risks	R2 000 000
Theft	R5 000 000
Glass	R100 000
Money	R1 000 000
Fidelity Guarantee	R1 000 000
Motor Own Damage	R2 000 000
Transit	R2 000 000
Electronic Equipment	R500 000

DEDUCTABLE EXCESS PER CLAIM

Sections	Amount R
Combined	R5 000
Business Interruption	R1 000
Office Contents	R2 500
Business All Risks	R1 500
Theft	R2 000
Glass	Nil
Money	R1 000
Fidelity Guarantee	Nil
Motor Own Damage	R3 000
Transit	R1 000
Electronic Equipment	R500

COMBINED SECTION**CONTINGENCIES**

DESTRUCTION, LOSS OR DAMAGE (hereinafter referred to in this Section as *damage*) TO PROPERTY INSURED, DESCRIBED IN THE SPECIFICATION BY OR THROUGH ANY OF THE PERILS DESCRIBED IN CONTINGENCIES A, B OR C OR THE CONSEQUENCES THEREOF DESCRIBED IN CONTINGENCY D.

A. INSURED PERILS

1. Fire, lightning, thunderbolt, subterranean fire, explosion.
2. Malicious Damage as per Extension 10.
3. Storm, wind, hail, snow, water, excluding destruction or damage by subsidence and landslip.
4. Earthquake, excluding destruction or damage to property in the underground workings of any mine.
5. Aircraft and other aerial devices or articles dropped therefrom.
6. Bursting or overflowing of or leakage from tanks, apparatus or pipes of water, oil, chemicals, fluids and/or fumes including loss or damage caused thereto insofar as not otherwise insured.
7. Impact by any vehicle or animal or by falling trees or by boulders, stones, aerials and satellite dishes.
8. Theft or any attempt thereof of buildings, structures and erections including land-lords' fixtures and fittings following forcible and violent entry into or exit therefrom.

B. ACCIDENTAL DAMAGE TO PUBLIC SUPPLY OR MAINS CONNECTIONS

Accidental damage to water, sewerage, gas, electricity, data, and communication connections, the property of the Insured or for which he is legally responsible, between the property insured and the public supply or mains.

C. SANITARY WARE

Accidental damage to fixed washbasins, pedestals, sinks, lavatory pans, splash backs and cisterns (but excluding chipping, scratching and disfiguration) forming part of the building(s) mentioned in the Specification.

D. RENT

Loss of rent in respect of the buildings mentioned in the Specification if so damaged by any peril as to be rendered untenable (including partially untenable) but only for the period necessary for reinstatement and for an amount not exceeding 25% of the value of the affected building. The basis of calculation will be the annual rental payable immediately preceding the damage or its equivalent in rental value.

SPECIAL CONDITION

(Applicable only to the perils specified in Contingencies A.1 to 5 and 7)

AVERAGE

If the property insured is at the commencement of any damage to such property by any peril insured against collectively of greater value than the sum insured thereon, the Insured shall be considered as being his own Insurer for the difference and shall bear a rateable proportion of the loss accordingly. Every item, if more than one, shall be separately subject to this condition.

ADDITIONAL CONTINGENCIES AND COVER

(OPTIONAL : Applicable only if stated in the Specification to be included)

1. SUBSIDENCE AND LANDSLIP

Damage caused by subsidence or landslip

provided that the Insured shall bear the first portion of each and every claim as stated in the Specification.

This extension does not cover

1. Damage to drains, water courses, boundary walls, garden walls, retaining walls, gates, posts or fences unless specifically insured.

2. Damage caused by or attributable to
 - (a) faulty design or construction of or the removal or weakening of support to any building situated at the Insured premises;
 - (b) workmen engaged in making any structural alterations, additions or repairs to any building situated at the Insured premises;
 - (c) excavation on or under land other than excavation in the course of mining operations.

3. Consequential loss of any kind whatsoever except loss of rent when specifically insured under this section.

In any action suit or other proceeding where the Insurers allege that by reason of the provisions of these exceptions any damage is not covered by this insurance the burden of proving the contrary shall be upon the Insured.

2. MOTOR VEHICLES WHILST PARKED

This insurance covers the difference between the new replacement value and the market value of motor vehicles which are damaged as a result of contingencies A.1. to A.6. whilst parked at any premises occupied by the Insured.

Provided that the cover granted by this extension shall apply only where ten or more vehicles are damaged by a single contingency. The limitation of a minimum of ten vehicles shall not apply to special type vehicles (as defined).

Provided further that the Insurers liability in connection with any one source or original cause shall not exceed the limit stated in the Specification.

Definition

Special vehicles shall mean:

Fire Engines

Ambulances

Road - Making and Construction vehicles/machinery

Refuse Removal vehicles

Emergency vehicles/buses

CLAUSES AND EXTENSIONS

(Insofar as they may be applicable)

1. DESIGNATION OF PROPERTY

For the purpose of determining where necessary the item under which any property is insured, the Insurers agree to accept the designation under which such property has been entered in the Insured's books.

2. ARCHITECTS' AND OTHER PROFESSIONAL FEES

The insurance under this section includes professional fees (for estimates, plans, specifications, quantities, tenders and supervision) necessarily incurred in the reinstatement or replacement of the Insured property arising from damage by or through any peril hereby insured against, but in no case exceeding 15% of the amount payable in respect of such damage. The amount payable in respect of such fees shall not include expenses incurred in connection with the preparation of the Insured's claim.

3. CAPITAL ADDITIONS (only applicable if Day One Average omitted)

The insurance under this section shall cover additions, alterations and improvements to the property (other than stock) for an amount not exceeding 15% of the sum insured in respect thereof, it being understood that the Insured undertakes to advise the Insurers each quarter of such alterations, additions and improvements and to pay the appropriate additional premium thereon.

4. CLEARANCE COSTS

The insurance under this section includes costs necessarily incurred by the Insured in respect of the demolition of buildings and machinery and/or the removal of debris and in providing, erecting and maintaining any hoarding required during demolition, site clearing and/or building operations following

damage to the property by any peril hereby insured against, provided that the total amount recoverable shall not exceed the sum insured in respect of the property affected.

5. FIRE BRIGADE CHARGES

Where any Organisation is empowered to charge a fee for fire extinguishing, water or other services rendered in connection with any peril being the subject of indemnity under this section, the said expenses shall be considered as constituting a claim under this policy and shall be payable in addition to any other payment for which the Insurers may be liable in terms of this section.

6. TEMPORARY REMOVAL

Except insofar as otherwise insured, the property insured (other than motor vehicles and motor parts) is covered whilst temporarily removed elsewhere on the same premises as stated in the Specification or to any other premises and in transit thereto and therefrom anywhere in South Africa, Namibia, Botswana, Lesotho, Swaziland, Zimbabwe and Malawi

provided that:

the amount recoverable under this clause shall not exceed the amount which would have been recoverable had the damage occurred on that part of the premises from which the property has been removed.

7. TENANTS

The Insurers' liability to the Insured shall not be affected by any act or omission on the part of any tenant (other than the Insured) without the Insured's knowledge. The Insured shall, however, inform the Insurers as soon as any such act or omission which is a contravention of any of the terms, exceptions or conditions of this section comes to their knowledge and will be responsible for any additional premium payable from the date any increased hazard shall be assumed by the Insurers.

8. PIPELINE AND STORAGE SUBROGATION

It is hereby declared and agreed that notwithstanding anything to the contrary contained in this policy, the insurance under this section shall not be invalidated because of the fact that the Insured has granted an undertaking of indemnity to any supplier of fuel or pipeline authority.

9. LIMITATIONS (MONEY, STAMPS AND DOCUMENTS)

The Insurers' liability in respect of property described in the Specification shall be limited in respect of:

- (a) money, stamps and securities to a maximum amount of R5 000;
- (b) documents, manuscripts, business books, plans, computer systems, records and media, designs, patterns, models, moulds and castings to the value of materials and sums expended in labour.

10. MALICIOUS DAMAGE

Subject otherwise to the terms, conditions and exclusions, exceptions and warranties contained herein this insurance is extended to cover loss or damage directly occasioned by or through or in consequence of the deliberate or wilful or wanton act of any person committed with the intention of causing such loss or damage but excluding loss or damage to property insured which is :

- i) stolen
- ii) damaged in an attempt to remove it from any premises owned or occupied by the Insured
- iii) damaged by thieves whilst breaking into or out of or attempting to break into or out of any property

Provided that this extension does not cover :

- (a) loss or damage related to or caused by fire or explosion;
- (b) consequential or indirect loss or damage of any kind or description whatsoever, other than loss of rent if specifically insured;
- (c) loss or damage resulting from total or partial cessation of work, or the retarding or interruption or cessation of any process or operation;
- (d) loss or damage occasioned by permanent or temporary dispossession resulting from confiscation, commandeering or requisition by any lawfully constituted authority;

- (e) loss or damage related to or caused by any occurrence referred to in Standard SAIA Exceptions 1 (A) (i), (ii), (iii), (iv), (v) or (vi) of this policy or the act of any lawfully established authority in controlling, preventing, suppressing or in any other way dealing with any such occurrence.

If the Insurers allege that by reason of provisos (a), (b), (c), (d) or (e) loss or damage is not covered by this insurance, the burden of proving the contrary shall rest on the Insured.

11. ALL OTHER CONTENTS

The expression "All Contents" referred to in the description of property in the Specification shall include but is not restricted to personal effects (excluding money in any form whatsoever), tools and pedal cycles, being the property of the Insured or Msunduzi Municipality's or employees of the Insured insofar as such property is not otherwise insured.

