

THE MSUNDUZI MUNICIPALITY



Policy Name:	General Insurance Policy
Policy Number:	Internal Fund
Status:	Current
Date:	
Approved By:	
Date Approved:	
Date Last Amended:	13 March 2023
Date for Next Review:	13 March 2024
Date Published on Intranet:	



The Msunduzi Municipality

GENERAL INSURANCE FUND POLICY

TABLE OF CONTENTS

1. PREAMBLE	4
2. THE SCHEDULE	5
3. DEFINITIONS	6
4. GENERAL EXCEPTIONS, CONDITIONS, PROVISOS AND EXTENSIONS	7 - 16
5. LIMITS OF INDEMNITY	17 - 18
6. COMBINED.....	19 - 29
7. OFFICE CONTENTS.....	30 - 35
8. BUSINESS ALL RISKS	36- 38
9. THEFT.....	39 - 40
10. GLASS	41 - 42
11. MONEY	43 – 47
12. FIDELITY	48 - 54
13. MOTOR: OWN DAMAGE.....	55 - 62
14. TRANSIT.....	63 - 65
15. ELECTRONIC EQUIPMENT.....	66 - 74
16. MACHINERY BREAKDOWN	75 -79

Self-Insurance Reserve Policy

PREAMBLE

It is required of the accounting officer, to take all reasonable steps to ensure that the Council has and implements crucial policies for effective financial and risk management. The safeguarding of assets and the protection of Council against liabilities, is very important as prescribed by Section 63 and needs annual revision in terms of Section 24(2)(c)(v) of the Municipal Finance Management Act 56 of 2003.

The Msunduzi Municipality will bear its own damages and accident risks and be responsible for all claims and losses of Council owned property where these arise from council activities by an official who is liable in law and who is employed the Msunduzi Municipality.

Section 78(1)(b-e) of the Municipal Finance Management Act places the onus on each official within the Municipality to take responsibility for the effective, efficient, economical and transparent use of financial and other resources within that official's area of responsibility.

The provisions of Prescription Act no. 68 of 1969 Section 11 - Periods of prescription of debts, will apply to all insurance applications and/or claims. In terms of the Prescription Act 68 of 1969 ("the Act"), "debts" prescribe after a period of 3 years. In order to avoid losing the legal right to enforce a claim (payment of a "debt"), a creditor must interrupt prescription by instituting proceedings against a debtor before the end of the 3 year period.

Subject to the terms, exceptions and conditions (precedent or otherwise) and in consideration of, and conditional upon, the payment of premium by or on behalf of the Insured and receipt thereof by or on behalf of the Insurer, 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 defined events occurring during the period of insurance and as otherwise provided under the within sections up to the sums insured, limits of indemnity, compensation and any other amounts specified for which premiums have been paid, however not exceeding the policy limits.

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

The insurance, including any sections, schedules, specifications, provisions, clauses and extensions attached hereto, shall be read together as one contract and any expression to which a particular meaning has been attached shall bear such meaning wherever it may appear.

"Premium" means the amount as determined by the Strategic Executive Manager (Finance) or his/her successor in title which is payable to the Insurer by the Insured for which cover has been selected.

THE SCHEDULE

THE INSURED	: THE MSUNDUZI MUNICIPALITY and any other legal entity (various departments within The Msunduzi Municipality) required to be insured for their respective rights and interests.
THE INSURER	: The Msunduzi Municipality
POSTAL ADDRESS	: PRIVATE BAG X205 PIETERMARITZBURG 3200
SITUATION OF PREMISES	: All premises as stated in each Section owned or occupied or used by the insured for the purposes of the business all situated in the area which on 1 st January 1976 constituted the Republic of South Africa, Namibia, Botswana, Lesotho, Swaziland, Zimbabwe and Malawi.
THE BUSINESS	: Local Authority, Property Owners/ Tenants and all other activities associated with the Insured's business
PERIOD OF INSURANCE	: Annually
RENEWAL DATE	: 28 February 2022
TYPE OF CONTRACT	: Annual

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 the 4th 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. **"Short Term Insurance"** means insurance that operates on a year to year basis and which may be terminated by the insurer or the insured.
5. **"Self-Insurance"** means insurance which a business organisation finances internally by establishing a fund to meet losses.
6. 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 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 therefrom;
- (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. REPORTING OF 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; (in the case of theft or hijack of a vehicle not later than 7 days)
- (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 General Manager of each strategic business unit 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.