12. REPLACEMENT (OR REINSTATEMENT) VALUE CONDITIONS

In the event of damage to the property the basis upon which the amount payable is to be calculated, shall be the cost of replacement or reinstating on the same site property of the same kind or type but not superior to or more extensive than the property when new.

provided that:

- (i) the work of replacing or reinstatement (which may be carried out on another site and in any manner suitable to the requirements of the Insured, subject to the liability of the Insurers not being thereby increased) must be commenced and carried out with reasonable despatch otherwise no payment beyond the amount which would have been payable if these replacement (or reinstatement) value conditions had not been incorporated herein, shall be made;
- (ii) until expenditure has been incurred by the Insured with regard to replacing or reinstating the property, the Insurers shall not be liable for any payment in excess of the amount which would have been payable if these conditions had not been incorporated herein;
- (iii) if at the time of replacement or reinstatement the sum representing the cost which would have been incurred in replacement or reinstatement, if the whole of the property insured had been damaged, exceeds the sum insured thereon at the commencement of the damage to such property by any peril insured against, then the Insured shall be considered as being his own Insurer for the difference and he shall bear a rateable proportion of the loss accordingly. Each item of this section (if more than one) to which these conditions apply, shall be separately subject to this provision;
- (iv) these conditions shall be of no force or effect if:

- (a) the Insured fails to intimate to the Insurers within six months from the date of damage, or such further time as the Insurers may in writing allow, his intention to replace or reinstate the property damaged;
- (b) the Insured is unable or unwilling to replace or reinstate the property destroyed or damaged on the same or another site.

13. LOAD ON VEHICLE CLAUSE

Damage to any load, being the property of the Insured or for which they are responsible, shall be covered while the same is on any railway or road vehicle in, at or on any premises at which damage shall have been caused by any peril insured against.

14. ALTERATIONS AND MISDESCRIPTION CLAUSE

The insurance under this section shall not be prejudiced by any alteration or misdescription of occupancy whether due to the transfer of processes or machinery or by virtue of acquisition of additional premises, structural alterations or repairs to buildings, machinery or plant, provided that notice is given to the Insurers as soon as practicable after such event and the Insured agree to pay additional premium if required.

15. DISPOSAL OF SALVAGE

Without diminishing the rights of the Insurers to rely on the provisions of the general conditions in the event of a loss the Insurers agrees that it will not sell or otherwise dispose of any property which is the subject of a claim hereunder without the consent of the Insured provided that the Insured can establish to the satisfaction of the Insurers that to do so will prejudice their interests in which event the Insurers agrees to give the Insured first option to repurchase such property at its fair intrinsic value or market value whichever is the greater.

The Insured will not be entitled under the provisions of this clause to abandon any property whether taken possession of by the Insurers or not.

15. INACTIVE BUILDINGS

Loss and/or damage as a result of theft of or malicious damage to inactive buildings are excluded, unless otherwise

stated in the Specification.

OFFICE CONTENTS SECTION

CONTINGENCIES

- A. Loss of or damage to the property insured described in the Specification by or through any of the perils described in Sub-Section A.
- B. Loss of rent as referred to in Sub-Section B.
- C. Loss of or damage to documents as referred to in Sub-Section C.
- D. Legal liability relative to documents as referred to in Sub-Section D.
- E. Increase in cost of working as referred to in Sub-Section E.

SUB-SECTION A : INSURED PERILS

- 1. Fire, lightning, thunderbolt, subterranean fire, explosion.
- 2. Malicious damage as per Extension 8.
- 3. Storm, wind, water, hail, snow, flood.
- 4. Earthquake.
- 5. Aircraft and other aerial devices or articles dropped therefrom.

6. Bursting or overflowing of or leakage from tanks, apparatus, or pipes, (including loss or damage thereto) of water, oil, chemicals, fluids and/or fumes.
7. Impact by vehicles or animals or by falling trees, boulders/stones.
8. Theft or any attempt thereat other than by any Msunduzi Municipality or Employee of the Insured.
9. Accidental breakage of mirror glass, plate glass tops to furniture or fixed glass forming part of any article of furniture.

SPECIAL CONDITIONS APPLICABLE TO SUB-SECTION A

AVERAGE (Applicable to paragraphs A.1 to 7 only)

If the total value of the property insured is at the time of the happening of any loss, destruction or damage by any peril insured

against, collectively of greater value insured thereon, the Insured shall be considered as being their own Insurer for the difference

and shall bear a rateable share of the loss or damage. Each item of the Specification covering such property shall be separately

subject to this condition.

SPECIAL EXCEPTION APPLICABLE TO SUB-SECTION A

This section does not cover debentures, moneys, cheques, securities for money, stamps, medals, coins, jewellery, precious stones, bicycles, motor vehicles and accessories thereon, livestock, stock in trade, samples and property otherwise insured.

SUB-SECTION B : RENT

Loss of rent actually incurred by the Insured in consequence of the office premises or portion thereof being so damaged by any of the perils specified in Sub-Section A as to be rendered untenable but only in respect of the period necessary for reinstatement. The indemnity under this Sub-Section shall not exceed 25% of the sum insured or value (whichever is lower) of all contents of the office premises affected).

For the purpose of this Sub-Section the term "office premises" shall be deemed to extend to any premises or portion thereof in the vicinity of the office premises, damage to which prevents or limits access to the office premises.

SUB-SECTION C : LOSS OF DOCUMENTS

Costs, charges and expenses incurred by the Insured in replacing or restoring any documents arising from loss or damage

provided that

- (a) the Insured shall properly look or cause to be looked for them;

- (b) this sub-section does not cover loss, destruction or damage caused by the dishonesty of any official or director who is also an employee of the Insured and whom the Insured have the right at all times to govern, control and direct in the performance of his work in the service of the Insured.

DEFINITION

The term *document* shall mean

films, tapes, addressograph plates, books, records, maps, plans, drawings, abstracts, deeds, wills, mortgages, agreements, manuscripts, letters, certificates, documents and similar written printed or otherwise inscribed papers and documents used by the Insured in the business owned by them or for which they are responsible excluding money, current postage or revenue stamps, cancelled and uncanceled coupons, securities, bearer bonds and cheques.

SUB SECTION D : LEGAL LIABILITY (DOCUMENTS)

Legal liability as a direct consequence of loss of or damage to documents as defined in Sub-Section C and in respect of which payment, reinstatement or repair has been made or liability therefor admitted by the Insurers under Sub-Section C unless such payment reinstatement repair or liability has not been made or admitted solely because the insured is required to bear the first portion of the loss.

SUB-SECTION E : INCREASE IN COST OF WORKING

Any additional expenditure not otherwise provided for in this section reasonably incurred by the Insured for the purposes of maintaining the normal operation of the business in consequence of loss or damage in respect of which payment, reinstatement or repair has been made or liability therefor admitted by the Insurers under Sub-Sections A or C.

The indemnity under this Sub-Section shall not exceed 25% of the sum insured on all contents of the office premises affected.

ADDITIONAL CONTINGENCIES AND COVER

(OPTIONAL: Applicable only if stated in the Specification to be included)

SUBSIDENCE AND LANDSLIP

Damage caused by subsidence or landslip

provided that the Insured shall bear the first portion of each and every claim as stated in the Specification.

This extension does not cover

1. Damage to drains, water courses, boundary walls, garden walls, retaining walls, gates, posts or fences unless specifically insured.
2. Damage caused by or attributable to
 - (a) faulty design or construction of or the removal or weakening of support to any building situated at the Insured premises;
 - (b) workmen engaged in making any structural alterations, additions or repairs to any building situated at the Insured premises;
 - (c) excavation on or under land other than excavation in the course of mining operations.
3. Consequential loss of any kind whatsoever except loss of rent when specifically insured under this section.

In any action suit or other proceeding where the Insurers allege that by reason of the provisions of these exceptions any damage is not covered by this insurance the burden of proving the contrary shall be upon the Insured.

CLAUSES AND EXTENSIONS

1. TEMPORARY REMOVAL

Except insofar as otherwise insured, the property insured (other than property of any Msunduzi Municipality or employee of the Insured) is covered whilst temporarily removed elsewhere on the same premises as stated in the Specification or to any other premises and in transit thereto and therefrom anywhere within South Africa, Namibia, Botswana, Lesotho, Swaziland, Zimbabwe and Malawi.

2. CAPITAL ADDITIONS

The insurance under this section covers alterations, additions and improvements (but not appreciation in value in excess of the sum(s) insured) to the property for an amount not exceeding 15% of the sum insured thereon it being understood that the Insured undertakes to advise the Insurers each quarter of such alterations, additions and improvements and to pay the appropriate additional premium thereon.

3. FIRE BRIGADE CHARGES

If any public authority empowered to do so shall charge the Insured with any costs relating to the extinguishing or fighting of fire, such costs shall be deemed to be damage to the Insured property and shall be payable in addition to any other payment for which the Insurers may be liable in terms of this section.

4. REMOVAL OF DEBRIS

The insurance under this section is extended to include such reasonable costs and expenses as may be necessarily incurred by the Insured in respect of the removal of debris following loss of or damage to the Insured property by any peril hereby insured against, provided that the liability of the Insurers for such loss or damage and costs and expenses shall not exceed in the aggregate the sum expressed in the Specification to be insured on the property affected.

5. TENANTS

The Insurers' liability to the Insured shall not be affected by any act or omission on the part of any tenant or owner of a building (other than the Insured) without the Insured's knowledge. The Insured shall, however, inform the Insurers as soon as any such act or omission which is a contravention of any of the terms, exceptions or conditions of this policy comes to their knowledge and will be responsible for any additional premium payable from the date any increased hazard shall be assumed by the Insurers.

6. REPLACEMENT VALUE CONDITIONS

The basis upon which the amount payable for a claim in respect of contents is calculated shall be either the replacement of the contents by similar property in a condition equal to but not better or more extensive than its condition when new

or

the repair of the contents to a condition substantially the same as but not better than its condition when new

provided that if at the time of replacement or repair, the sum representing the cost which would have been lost, destroyed or damaged beyond repair exceeds the sum insured thereon at the time of the loss or damage, then the Insured shall be considered as being their own Insurers for the difference and shall bear a rateable proportion of the loss accordingly.

7. MALICIOUS DAMAGE

Subject otherwise to the terms, conditions and exclusions, exceptions and warranties contained herein this insurance is extended to cover loss or damage directly occasioned by or through or in consequence of the deliberate or wilful or wanton act of any person committed with the intention of causing such loss or damage but excluding loss or damage to property insured which is :

- i) stolen
- ii) damaged in an attempt to remove it from any premises owned or occupied by the Insured
- iii) damaged by thieves whilst breaking into or out of or attempting to break into or out of any property

Provided that this extension does not cover :

- (a) loss or damage related to or caused by fire or explosion;
- (b) consequential or indirect loss or damage of any kind or description whatsoever, other than loss of rent if specifically insured;
- (c) loss or damage resulting from total or partial cessation of work, or the retarding or interruption or cessation of any process or operation;
- (d) loss or damage occasioned by permanent or temporary dispossession resulting from confiscation, commandeering or requisition by any lawfully constituted authority;
- (e) loss or damage related to or caused by any occurrence referred to in Standard SAIA Exceptions 1 (A) (i) , (ii), (iii), (iv), (v) or (vi) of this policy or the act of any lawfully established authority in controlling, preventing, suppressing or in any other way dealing with any such occurrence.

If the Insurers allege that by reason of provisos (a), (b), (c), (d) or (e) loss or damage is not covered by this insurance, the burden of proving the contrary shall rest on the Insured.

8. LOCKS AND KEYS

In addition to the limit of indemnity, the Insurers will indemnify the Insured in respect of the cost of replacing locks and keys to any office premises following upon the disappearance of any key to such premises or following upon the Insured having reason to believe that any unauthorised person may be in possession of a duplicate of such key

provided that

- (i) the Insurers' liability shall not exceed the amount stated in the Specification.

- (ii) the Insurers shall not be liable for the first amount stated in the Specification.

9. NEW AND ADDITIONAL PREMISES

If the Insured shall occupy offices or consulting rooms other than those situated as stated in the Specification in South Africa, Namibia, Botswana, Lesotho, Swaziland, Zimbabwe and Malawi, the insurance by this section shall apply as though such offices or consulting rooms were office premises within the meaning of this section

provided that

- (i) the Insured shall within a reasonable time of taking occupation advise the Insurers thereof and pay additional premium calculated pro rata from the time of taking occupation until the end of the then current period of insurance.

- (ii) this clause shall not apply to any loss if and so far as the same is otherwise insured.

10. ALTERATIONS AND MISDESCRIPTION CLAUSE

The insurance under this section shall not be prejudiced by any alteration or misdescription of occupancy whether due to the transfer of processes or machinery or by virtue of structural alterations, repairs to buildings, machinery or plant, provided that notice is given to the Insurers as soon as practicable after such event and the Insured agree to pay additional premium if required.

BUSINESS ALL RISKS SECTION**CONTINGENCIES**

Loss of or damage to the property insured described in the Specification from any cause whatsoever not otherwise excluded.

SPECIFIC EXCEPTIONS

The Insurers shall not be liable for:

1. Loss or damage resulting from or caused by
 - (a) its undergoing a process of cleaning, repairing, dyeing, bleaching, altering or restoring any article;
 - (b) detention, confiscation or requisition by customs or other officials or authorities;
 - (c) inherent vice or defect, rust, damp, mildew, vermin or insects;
 - (d) the dishonesty of any Msunduzi Municipality or employee of the Insured whether acting alone or in collusion with others.
2. Wear and tear or gradual deterioration (including the gradual action of light or climatic or atmospheric conditions) unless following an accident or misfortune not otherwise excluded.
3. Mechanical or electrical breakdown, cracking, scratching, denting, failure or breakage or derangement unless caused by an accident or misfortune not otherwise excluded.
4. Loss or damage to insured property occasioned by theft and/or attempted theft unless accompanied by forcible and violent entry into or exit from any building, structure or any portion thereof.
5. Loss or damage to insured property occasioned by theft and/or attempted theft from a motor vehicle must be accompanied by forcible and violent entry into the motor vehicle.

6. Any loss or damage or disappearance of any of the property from an unattended motor vehicle unless the property is

contained in a completely closed and securely locked vehicle or portion of the vehicle and such loss damage or disappearance is caused by violent and forcible entry into the vehicle or portion of the vehicle.
7. Loss or damage to cash, bank and currency notes, coins, bonds, coupons, stamps, negotiable instruments, title deeds, manuscripts or securities of any kind.
8. Loss or damage to goods consigned under a bill of lading.
9. Over-winding denting or internal damage to clocks.

CLAUSES AND EXTENSIONS

1. AUTOMATIC ADDITIONS

This section extends to include any additional items of similar nature to those specified in the Specification provided that the Insured notifies the Insurers within 90 days of such additions and agrees to pay such additional premium as required.

2. KEYS AND LOCKS

The Insurers shall pay to the Insured the cost of replacement or alteration of keys and/or locks in the event of a loss of or damage to keys. Provided always that the Insurers' liability in respect hereof shall be limited to the amount stated in the Specification.

3. INCREASE IN COST OF WORKING (If stated in the Specification to be included)

The insurance under this extension is limited to expenditure not otherwise recoverable under this section, necessarily and reasonably incurred as a result of loss of or damage to property for which payment is made or liability therefor is admitted under this section, for the purpose of maintaining the normal operation of the business provided always that the Insurers' liability in respect hereof shall be limited to the amount stated in the Specification.

4. REPLACEMENT VALUE CONDITIONS

The basis upon which the amount payable for a claim in respect of property is calculated shall be either the replacement of the property by similar property in a condition equal to but not better or more extensive than its condition when new

Or

the repair of the property to a condition substantially the same as but not better than its condition when new

provided that if at the time of replacement or repair, the sum representing the cost which would have been incurred in replacement if the whole of the Insured property had been lost, destroyed or damaged beyond repair exceeds the sum insured thereon at the time of the loss or damage, then the Insured shall be considered as being their own Insurer for the difference and shall bear a rateable proportion of the loss accordingly.

MEMORANDUM ONE - EMPLOYEES TOOLS AND IMPLEMENTS

1. Cover is restricted to theft and fire damage only.
2. No compensation will be paid if the loss is not reported in writing within three days to the immediate Supervisor from the date
Of the discovery of the loss.
3. When not in use tools must be kept in a locked toolbox or locker provided by the Municipality.
4. Employee must take advantage of nearby Municipal premises such as but not restricted to sub-stations, official dwellings to ensure additional security.
5. The employee shall, immediately upon discovery of any loss or damage, giving rise to a claim shall:
 - 5.1 Within three days give notice in writing to the Municipality; and
 - 5.2 Submit a detailed statement giving full description of the loss.
6. The amount of the compensation is limited to 75% of the replacement value and not more than the amount stated in the specification.

MEMORANDUM TWO - PROPERTY DAMAGE

1. Property damage shall mean underground and overhead service lines; street light-poles; robots and robot controllers including cabling other than on or within 50 meters from the robot; road railings; signposts; manhole and drain covers; central distribution units being the property of the Municipality.
2. This item also includes the cost to clearing debris following spillage in road accidents;
3. This item does not cover parking meters.

MEMORANDUM THREE - WORKS OF ART AT TATHAM ART GALLERY

1. The Works of Art being the property of the Municipality or for which they are responsible whilst contained at the Tatham Art Gallery.

2. The cover is restricted to accidental damage and theft consequent upon non-forcible entry and or exit from the premises.

THEFT SECTION

CONTINGENCIES

Loss of or damage to the property insured described in the Specification as a result of theft accompanied by forcible and violent entry into or exit from any building, structure or any portion thereof or any attempt thereat or as a result of theft or attempt thereat following violence or threat of violence.

ADDITIONAL CONTINGENCIES AND COVER

(OPTIONAL : Applicable only if stated in the Specification to be included)

1. **FULL THEFT COVER** (Only applicable if stated in Specification as being included)

It is hereby stated and agreed that the words "accompanied by forcible and violent entry into or exit from any building, structure or any portion thereof" as they appear under the heading *CONTINGENCIES* of this section are cancelled.

2. **PROPERTY IN THE OPEN**

Cover provided by this section is extended to include loss of or damage to property in the open within a fenced-off area as a result of theft accompanied by forcible and violent entry into or exit from such fenced-off area provided that Insurers' liability in respect of each and every loss shall be limited to the amount stated in the Specification.

SPECIAL EXCEPTIONS

The Insurers shall not be liable for:

1. Loss or damage which can be insured under a fire policy except in the case of explosion caused in an attempt to gain entry or malicious damage by thieves.
2. Damage insurable under a glass insurance policy.
3. Property more specifically insured or unless specified in the Specification, cash, bank or currency notes, cheques, postal orders, money orders, current negotiable stamps and documents or certificates of a negotiable nature.
4. Loss or damage where any member of the Insured's employees is concerned as principal or accessory.

CLAUSES AND EXTENSIONS

1. The insurance under this section extends to cover loss of or damage to the property insured
 - (a) caused or accompanied by
 - (i) a thief or thieves being concealed upon the Insured premises before close of business;
 - (ii) entry to and/or exit from the premises being effected by use of a skeleton or other key provided that the Insured shall establish to the satisfaction of Insurers that a skeleton or other key has been used;
 - (b) in any place where the Insured may from time to time have an interest provided that
 - (i) such new premises are advised to the Insurers within 30 days from the time the risk attached to the Insurers;
 - (ii) an additional premium, if any, is paid.
2. In addition to the limit of indemnity stated in the Specification (except in the case of explosion)
 - (i) the insurance under this section extends to include damage to the premises (including landlord's fixtures and fittings) in the course of theft or any attempt thereat;
 - (ii) the Insurers will indemnify the Insured in respect of the cost of replacing locks and keys to any insured premises following upon the disappearance of any key to such premises or following upon the Insured having reason to believe that any unauthorised person may be in possession of a duplicate of such key provided that the Insurers' liability shall not exceed the amount stated in the Specification;
3. Subject to the specific exceptions and conditions, the following Contingency is added:

"Damage to buildings at the premises described in the Specification (including landlord's fixtures and fittings) and all contents (whilst in such buildings), the property of the Insured or for which they are responsible caused by the deliberate or wilful or wanton act of any person during the course of any theft or attempted theft accompanied by forcible and violent entry into or exit from such buildings."