LIMITS OF INDEMNITY

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

Sections	Limits of Indemnity Sum Insured
Combined	Refer Schedule
Office Contents	Refer Schedule
Business All Risks	Refer Schedule
Theft	Refer Schedule
Glass	Refer Schedule
Money	Refer Schedule
Fidelity Guarantee	Refer Schedule
Motor Own Damage	Refer Schedule
Transit	Refer Schedule
Electronic Equipment	Refer Schedule
Machinery Breakdown	Refer Schedule
Plantations	Refer Schedule

DEDUCTIBLE/ EXCESS PER CLAIM


Sections	Amount
Combined	10% of claim minimum R2 500
Office Contents	10% of claim minimum R2 500
Business All Risks	10% of claim minimum R1 000
Theft	10% of claim minimum R2 500
Glass	10% of claim minimum R2 500
Money	10% of claim minimum R2 500
Fidelity Guarantee	Refer schedule
Motor Own Damage	10% of claim minimum R2 500
Transit	10% of claim minimum R2 500
Electronic Equipment	10% of claim minimum R2 500
Machinery Breakdown	10% of claim minimum R2 500
Plantations	Refer schedule

COMBINED SECTION

PROPERTY COVERED:

1. Items 1 and 3 to 9 below are covered by external Insurer's, without a combined aggregate, however item 2 is subject to a R1,5m Aggregate deductible as reflected in Memo 1 below. Once the Aggregate Deductible of R1,5 m has been reached, Insurer's will settle all claims subject to the underlying policy excess.
2. Item 10 is covered by the self-insurance fund (no external insurances) and is subject to an excess of 10% of claim minimum R2 500 each and every claim.

PROPERTY DESCRIPTION:

ITEM 1 – All buildings, structures and erections including fixtures and fittings therein, thereto or thereon, boundary walls,gates, posts and fences belonging thereto and all contents contained in any building, structure or erection, including underground fuel tanks and their contents,traffic signs, traffic lights, parking meters and lamp posts			As per the underlying external policy
ITEM 2 – All substations, mini substations, transformers, electricity cables, electrical switchgear and Electronic Signboards and fittings relating thereto			
ITEM 3 – All water purification works and pump stations, reservoirs, water towers, swimming baths and property relating thereto	Yes		
ITEM 4 – All sewerage works,pump stations and property relating thereto	Yes		
ITEM 5 – Waterspump Station and Equipped Boreholes	Yes		
ITEM 6 – Motor vehicles at premises occupied by the insured	No		
ITEM 7 - Accidental Damage	Yes		
ITEM 8 – Any other property as defined in the schedule (Concrete reservoirs)	Yes		
ITEM 9 - Steel and Plastic Tanks	Yes		
ITEM 10 – Contents of the buildings	Yes		R2 000 000
All of the above being the property of the insured or for which they are responsible as per the informaton submitted to the Insurer by or on behalf of the insured the totals of items 1 to 9 being split as follows:			
A. Buildings – Professor Nyembezi Centre			
B. Buildings – City Hall			
C. Free Square Tourism Hub			
D. General Buildings			
E. Sub-Station/Lattice Towers			
F. Hulett & Harp Substations/Lattice Towers			
G. Consumable Stock			
H. Animal farm stock – wild animals			