The liability of the Insurers under this extension for any one event shall not exceed the amount shown in the Specification for this extension.

17. The term "All Contents" includes personal effects, tools and pedal cycles, the property of the Insured or any Msunduzi Municipality or employee of the Insured insofar as such property is not otherwise insured up to the amount stated in the Specification.

5. The basis upon which the amount payable for a claim in respect of property is calculated shall be either the replacement of the property by similar property in a condition equal to but not better or more extensive than its condition when new or the repair of the property to a condition substantially the same as but not better than its condition when new.

GLASS SECTION

CONTINGENCIES

Loss of or damage to the property insured at the premises all as described in the Specification.

Following loss of or damage to glass the Insurers will also indemnify the Insured for

1. the cost of such boarding up as may be reasonably necessary;
2. damage to skirting, shop fronts, frames, window displays (including fixtures and fittings), burglar alarm strips, wires and vibrators as a direct result of such loss or damage;
3. the cost of removal and reinstallation of fixtures and fittings necessary for the replacement of the glass;
4. the cost of employment of a watchman service prior to replacement of glass or boarding up or the repair of the burglar alarm system, unless payable under any other insurance arranged by the Insured;

provided that the liability of the Insurers shall not exceed

- (i) for the replacement of glass, signwriting and treatment - the sum insured applicable to the premises at which breakage occurs;
- (ii) for all other costs and expenses provided for by this section and resulting from one occurrence or series of occurrences attributable to one source or original cause - in the aggregate the sum of R2 000.

SPECIFIC EXCEPTIONS

The Insurers shall not be liable for:

1. loss or damage which is insured by or would but for the existence of this section be insured by any fire insurance except in respect of any excess beyond the amount which would have been payable under such

fire insurance had the insurance under this section not been effected but this Specific Exception shall not apply to loss or damage for which the Insured is responsible as tenant and not as owner;

2. glass forming part of stock in trade;
3. glass which at inception of this insurance is cracked or broken unless cover has been agreed by the Insurers.

CLAUSES AND EXTENSIONS

SPECIAL REINSTATEMENT

If following loss or damage insured hereunder, the Insured is obliged in terms of the National Building Regulations or similar legislation to replace the damaged glass with glass of a superior quality, then the Insurers shall be liable for the increased cost of such replacement including (but not limited to) frames therefor, provided that if the cost of so replacing the whole of the Insured property (inclusive of other items insured) is greater than the sum insured thereon at the time of the loss or damage, then the Insured shall be considered as being their own Insurer for the difference and shall bear a rateable proportion of the loss accordingly.

MONEY SECTION

CONTINGENCIES

Loss of or damage to the property insured described in the Specification occurring in South Africa except as otherwise stated in the Specification.

SPECIFIC EXCEPTIONS

The Insurers shall not be liable for loss or damage arising from:

1. dishonesty of any Msunduzi Municipality, person or persons in the employ of the Insured not discovered within 14 working days of the occurrence thereof;
2. shortage due to error or omission;
3. in an unlocked safe or strongroom whilst the portion of the premises containing such safe or strongroom is unattended;
4. not contained in a locked safe or strongroom whilst the portion of the premises containing such money is unattended;

Specific exceptions (3) and (4) do not apply up to the amount stated in the Specification.

MEMORANDA

1. Loss of or damage to money arising from dishonesty of any Msunduzi Municipality or employee of the Insured as insured under this section shall be subject to the compulsory first amount payable as stated in the Specification.

This amount shall be borne in full by the Insured.

2. The Insurers shall not be liable under this section of the policy in respect of loss or damage arising from any event in respect of which a claim is payable or would be payable but for any first amount payable or Co-Insurance clause under the Fidelity Section of the policy or any other fidelity insurance.

DEFINITIONS

MONEY

Shall mean cash, bank and currency notes, cheques, postal orders, money orders, current negotiable postage revenue and holiday stamps, franking machine cards, cell phone sim cards, public phone cards, credit card vouchers and documents, tickets, certificates or other instruments of a negotiable nature the property of the Insured or for which they hold themselves responsible.

RECEPTACLE

Shall mean any safe, strongroom, strongbox, till, cash register, cash box or other receptacle for money or any franking machine.

CLOTHING

Shall mean clothing and personal effects not otherwise insured belonging to the Insured or to any Msunduzi Municipality or employee of the Insured.

Working hours - Shall include such periods as authorised employees, Msunduzi Municipalitys/directors, principals handle or keep money outside the normal working or office hours, on the premises of the Insured.

CLAUSES AND EXTENSIONS

1. In addition to any payment in respect of a contingency the Insurers will indemnify the Insured in respect of
 - 1.1 receptacles and clothing (as defined) and firearms (not the property of the Insured) lost or damaged as a result of theft of money or any attempt thereat;

- 1.2 the cost of replacing locks and keys to any receptacle at any of the Insured's premises following upon the disappearance of any key to such receptacle at any of the Insured's premises following upon the Insured having reason to believe that any unauthorised person may be in possession of a duplicate of such key.

Provided that the Insurer's liability in respect of 1.1 and 1.2 above does not exceed the limits stated in the schedule.

FIDELITY SECTION**CONTINGENCIES**

1. Loss of money and/or other property, belonging to the Insured or for which they are responsible, stolen by an employee during the currency of this section;
2. Direct financial loss sustained by the Insured as a result of fraud or dishonesty of an insured employee, all of which occurs during the currency of this section, which results in dishonest personal financial gain for the employee concerned;

provided that

1. (a) the Insurers are not liable for all losses which occurred more than twenty four months prior to discovery;
- (b) all losses are discovered not later than twelve months after the termination of:
 - (i) this section, or
 - (ii) this section in respect of any employee concerned in a loss or
 - (iii) the employment of the employee or the last of the Insured employees concerned in a loss

whichever occurs first.

2. (a) (Where the Blanket Basis of cover applies per the Specification)

the liability of the Insurers for all losses shall not exceed the sum insured stated in the Specification whether involving any one employee or any number of employees acting in collusion or independently of each other;

- (b) (Where the Named/Position Basis of cover applies as per the Specification)

the liability of the Insurers for all losses involving any employee, shall not exceed the sum insured set opposite his name in the Specification or, if he is unnamed in the Specification, the sum insured set opposite the position held by him in the business as stated in the Specification;

3. renewal of this insurance from period to period or any extension of any period of insurance shall not have the effect of accumulating or increasing the liability of the Insurers beyond the sum insured stated in the Specification, if the period of insurance is less than twelve months the Insurers' liability is limited to the sum stated in the Specification during any twelve month period of insurance calculated from inception or renewal.
4. the "term" dishonest personal financial gain shall not include gain by an employee in the form of salary, salary increases, fees, commissions, bonuses, promotions or other emoluments.

DEFINITION

EMPLOYEE

Shall mean

- (a) any person while employed under a contract of employment with or apprenticeship to the Insured;
- (b) any person while hired or seconded from any other party into the service of the Insured;

who the Insured has the right at all times to govern, control and direct in the performance of his work in the course of the business of the Insured and who if this section is on a Named and/or Position basis is described in the Specification by name and/or position held by him in the business.

SPECIFIC EXCEPTIONS

1. The Insurers shall not be liable for
 - (a) loss resulting from or contributed to by any defined event specified in the Contingencies by

- (i) any partner in or of the Insured or any director or member of the Insured unless such director or member is also an employee;
 - (ii) any employee from the time the Insured shall become aware that such employee has committed any fraud or dishonesty;
- (b) any consequential losses of any kind following losses referred to under Contingencies.
2. This section does not cover any company or other legal entity acquired during the period of insurance.

3. The Insurers shall not be liable for any defined event if it results from the dishonest

- (i) manipulation of
- (ii) input into
- (iii) suppression of input to
- (iv) destruction of
- (v) alteration of

any computer programme, system data or software by any insured employee who is employed in the Insured's electronic data processing department or area.

This exception does not apply to insured employees who are employed in the electronic data processing department/area of any non-networked micro/personal computer.

SPECIFIC CONDITIONS

1. The Insured shall institute and/or maintain and continue to employ in every material manner all such systems of check and control, accounting and clerical procedures and methods of conducting their business as has been represented to the Insurers by the Insured but the Insured may:

- (a) change the remuneration and conditions of service of any employee;
- (b) in respect of any employee who is described in the Specification by name, change his duties and position;
- (c) in respect of any employee who is described in the Specification only by the position held by him, remove such employee and place in his position any other person who falls within the definition of employee;
- (d) make such other changes as are approved beforehand in writing by the Insured's auditors.

2. If the Insured shall sustain any loss to which this section applies which exceeds the amount payable hereunder in respect of such loss, the Insured shall be entitled to all recoveries (except from suretyship, insurance, reinsurance, security or indemnity taken or effected by the Insurers or for the amount of any deductible) by whomsoever made on account of such loss until fully reimbursed, less the actual cost of effecting the same, and any remainder shall be applied to the reimbursement of the Insurers.

ADDITIONAL CONTINGENCIES AND COVER

(OPTIONAL : Applicable only if stated in the Specification to be included)

4. COSTS OF RECOVERY

If the Insured shall sustain any loss to which this section applies which exceeds the sum insured hereunder, the Insurers will, in addition to the sum insured, pay to the Insured costs and expenses not exceeding the amount stated in the Specification necessarily incurred with the consent of the Insurers (which consent shall not be unreasonably withheld) for the recovery or attempted recovery from the employee(s) in regard to whom the claim is made, of that part of the loss which exceeds the sum insured hereunder. All amounts recovered by the Insured in excess of the said part of the loss shall be for the benefit of the Insurers.

CLAUSES AND EXTENSIONS

ACCOUNTANTS

Any particulars or details contained in the Insured's books of account or other business books or documents which may be required by the Insurers under this section for the purpose of investigating or verifying any claim hereunder may be produced and certified by the Insured's auditors or professional accountants and their certificate shall be prima facie evidence of the particulars and details to which it relates.

EXTENDED COVER FOR PAST EMPLOYEES

Any person who ceases to be an employee shall for the purposes of this section be considered as being an employee for a period of 30 days after he in fact ceased to be an employee.

OTHER INSURANCES

It is a condition of this section that other than

- (a) a money policy;
- (b) that declared to Insurers;
- (c) this policy;

no other policy is in force or will be effected during the currency of this policy to insure against the risks insured hereunder.

ENDORSEMENTS, ADDITIONAL TERMS AND CONDITIONS

1. **COMPULSORY FIRST AMOUNT PAYABLE**

The amount payable under this section in respect of any event specified in the Contingencies involving one employee or any number of employees acting in collusion shall be reduced by the amounts stated in the Specification.

This amount shall be borne in full by the Insured and remain uninsured.

2. **VOLUNTARY FIRST AMOUNT PAYABLE**

In addition to the amount payable by the Insured under the Compulsory First Amount Payable Clause, the Insured shall be responsible for the difference between such amount and the amount stated in the Specification as the voluntary first amount payable provided such voluntary amount exceeds the compulsory amount. This amount will remain uninsured.

MOTOR : OWN DAMAGE SECTION**SUB-SECTION A : LOSS OR DAMAGE****CONTINGENCIES**

Loss of or damage to any vehicle described in the Specification and its accessories and spare parts while thereon. In addition, if such vehicle is disabled by reason of any loss or damage insured hereby the Insurers will pay the reasonable cost of protection and removal to the nearest repairers and the Insured may give instructions for repairs to be executed without the previous consent of the Insurers to the extent of but not exceeding R2 000, provided that a detailed estimate is first obtained and immediately forwarded to the Insurers. The Insurers will also pay the reasonable cost of delivery to the Insured after repair of such loss or damage not exceeding the reasonable cost of transport to the permanent address of the Insured in South Africa, Namibia, Botswana, Lesotho, Swaziland, Zimbabwe and Malawi.

Provided that

1. The limit of indemnity stated for each type of vehicle in the Specification shall be the maximum amount payable by the Insurers in respect of such loss or damage but shall not exceed the reasonable market value of the vehicle and its accessories and spare parts at the time of such loss or damage;
2. The Insurers may at their own option repair, reinstate or replace such vehicle or any part thereof and/or its accessories and spare parts or may pay in cash the amount of the loss or damage not exceeding the reasonable market value of such vehicle and/or its accessories and/or spare parts at the time of such loss or damage;
3. If any vehicle insured under this Sub-Section is irreparably damaged or stolen (and not recovered within a reasonable period) and the reasonable market value on the date of such damage or theft is less than the amount owing by the Insured under a valid suspensive sale or similar agreement, the Insurers will, subject to the Limit of Indemnity stated in the Specification not being exceeded, make good the difference to the Insured, less
 - (a) any payments and/or any interest in arrears on the date of the damage or theft and

- (b) any discount in respect of finance charges and/or interest for the unexpired term of such suspensive sale or similar agreement on a date not exceeding 30 days after the day of the damage or theft and
 - (c) any payment which on the date of the damage or theft has not been made solely because such payment in terms of the conditions of the particular agreement has not actually become due;
4. If to the knowledge of the Insurers the vehicle is the subject of a suspensive sale or similar agreement such payment shall be made to the owner described therein whose receipt shall be a full and final discharge to the Insurers in respect of such loss or damage;
5. In respect of each and every occurrence giving rise to a claim (except a claim resulting from fire, lightning, or explosion) under this Sub-Section, the Insured shall be responsible for the first amounts payable stated in the Specification (according to the type of vehicle) of any expenditure (or any less expenditure which may be incurred) for which provision is made under this Sub-Section (including any payment in respect of costs, expenses and fees) and of any expenditure by the Insurers in the exercise of any discretion it may have under this insurance it being understood that should two or more of the Insured vehicles be involved in the same occurrence only one first amount shall be payable. If the expenditure incurred by the Insurers shall include the first amount payable for which the Insured is responsible, such amount shall be paid by the Insured to the Insurers forthwith.

EXCEPTIONS TO SUB-SECTION A

The Insurers shall not be liable to pay for

- (a) consequential loss as a result of any cause whatsoever, depreciation, wear and tear, mechanical or electrical breakdowns, failures or breakages;
- (b) damage to tyres by application of brakes or by road punctures, cuts or bursts;
- (c) damage to springs due to inequalities of the road or other surface or to the impact with such inequalities.

DEFINITIONS

OCCURRENCE

Shall mean an occurrence or series of occurrences arising from any one cause in connection with any one vehicle (which shall be deemed to include any attached trailer) in respect of which indemnity is provided by this insurance.

VEHICLE

Shall mean

- (a) private type motor cars (including station wagons, safari vans, estate cars and the like or similar vehicles designed to seat not more than 16 persons including the driver);
- (b) commercial vehicles;
- (c) agricultural type tractors;
- (d) motor cycles (including motor scooters and 3-wheeled vehicles);
- (e) buses (including any vehicle used for business purposes and designed to seat more than 16 persons, including the driver);
- (f) trailers and semi-trailers i.e. any vehicle without means of self-propulsion designed to be drawn by a self-propelled vehicle, but excluding any parts or accessories not permanently fitted thereto;
- (g) special types i.e. road-making and construction machinery/vehicles, refuse removal vehicles, street sweepers, etc.

any such vehicle being owned, hired, leased or used by the Insured but excluding vehicles more specifically insured.

SUB-SECTION B: LIABILITY TO THIRD PARTIES

Refer to separate Liabilities Policy.

SUB-SECTION C: MEDICAL EXPENSES

If any occupant of any private type motor car or the carrying compartment of a commercial vehicle with a carry capacity not exceeding 1 500 kg insured hereunder shall in direct connection with such motor car sustain bodily injury by violent, accidental, external and visible means, the Insurers will pay to the Insured the medical expenses in connection with such injury up to the sum as stated in the Specification in respect of each person injured after deduction of any amount recoverable in terms of the Workmen's Compensation Act. The term *Medical Expenses* is deemed to include any costs incurred in connection with such occupant being freed from such vehicle and/or brought to a place where medical treatment can be given.

ADDITIONAL CONTINGENCIES AND COVER

(OPTIONAL: Applicable only if stated in the Specification to be included)

1. CONVEYANCE OF EXPLOSIVES

Notwithstanding anything contained to the contrary in Memorandum 3 (Description of Use clause), the Insurers will indemnify the Insured in terms of Sub-Sections A, and C in respect of the conveyance of explosives in any vehicle described in the Specification up to but not exceeding the limit stated in the Specification to apply to this extension.

2. LOSS OF KEYS

The Insurers will indemnify the Insured in respect of the cost of replacing locks and keys, including the remote alarm controller and, if necessary, the reprogramming of any coded alarm system of any insured vehicle following upon the disappearance of any key or alarm controller of such vehicle or following upon the Insured having reason to believe that any unauthorised person may be in possession of a duplicate of such key or alarm controller, provided that

- (i) the Insurers' liability shall not exceed, in respect of any one event, the amount stated in the Specification;
- (ii) such amount shall be reduced by the first amount payable stated in the Specification.

SPECIFIC EXCEPTIONS

1. The Insurers shall not be liable for any accident, injury, loss, damage or liability

- (a) while the vehicle is being used otherwise than in accordance with the Description of Use clause;

- (b) incurred outside South Africa, Namibia, Botswana, Lesotho, Swaziland, Zimbabwe and Malawi, but the Insurers will indemnify the Insured against loss of or damage to any vehicle while in transit by sea between any ports in these territories including loading and unloading incidental to such transit;

- (c) incurred while any vehicle is being driven by
 - (i) the Insured while under the influence of intoxicating liquor or drugs (unless administered by or prescribed by and taken in accordance with the instructions of a member of the medical profession other than himself) or while not licensed to drive such vehicle;

- (ii) any other person with the general consent of the Insured who to the Insured's knowledge is under the influence of intoxicating liquor or drugs (unless administered by or prescribed by and taken in accordance with the instructions of a member of the medical profession other than himself) or is not licensed to drive such vehicle;

provided that any driver shall be deemed to be licensed to drive the vehicle if he is complying with the licensing laws relating to any of the territories referred to under Specific Exception (b) or if non-compliance with any licensing law is solely because of failure to renew any licence subject to periodic renewal or if a licence is not required by law or while such driver is learning to drive and is complying with the laws relating to learners.

SPECIFIC CONDITIONS

1. If during the currency of this section any driver's licence in favour of the Insured or their authorised driver is endorsed, suspended or cancelled or if he or they shall be charged or convicted of neglect, reckless or improper driving, notification shall be sent in writing to the Insurers immediately the Insured have knowledge of such fact.
2. Nothing contained herein shall give any rights against the Insurers to any person other than the Insured. The extension of the Insurers' liability in respect of any person other than the Insured shall give no right of claim hereunder to such person, the intention being that the Insured shall in all cases claim for and on behalf of such person and the receipt of the Insured in any case shall absolutely discharge the Insurers' liability hereunder.

CLAUSES AND EXTENSIONS

1. WINDSCREEN

The provision of this policy relating to first amount payable shall not apply to any payment for damage to windscreen glass, side or rear glass and front lights forming part of any vehicle.