<p>In respect of buildings and structures standard construction shall mean buildings and structures constructed of brick, stone or concrete and roofed with slate, tiles, metal, concrete or asbestos</p> <p style="text-align: center;">EXTENSIONS</p> <p>Additional claims preparation costs</p> <p>Escalator clause (during the period of insurance) Percentage increase%</p> <p>Day one average</p> <p>Escalation contingency (during the re-instatement period) Percentage increase%</p> <p>Prevention of access</p> <p>Subsidence and landslip in respect of the premises detailed above</p>	<p>Yes</p> <p>No</p> <p>No</p> <p>No</p> <p>Yes</p> <p>No</p>	<p>R100 000</p>
<p>ENDORSEMENTS/EXTENSIONS/LIMITATIONS :</p> <p>1. Cover in respect of fencing is restricted to Defined Events 1, 2, 3, 4, 5 and 7 only of Sub-Section A - Property</p> <p>2. Cover in respect of traffic signs and traffic lights, parking meters and lamp posts is restricted to Defined Events 1, 2, 3 and 4 only of Sub-Section A – Property</p>		
<p>MEMO 1 – AGGREGATE DEDUCTIBLE CLAUSE</p> <p>It is hereby declared and agreed that: -</p> <ol style="list-style-type: none"> The insurers will provide terms without the combined aggregate to the section of this policy with the exception of electricity infrastructure an aggregate excess of R1 500 000 will apply. The insured shall be their own insurer for all electrical infrastructure in any one period of insurance up to a maximum of R1 500 000 All legal assessors and other fees or expenses as agreed by the Insurer and incurred by the Insured shall form part of the loss or claim. Only losses reported to the Insurer and assessed, if deemed necessary, qualify for inclusion in the amount of R1 500 000 referred to in 1 above, SUBJECT to an Inner Excess of 10% of claim minimum R2 500 per claim. In the event of electrical infrastructure claims exceeding R1 500 000 the provisions of the aggregate excess shall be deemed to be deleted and the Insurer (outsourced) shall be responsible for all further claims subject to an excess of 10% of claim minimum R2 500 per claim. This memo applies to the Items reflected A to H above. <p>MEMO 2</p> <p>It is noted that the sum insured in respect of the City Hall is based on replacement of a modern structure of a similar type, size, quality etc.</p>		

PROPERTY EXCLUDED

The following property is excluded from Items 1 to 10 above unless specifically insured:

- Dam walls, dam contents, canals and reservoir contents.
- Pavilions, sports stadiums, spectator stands, outdoor sports playing or recreational surfaces (other than tennis courts) tartan tracks (unless specifically declared to insurers).
- Explosives (other than ammunition).
- Bullion.
- Precious Stones.
- Transmission and distribution lines including their supporting structures (other than on or within 150 meters of electricity sub stations belonging to the insured).
- Water piping as well as storm water-piping including their supporting structures (other than on or within 150 meters of water treatment or purification works or reservoirs belonging to the insured).
- Sewerage piping including their supporting structures (other than on or within 150 meters of any sewerage treatment plants belonging to the insured).
- Driveways, pavements, outdoor parking surfaces.
- Roads, road and rail bridges, road and rail tunnels, manhole covers.
- Aircraft runways and aprons.
- Jewellery other than Mayor Regalia.
- Land, topsoil, backfill, drainage or culverts.
- Piers, jetties, wharves, viaducts, docks.
- Property or structures in course of construction, erection, dismantling testing or supplies in connection therewith.
- Property damaged as a result of its undergoing any process of manufacture, conversion or treatment.

- Accounts Receivable.
- Shares, Saving Certificates and the like.
- Property in possession of customers.
- Trees, shrubs, plants.
- Monuments, statues.
- Graves and tombstones.
- Growing timber, growing crops and livestock.
- Aircraft, watercraft.
- Property more specifically insured under any other Section of this policy except for the excess beyond the amount payable under such specific insurance.
- Property which at the time of any loss or damage is insured by or would but for the existence of this policy be insured by any Marine Policy or policies except in respect of any excess beyond the amount which would have been payable under such Marine Policy or policies had this insurance not been effected.

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 - Marking 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 subject to a Limit of R50 000,00.

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.

16. 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 thereof 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.
- 10. Cover is limited to R1 000 000,00.

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.
- (c) Cover is limited to R100 000,00.

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 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.

Cover is limited to R1 000 000,00

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 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 R100 000,00.