2. VEHICLES IN THE INSURED'S CUSTODY

The indemnity under Sub-section A extends to indemnify the Insured in respect of an accident caused by or through or in connection with any vehicle, not owned, hired or leased by the Insured, whilst:

- a) being driven, towed or transported by or otherwise in the care, custody or control of any partner, director, Msunduzi Municipality, office bearer, official or employee of the Insured for the purpose of examination, licensing, testing, removing, impounding or similar purposes in the course of the Business of the Insured and/or
- b) parked at any vehicle pound, parking or storage facilities provided or used by the Insured

the intention being that Damage to the Vehicle (and its contents, accessories and load) in the care, custody or control of the Insured is also insured in terms of this Specific Extension.

3. WAIVER OF SUBROGATION RIGHTS

For the purposes of this section, the Insurers waive all rights of subrogation or action which they may have or acquire against any other person to whom the indemnity hereunder applies and each such person shall observe, fulfil and be subject to the terms, exceptions and conditions (both General and Specific) of this section of the policy insofar as they can apply.

MEMORANDA

2. DESCRIPTION OF USE

Use for social, domestic and pleasure purposes and use for the business or occupation of the Insured

Excluding

hiring, carriage of passengers for hire or carriage of fare-paying passengers, racing, speed or other contests, rallies, trials, carriage of explosives or carriage of any load or passengers exceeding the capacity for which the vehicle is constituted or licensed to carry or use for any purpose in connection with the motor trade, the indemnity to the Insured in connection with any vehicle shall operate while such vehicle is in the custody or control of a member of the motor trade, or any vehicle maintenance unit of the Insured, for the purpose of its mechanical upkeep or repair.

TRANSIT SECTION

CONTINGENCIES

Loss of or damage to the whole or part of the property described in the Specification, owned by the Insured or for which they are responsible, in the course of transit by the means of conveyance or other means incidental thereto and caused by any accident or misfortune not otherwise excluded

provided that:

- (i) the Insured shall be responsible for the first amount payable stated in the Specification in respect of each and every event other than a claim arising from fire, lightning or explosion;
- (ii) the liability of the Insurers for all loss or damage arising from any one event shall not exceed the limit of indemnity stated in the Specification.

MEMORANDA

1. Transit shall be deemed to commence from the time of moving the property described in the Specification at the consignor's premises (including carrying to any conveyance and loading thereon), continue with transportation to the consignee (including temporary storage not exceeding 96 hours in the course of the journey) and end when off-loaded and delivered at any building at the consignee's premises.
2. If any consignee shall refuse to accept property consigned by the Insured, then transit shall be deemed to continue and the insurance in respect of such property shall continue in force until the property is delivered at the premises of the Insured by any means of conveyance, provided that the Insured shall take all reasonable steps to ensure that the property is returned as soon as is reasonably possible.
3. Where the means of conveyance is by specified vehicle(s), the insurance under this section shall apply to property on any vehicle temporarily used in place thereof while a specified vehicle is undergoing repair or servicing, which replacement vehicle is not the property of the Insured or leased or hired by them under a lease or hire purchase agreement.
4. In the event of a breakdown of the means of conveyance during transit or if for any reason beyond the Insured's control the property is endangered, nothing contained herein shall debar the utilisation of any other form of transport to assist completion of the transit and the insurance afforded shall not be affected thereby.

SPECIFIC EXCEPTIONS

The Insurers shall not be liable for:

1. loss or damage resulting from or caused by
 - (a) theft from any unattended vehicle in the custody or control of the Insured or any Msunduzi Municipality or employee of the Insured unless the property is contained in a completely closed and securely locked vehicle or the vehicle itself is housed in a securely locked building;
 - (b) wear and tear or gradual deterioration (including the gradual action of light or climatic or atmospheric conditions) unless following an accident or misfortune not otherwise excluded;
 - (c) inherent vice or defect, rust, damp, mildew, vermin or insects;
 - (d) the dishonesty of any Msunduzi Municipality or employee of the Insured whether acting alone or in collusion with others;
 - (e) detention, confiscation or requisition by customs or other officials or authorities;
 - (f) or arising whilst in transit by sea or inland transit incidental thereto;
 - (g) breakdown of refrigeration equipment.
2. mechanical or electrical breakdown, failure or breakage or derangement unless caused by an accident or misfortune not otherwise excluded;
3. loss of or damage to
 - (a) cash, bank and currency notes, coins, bonds, coupons, stamps, negotiable instruments, title deeds, manuscripts or securities of any kind;

- (b) property consigned to or from any place outside South Africa, Namibia, Botswana, Lesotho, Swaziland, Zimbabwe and Malawi;
 - (c) property otherwise insured or which would, but for the existence of this insurance be insured by any other insurance except in respect of any excess beyond the amount which would otherwise have been payable under such other insurance;
4. consequential loss of any kind, delay, loss of market or depreciation.

CLAUSES AND EXTENSIONS

DEBRIS REMOVAL

The insurance under this section includes costs, necessarily incurred by the Insured in respect of the clearing up and removal of debris following damage to the means of conveyance or the property thereon, subject to the limit stated in the Specification, in respect of any one event.

RESTRICTED COVER

(OPTIONAL: Applicable only if stated in the Specification to be included)

Fire, explosion, collision and overturning limitation.

The insurance under this section is limited to loss or damage resulting from fire or explosion or collision or the overturning of the means of conveyance described in the Specification.

ELECTRONIC EQUIPMENT SECTION

MATERIAL DAMAGE

THE INDEMNITY CLAUSE

The Insurers will indemnify the Insured in respect of physical loss of or damage to the property insured described in the Specification from any cause whilst:-

- (a) in transit including loading and unloading or whilst temporarily stored at any premises en route.
- (b) situated at the Insured's premises.
- (c) temporarily removed from the Insured's premises to any other location within the territorial limits.

EXCEPTIONS

The Insurers shall not be liable to indemnify the Insured irrespective of the original cause in respect of:-

1. the amount specified in the Specification as the excess in respect of each and every occurrence.
2. wastage of material or the like or wearing out of any part of the property insured caused by or naturally resulting from ordinary usage or working or other gradual deterioration development of poor contacts scratching of painted or polished surfaces, unless caused by an Insured Event but resultant damage is not hereby excluded.
3. parts having a short life such as (but not limited to) X-ray tubes, cathode ray tubes, thermionic emission tubes, fuses and sacrificial buffer circuits. If such parts are damaged as a result of an accident as provided for by the section the Insurers shall indemnify the Insured for the residual value of such parts.

4. the cost of reproducing data whether stored or recorded on cards, tapes, discs or otherwise unless specifically provided herein.
5. the cost of alterations, additions, improvements and overhauls carried out at the time of repair.
6. consequential loss of any description.
7. loss by theft or disappearance of the insured equipment unless accompanied by forcible and violent entry or exit to or from that part of the building occupied by the Insured at the premises.
8. theft from any unattended vehicle unless the property is contained in a completely closed and securely locked vehicle or the vehicle itself is housed in a securely locked building and entry to such locked vehicle or building is accompanied by forcible and violent entry or exit.
9. loss of use of the property insured or other consequential loss damage or liability of any nature whatsoever other than losses specifically provided for herein.
10. goods held in trust or on commission, money securities, stamps, documents, manuscripts, business books, records, pattern models, moulds, plans or designs unless expressly stated in this section.

BASIS OF INDEMNIFICATION

The Insurers reserve the option to repair, replace, reinstate any loss or damage indemnifiable by this section or pay cash in lieu thereof.

The indemnity by this section subject always to the limits of indemnity defined in the Specification or any specific limit of liability contained in the specification shall be the:-

1. Repair, replacement or reinstatement costs

- (a) In cases where the damage can be repaired:-

cost of restoring the property insured to working order.

- (b) In cases where the property insured or part thereof is totally lost or destroyed:-

The amount payable shall be the cost of reinstatement of property insured or destroyed to its condition when new provided that

- (i) reinstatement shall mean

replacement of any item lost, destroyed or damaged beyond repair by new property of equal performance and/or capacity or if such be impossible its replacement by new property having the nearest higher performance and/or capacity to the item lost or damaged including any freight and erection costs, dues and customs duties and the cost of removing (if applicable) the destroyed equipment less the value of any salvage.

- (ii) reinstatement shall be carried out without delay and in the most economical manner.

- (iii) where any property insured is damaged or lost in part only the Insurers' liability shall not exceed the cost of reinstatement had it been wholly lost.

- (iv) no payment shall be made until reinstatement has been carried out.

- (v) the sum insured shall be the installed new replacement value of the property insured.
 - (vi) if reinstatement is not carried out the amount payable shall be the cost of indemnifying the Insured provided such cost does not exceed the cost of reinstatement.
- (c) Dismantling, re-erection and transportation costs including importation duties and general sales tax if incurred.
- all necessarily and reasonably incurred.

2. Average provision

If at the time of indemnifiable loss or damage the sum representing the installed new replacement value of the property insured exceeds the sum insured by the policy then the Insured shall be considered as being his own insurer for the difference and shall bear a rateable proportion of the loss accordingly.

3. Escalation during the period of reinstatement

In the event of the installed new replacement value of the property insured during any period of reinstatement of indemnifiable loss or damage exceeding the policy sum insured (being the installed new replacement value at the time of the loss or damage) the said sum insured shall be deemed to be increased by an amount not exceeding 15 percent of the sum insured subject always to the Insured paying the appropriate additional premium.

4. Additional costs

Subject always to the limit of indemnity in respect of the property insured which has been the subject of the claim:-

(a) Demolition and removal of debris costs

Cost incurred by the Insured in respect of dismantling, demolition clearance or removal of debris or wreck of the property insured and the providing erecting and maintaining hoarding and other similar structures.