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 R25 000,00.
- (ii) the Insurers shall not be liable for the first amount payable 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

PROPERTY COVERED:

1.	General items (excluding cellphones, ipads, laptops etc)	-	R1 000 000
2.	Laptops	-	R50 000
3.	Cellphones	-	Not covered

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 R25 000,00.

3. INCREASE IN COST OF WORKING

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 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.

Cover is limited to R250 000,00.

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 1 - 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 working 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 failing which no cover is in force.
4. Employees 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 working 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 not more than R50 000,00 any one claim.

MEMORANDUM 2 - PROPERTY DAMAGE

1. Property damage shall include 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 does not cover parking meters.

MEMORANDUM 3 - WORKS OF ART AT THE 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 is not covered by this policy – cover arranged through external Insurer's. .

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.

Cover is limited to a First loss limit of R500 000,00 any one claim.

ADDITIONAL CONTINGENCIES AND COVER

1. 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 R50 000,00.

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 R25 000,00.
- 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 willful 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 R100 000,00.
- 3. 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 R25 000,00 any one claim.
- (i) for the replacement of glass, sign writing 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 R25 000,00.
5. Cover is restricted to a sum insured of R1000 000,00.

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 therefore, 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

Defined events

Loss of or damage to money (as defined) occurring in the Republic of South Africa, Namibia, Lesotho, Botswana, Swaziland, Zimbabwe and Malawi except if otherwise specified

provided that the liability of the Insurer for all loss or damage arising from all occurrences of a series consequent upon or attributable to one source or original cause shall not exceed the specific limitations stated in the schedule.

Cover is restricted to a major limit is R500 000,00.

Definitions

Money shall mean cash, bank and currency notes, cheques, postal orders, money orders, current negotiable postage, revenue and holiday stamps, credit card vouchers and documents, certificates or other instruments of a negotiable nature, the property of the insured or for which they are responsible.

Receptacle shall mean any safe, strong room, strongbox, till, cash register, cash box or other receptacle for money or any franking machine.

Clothing and firearms shall mean clothing, personal effects and firearms not otherwise insured belonging to the insured or any partner or director or Councillor or employee of the insured or any person on the business of the Council whether on a voluntary basis or otherwise.

Working hours shall include such periods as authorised employees, Councillors, directors or principals handle or keep money outside the normal working or office hours, on the premises of the insured.

Specific exception

The Insurer shall not be liable for loss of or damage to money

- (1) arising from dishonesty of any principal, partner, director, Councillor or person or persons in the employ of the insured not discovered within 14 working days of the occurrence thereof;
- (2) arising from shortage due to error or omission;
- (3) arising from the use of keys to any safe or strong room unless the keys
 - (a) are obtained by violence or threats of violence to any person
 - (b) are used by the key holder or some other person with the collusion of the key holder and the insured can prove to the satisfaction of the Insurer that the key holder or such other person had used the keys to open the safe or strong room;
- (4) in an unlocked safe or strong room whilst the portion of the premises containing such safe or strong room is unattended but this exception will not apply if it can be shown to the satisfaction of the Insurer that the key holder to the safe or strong room deliberately left it unlocked with the intention of allowing the money to be stolen;
- (5) not contained in a locked safe or strong room whilst the portion of the premises containing such money is unattended but this exception will not apply if it can be shown to the satisfaction of the Insurer that the

person(s) responsible for the money deliberately left it outside the safe or strong room with the intention of allowing it to be stolen;

- (6) in any vehicle being used by the insured unless a principal, partner, director, Councillor or employee of the insured is actually in such vehicle or, if not in such vehicle, is within 5 metres of it in a position from which the vehicle is clearly visible. This exception shall not apply following an accident involving such vehicle rendering the said person incapacitated

Specific exceptions (3), (4), (5) and (6) do not apply up to an amount of R2 000 and such losses shall not be reduced by any first amount payable

CLAUSES AND EXTENSIONS

1. Receptacles and clothing

In addition to any payment in respect of a defined event, the Insurer will indemnify the insured in respect of receptacles, clothing and firearms (as defined) lost or damaged as a result of theft of money or attempted theft of money, provided that the Insurer's liability under this extension in respect of clothing and firearms shall not exceed R5 000, and in respect of receptacles, the amount stated in the schedule or R25 000 whichever is the greater. Receptacle shall include any franking machine.