(b) Expediting costs

Cost of express delivery (including airfreight charges), overtime work, night work or work on public holidays subject always to a limit of 50% (fifty percent) of the amount which the repair, replacement or reinstatement would have cost had such additional expenses not been incurred;

(c) Fire fighting costs

Fire brigade charges and the cost of restoring fire extinguishing equipment incurred as a direct result of extinguishing or fighting of fire in respect of the property insured;

(d) Professional fees

Engineers and other professional consultants fees incurred for the reinstatement of loss or damage but excluding fees incurred in the preparation of any claim;

(e) Plans scrutiny fees

The indemnity by this policy shall include plans scrutiny fees as may be levied by the responsible public authority incurred directly in the repair, replacement or reinstatement of the property insured; all necessary and reasonably incurred.

5. Partial losses

Where the loss or damage is restricted to a part or parts of the property insured the Insurers shall in no event be liable for an amount greater than the value of such part or parts.

6. Additions, alterations, improvements

Costs of additions, alterations, improvements and overhauls carried out on the occasion of a repair are payable by the Insured.

7. Temporary repairs

If a temporary repair is carried out without the consent of the Insurers the cost thereof and all consequences arising therefrom are to be borne by the Insured unless such temporary repairs constitute a part of the final repairs to be carried out and do not increase the total repair cost.

MEMORANDA**Memo 1 - Capital additions and currency fluctuations**

The indemnity by this policy shall include:-

- (i) Additional property of a like nature to that specified in the Specification as the property insured installed at the Insured's premises, provided always that cover in respect of additional property installed shall not attach until commissioning of such property has been satisfactorily completed at the Insured's premises.
- (ii) Provision for devaluation or revaluation of the South African currency against the currency of the country of origin of the property insured and other inflationary trends which may result in the escalation of the sum insured (representing the installed new replacement value) of the property insured.

Memo 2 - Tenants clause

The indemnity provided by this section shall not be invalidated by any act or negligence on the part of the tenant (where the Insured owns the premises) or another tenant or the owner of the premises (where the Insured is a tenant) provided the Insured shall notify the Insurers as soon as such act or neglect shall come to the Insured's knowledge.

Memo 3 - Hire purchase and other suspensive sale agreements - Financial Houses

The interest of hire purchase and/or other financial houses are automatically noted in terms of this Section.

Memo 4 - Manuals and Dongles

The indemnity provided by this section extends to include the purchase price of software packages where such purchases are obligatory due to the loss or destruction of manuals and/or dongles from an indemnifiable event.

CONSEQUENTIAL LOSS**THE INDEMNITY CLAUSE**

The indemnity by this section shall include:-

Item I - Increased cost of working

The insurance under this item is limited to the additional expenditure necessarily and reasonably incurred by the Insured during the indemnity period in consequence of the an indemnifiable event as defined in the Material Damage sub-section of this section for the sole purpose of avoiding or diminishing the interruption of or interference with the normal business of the Insured less any sum saved during the indemnity period in respect of such of the charges and expenses of the business as may cease or be reduced in consequence of the accident.

The indemnity by this item shall not apply directly or indirectly to: -

- (a) The cover provided for in Item II or III of this section of the policy.
- (b) The intrinsic value (including reinstatement value) of the property insured by the Material Damage sub-section of this section.

Item II - Reconstitution of data

All costs and expenses which the Insured shall necessarily and reasonably incur in the reconstitution or recompilation of data and/or programmes recorded on or stored in data carrying media which is lost as a direct result of an indemnifiable event as defined in the Material Damage sub-section of this section.

provided always that:-

- (a) the indemnity shall not extend to nor include such costs incurred due to programme errors, incorrect entry or the inadvertent cancellation or corruption of data and/or programmes (this exception shall not apply to nor include any deliberate or wilful or wanton act of any person with the intention of causing the cancellation or corruption of data and/or programmes. If the Insured alleges any such act the burden of proving such act rests upon the Insured).

- (b) in respect of each and every occurrence or series of occurrence arising out of or in connection with any one event indemnifiable by this item the Insured shall bear the amount detailed in the Specification as the deductible.

Item III - Claims preparation costs and expenses

All costs and expenses which the Insured shall incur in producing and certifying any particulars and details required by the Insurers under the terms and conditions of this policy.

Definitions**Indemnity period**

The period during which the results of the business shall be affected in consequence of the accident beginning the number of hours/days detailed in the Specification as the time exclusion after the occurrence of the accident and ending not later than the expiry of the period detailed in the Specification as the indemnity period after such occurrence.

Accident

Physical loss or damage to the property insured or other equipment described in the Specification from any cause as provided under The Material Damage sub-section of this section liability under which section shall except for the provisions of exceptions 1 to 10 of the Material Damage sub-section be a condition precedent to liability hereunder.

The limit of liability

the liability of the Insurers shall not exceed the amounts specified in the Specification in respect of any one accident or series of accidents arising out of or in connection with any one event.

In the event of the payment by the Insurers of any sum or sums in discharge of the Insurers liability in terms of this policy the sums insured shall automatically be reinstated for the remainder of the current period of insurance.

The Insured shall pay to the Insurers the additional premium required by the Insurers calculated pro rata from the day of the accident to the end of the period of insurance.

EXTENSIONS**Prevention of access (if stated in the Specification to be included)**

If during the indemnity period the business at the premises be interrupted or interfered with in consequence of the Insured being prevented from having access to the Insured property situated at the premises caused by damage to premises near or adjacent to those occupied by the Insured as described in the Specification by fire, lightning, explosion, storm, tempest, flood, water inundation, earthquake, impact by vehicles the Insurers shall indemnify the Insured for loss resulting from such interruption or interference in accordance with the provisions contained herein.

Provided always that

- (i) The Insured is not entitled to indemnity as provided for in this extension under any other policy or section.
- (ii) This section shall not be brought into contribution with any other policy or section bearing a like extension.

Telkom access lines (if stated in the Specification to be included)

Subject to the limits specified in the Specification consequential loss as provided for item 1 and item II arising from accidental failure of the Telkom land and radio access lines is included provided always that the insurance under this extension shall be subject to the special conditions below:

Failure of electricity supply (if stated in the Specification to be included)

Subject to the limits specified in the Specification consequential loss as provided for under item I and item II arising from accidental failure of the public supply of electricity at the terminal ends of the supply authorities service feeders at the premises is included provided always that the insurance under this extension shall be subject to the special conditions below:

Special conditions applicable to Telkom access lines and Failure of electricity supply

- (a) The liability of the Insurers shall not exceed the sum insured by this sub-section.
- (b) The indemnity period shall commence 24 hours after the failure and end not later than 14 days after such failure.
- (c) The insurance provided in Telkom access lines and Failure of electricity supply does not cover
 - (i) a) In the case of Telkom access lines loss occasioned by the deliberate act of any Telkom authority nor by the exercise of such Telkom authority of its power to withhold or restrict access to its lines
 - b) in the case of Failure of electricity supply loss occasioned by the deliberate act of any electrical supply authority nor by the exercise of any electrical supply authority of its power to restrict supply.
- (ii) in the case of Failure of electricity supply loss occasioned by drought or shortage of fuel at any power station.
- (iii) in any event described in general exceptions 1 and 2
- (v) loss occasioned by permanent or temporary dispossession resulting from confiscation, commandeering or requisition by any lawfully constituted authority.

MACHINERY BREAKDOWN SECTION

CONTINGENCIES

This insurance covers

Unforeseen and sudden physical damage to the machinery described in the Specification from any cause

- a) whilst it is at work or at rest
- b) whilst being dismantled for the purpose of cleaning inspection and overhaul or removal to other position or in course of these operations themselves or subsequent re-erection .

(Hereinafter called "Damage") anywhere within the Territorial Limits including whilst in transit.

Transit shall mean

Conveyance other than by sea or international flight within the territorial limits including loading and unloading and stoppage or deviations en route.

BASIS OF INDEMNIFICATION

1. The reasonable cost of repair, reinstatement or replacement of the damaged Insured Property, the amount payable as indemnity being calculated as follows:
 - 1.1 where such cost falls below 75% of the New Replacement Value of the affected item(s), the actual costs of repairs as may be required to restore the Insured Property to its former working order including the installation of new parts of similar kind and quality.
 - 1.2 in the case of Insured Property being 5 years or less of age where such cost equals or exceeds 75% of the new replacement value of the affected item(s), the actual cost of replacement of the Insured Property by property of similar kind, quality and capacity - as new, but not in quality superior to or more extensive than the Insured Property itself.
 - 1.3 in the case of Insured Property of older than 5 years the market value of the affected item subject to a minimum of 20% of the current new replacement value.
2. In addition to (1) above, the indemnity extends to include all costs necessarily and reasonably incurred following damage to Insured Property in respect of:
 - 2.1 the additional cost of express delivery (including airfreight), customs dues and charges, overtime work, night work or work on public holidays incurred subject to the limits as stated in the Specification (to a maximum of 50% of the total repair or replacement costs).
 - 2.2 Dismantling and re-erection costs, sales tax and customs dues if any.
3. **SPECIAL PROVISIONS APPLICABLE TO BASIS OF INDEMNIFICATION 1 ABOVE**
 - 3.1 The work of repair or replacement must be commenced and carried out with reasonable despatch failing which, the following basis of indemnification in replacement of 1 above will apply:

“At the option of the Insurers, the reasonable cost of repair, reinstatement or replacement of the damaged Insured Property the amount payable as indemnity being calculated as follows:

- 3.1.1 Where such cost falls below the market value of the Insured Property, the actual cost of repairs as may be required to restore, the Insured Property to its former working order, including, where applicable, the installation of new parts of similar kind and quality.
- 3.1.2 Where such cost equals or exceeds the market value of the Insured Property, the indemnity hereunder shall be such market value, immediately prior to the occurrence of the damage.”

DEFINITION OF MARKET VALUE

The current day purchase price of a second-hand/used item of alike nature and identical in every respect to the item of Insured Property damaged and substantially of similar condition, where no similar item is available Market Values shall be calculated by deducting reasonable equitable depreciation from the current installed new replacement value of the item of Insured Property.

- 3.2 Until expenditure has been incurred by the Insured in repairing or replacing the lost or damaged Insured Property the Insurers shall not be liable for any payment in excess of the amount which would have been payable under that basis of indemnification in Special Provision 3.1 above.
- 3.3 This basis of indemnification contained in Special Provision 3.1 above shall apply where:
 - i) The Insured fails to advise Insurers within 6 months from the date of damage (or such further time as Insurers may allow) of his intention to repair or replace the affected Insured Property.
 - ii) The Insured is unable or unwilling to repair or replace the damaged Insured Property.
4. Costs of alterations, additions, improvements and overhauls carried out on the occasion of a repair or replacement are payable by the Insured.
5. If a temporary repair is carried out without the consent of the Insurers the cost thereof and all consequences arising therefrom are to be borne by the Insured unless such repairs constitute part of the final repairs to be carried out and do not increase the total repair cost such action minimises any indemnifiable damage under this Policy.

EXCEPTIONS

The Insurers shall not be liable to indemnify the Insured irrespective of the original cause in respect of

1. the amount specified in Specification as the Deductible in respect of each and every occurrence
2. Damage due to
 - a) Fire extinguishing of a fire direct lightning strikes explosion
 - b) Theft collapse of buildings impact by animals or vehicles aircraft other aerial devices or objects dropped therefrom sonic shock waves.
 - c) Water, which escapes from water-containing apparatus including leakage or discharge from any sprinkler or drenching system
 - d) Subsidence landslip storm flood inundation hail snow earthquake volcanic eruption or other convulsion of nature
or any subsequent dismantling
3. damage resulting from experiments or overloads or tests requiring the imposition of abnormal conditions; damage due to misapplication of tools.

4. Wastage of material or the like or wearing away out of any part of the machinery caused by or naturally resulting from ordinary usage or working or other gradual deterioration, but this exclusion shall not apply to **gradual deterioration** due to a Defined Event and resultant damage is not hereby excluded.
5. Refractories, expendable parts and tools such as (but not limited to) bits cutters knives saw blades dies patterns on rollers sieves chains belts ropes conveyor bands jointing and packing material. If such parts or tools are damaged as a result of an accident as provided for by the policy to parts of the machinery insured the Insurer shall indemnify the Insured for the residual value of such parts or tools
6. Additions, alterations or improvements undertaken on the occasion of repair or damage.
7. Faults, defects existing and known to the Insured and not disclosed to Insurers.
8. Consequential loss due to delay or interruption to the business or liability of any nature whatsoever other than as specifically provided for in this section.

MEMORANDUM**1. Average**

- a) The sum insured for each item of machinery specified in Specification must be equal to the installed new replacement value at all times
- b) If at the time of the damage the sum insured be lower than the amount fixed as above indemnity shall only be provided by the Insurer in the proportion which the sum insured bears to the installed new replacement value.

EXTENSIONS TO THE POLICY IF SO STATED IN THE SPECIFICATION OR BY ENDORSEMENT**1. Damage to surrounding property**

This section is extended to indemnify the Insured against accidental damage to surrounding property owned by or in the care custody or control of the Insured directly arising from an indemnifiable occurrence to the Plant and Machinery described in the Specification but not exceeding the limit of liability specified in the Specification.

2. Automatic Additions

This section is extended to provide indemnity at the Insured's premises for newly purchased plant and machinery of a similar nature to that specified in the Specification provided that:

- a) Successful installation commissioning and normally accepting operating standards have been achieved
- b) The total sum insured of such plant machinery does not exceed 25% of the total sum insured on the Specification.

subject otherwise to all terms, exclusions and conditions of the section.

3. Explosion of boilers or pressure vessels

The section extends to indemnify the Insured against accidental damage to the boilers and/or pressure vessels specified in the Plant Inventory directly caused by explosion which shall mean the sudden and violent rending thereof by force or internal pressure or ignited flue gasses causing violent bodily displacement of any part together with forcible ejection of the contents of the insured item.

The Limit of Liability under this extension shall not exceed the amount stated in the Plant Inventory (less the excess set against each item included hereby).

CLAUSES AND EXTENSIONS

REFRIGERANT

The sum insured on refrigeration plant includes provision for the renewal of refrigerant necessitated by an Insured Event.

TRANSFORMER / SWITCHGEAR OIL

The sum insured on transformers and/or switchgear includes provision for the renewal of oil necessitated by an Insured Event.

TEMPORARY REMOVAL

The insurance by this Section is extended to cover the insured machinery whilst temporarily removed from the Insured's premises for the purpose of cleaning overhaul repair or other similar purposes to any other premises in the Republic of South Africa and in transit by road or rail including loading and off-loading thereof.

PLANTATION SECTION

CONTINGENCIES

Loss of or damage to property insured in the specification by or through any of the periods described in sub section A.

SUB SECTION A: INSURED PERILS

1. Fire
2. Lightning
3. Explosion

SPECIAL EXCEPTIONS

For the purpose of this section only General Exception I includes the following additional sub- sections:

- (a) Earthquake whether arising from mining operations or otherwise volcanic eruption or other convulsion of nature.
- (b) The act lawfully constituted authority.

SPECIAL CONDITIONS

I. CLAIMS PROCEDURES

Subject otherwise to the Claims Procedure set out in General Condition 6 the Insured shall within 72 hours after any destruction or damage advise the Insurer thereof and within 15 days thereafter or such further time as the Insurer in writing allow submit to the Insurer full particulars in writing of any such destruction or damage.

2. MORTGAGE

This insurance as to the interest of any Mortgage shall not be invalidated by any act or negligence of the Mortgagor or owner of the property Insured, nor by any misrepresentation or non-disclosure by such Mortgagor or owner nor by the alienation of the property in, or by the occupation thereof or purposes more hazardous than any permitted by this Policy.

Provided that such act neglect misrepresentation non-disclosure alienation or occupation shall have been effected without the knowledge of the Mortgagee and that the Mortgagee shall notify the Insurer of the happening or existence of such act neglect misrepresentation non-disclosure alienation or occupation as soon as the same shall come to the Mortgagee's knowledge and the Insured shall pay any additional premium due.

3. REINSTATEMENT {Applicable to First Loss policies only}

It is hereby agreed to reinstate the sum insured following a loss up to the First Loss percentage of the remaining total value (calculated on the same basis as the annual premium) from the time of the occurrence of such loss until expiry of this policy at a pro rata additional premium on the amount of such reinstatement. Only one reinstatement will be permitted automatically during anyone period of insurance.

4. FIRE FIGHTING COS'IS AND EXPENSES

The insurance by this policy shall extend to include fire fighting costs and expenses directly incurred by the Insured in fighting any fire in the plantations insured hereunder for an amount not exceeding R1, 000 in any one period of insurance.

Provided that:

- a. All exceptions and conditions of the policy shall apply as if they had been incorporated herein;
- b. The Insurers shall not be liable under this insurance for any destruction damage loss costs or expenses insurable under any other policy of insurance and this insurance shall not be brought into contribution with any such policy;
- c. This insurance shall not cover mechanical or electrical breakdown, wear and tear of vehicles or equipment used to fight any fire.

SPECIAL WARRANTIES

It is warranted that:

1. All timber is clear by not less than 90 metres from any railway lines;
2. The plantation(s) be under the direct supervision of either the Insured or an overseer.
3. The plantation(s) shall on all sides be kept free and clear from any grassland trash or undergrowth by firebreaks of not less than 9 metres in width. For the purpose of this warranty evergreen natural bush shall be regarded as a firebreak.
4. All firebreaks be thoroughly cleaned and maintained during the dry season but no burning of firebreaks grasslands or waste of any kind shall be carried out:

- a. During the months from October to April in the Winter Rainfall Area.
- b. During any “dry” period in the Constant Rainfall Area.
- c. From the 31st July until th end of October or the close of the declared fire season.

That at all times burning shall be done only when the Insured or the overseer is in attendance and there must be at least two approved hand pumps or other equivalent approved hand operated pumps with water at the site of the burn.

5. No operation other than felling and cross cutting of trees and hand stripping of bark shall be carried on within the confines of the said plantation(s) and that all ground shall be kept clear of undergrowth and trees for a distance of 30 metres from any permanent mill or building in which timber is sawn on or adjoining the plantation(s).
6. The Insured in the event of a fire or claim arising shall produce reasonable proof as to the condition and value of the insured plantation(s).
7. Where at the commencement of the insurance approved fire-fighting equipment has been installed the said equipment shall be efficiently maintained and in the event of it being dispensed with immediate notice must be given to the Insurer.

GROWING TIMBER WARRANTY

It is warranted that:

1. During the currency of this insurance a Watch Tower on "World's View" is fitted with a telephone and it is manned day and night during the dry season.
2. All Fire Fighting Pumps shall be maintained in good order for the purpose of fire fighting in the prescribed plantation.
3. The Municipal Fire Brigade vehicles are fitted with 2-wave radio telephones.
4. All areas re-established after the commencement of the insurance shall be divided into blocks by firebreaks on the following scale:

MAXIMUM AREAR OF BLOCK	MINIMUM WIDTH OF OPEN FIRE BREAKS
40 Hectares	9 metres
80 Hectares	15 metres
200 Hectares	30 metres
400 Hectares	45 metres

Internal gum belts may be used in Pine Plantations where blocks are 200 hectares or more, subject to the following:

- a. That a minimum of 6 rows of gum 2,5 metres apart be planted on either sides of an open break of minimum width of 9 metres. Gum breaks and opens breaks to be cleaned at the commencement of the dry season.
- b. All gum in such breaks must be left standing until pine blocks are felled.
- c. When pine blocks are felled and re-established, gum breaks must be simultaneously re-established.

- d. That all new areas be divided into blocks by firebreaks or not less than 9 metres in width, no such block exceeds 40 hectares.