2. Locks and keys

In addition to any payment in respect of a defined event, the Insurer will indemnify the insured in respect of the cost of replacing locks and keys to any receptacle at the insured premises following upon the disappearance of any key to such receptacle 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 Insurer's liability shall not exceed R25 000 in respect of any one event
- (ii) the Insurer shall not be liable for the excess stated in the schedule

3. Skeleton keys

The insurance under this section extends to cover loss of or damage to the property insured caused or accompanied by entry to receptacles by use of a skeleton key or other similar device (excluding a duplicate key) provided that the insured shall establish to the satisfaction of the Insurer that a skeleton key or device was used.

Memoranda

1. Loss of or damage to money as insured under this section arising from dishonesty of any principal, partner, director, Councillor or person in the employ of the insured (such person), as defined under this section, shall be subject to the following compulsory First Amount Payable Clause

The amount payable hereunder in respect of an event involving any such person or any number of such persons acting in collusion, shall be reduced by

- (a) 2% of the applicable limit under defined events plus
 - (b) a further amount of 10% of the nett amount payable after deduction of the 2% specified in (a) above.
2. The Insurer 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-insured clause under the fidelity section of the policy or any other fidelity insurance.
3. The Insurer shall not be liable under this section of the policy in respect of loss of or damage to money in excess of R50 000 whilst in transit should a professional carrier not be used.

Special conditions applicable to cheques**First amount payable applicable to theft of cheques**

Any loss or series of losses attributable to one original event which is payable under this section and which results from the theft of any cheque or cheques shall be reduced by a first amount payable of 25% of the loss indemnifiable by this section unless:

1. Cheques drawn by the Insured
 - (a) the cheque has been drawn and crossed exactly in accordance with the under mentioned "Recommended South African Insurance Association (SAIA) procedure for drawing and crossing of cheques" or any other superior method approved by the SAIA and the printed portion of the cheque (as opposed to the written or typed portion) has been printed by the bank itself or a printer licensed to print cheques by the Automatic Clearing Bureau
 - or
 - (b) the cheque has been dispatched to the payee by certified post or any post where the security is equal or superior to certified post
2. Cheques drawn by someone other than the Insured and which were received by the Insured by post or direct by the cashier
 - (a) such cheque has been crossed and marked "not negotiable" and marked "not transferable" immediately on receipt thereof by the Insured and
 - (b) the Insured is able to identify the drawer and amount of the cheque from their records
3. Cheques of which the Insured is the true owner which were drawn by someone other than the Insured and posted to the Insured but not received

- (a) the cheque has been drawn and crossed exactly in accordance with the under mentioned "Recommended SAIA procedure for drawing and crossing of cheques" or any other superior method approved by the SAIA
- or
- (b) the cheque was dispatched to the Insured by certified post or any post where security is equal or superior to certified post
- or
- (c) the invoice of the insured (to which the payment by cheque relates) contains a message (approved by the Insurer or SAIA) on it recommending or requiring that the cheque be drawn in accordance with the under mentioned "Recommended SAIA procedure for drawing and crossing of cheques".

Recommended SAIA procedure for drawing and crossing of cheques and printing of blank cheques

A. Drawing and crossing of cheques

One of the safest methods of drawing and crossing a cheque, which is acceptable to banks, is as noted hereunder. This method is recommended by the SAIA

1. Delete the pre-printed words "or bearer". This limits the possibility of the drawee bank paying out to a bearer who might not be entitled to payment
2. If instead of "or bearer" your cheque has pre-printed on it "or order" these words must also be deleted
3. Write on the face of the cheque the words "not transferable"
4. Cross the cheque by drawing two parallel lines across the cheque
5. Write the words "not negotiable" between the two parallel lines referred to in 4 above
6. Ensure that the payee is accurately, properly and fully described for example where the payee is a Insurer its full name should be used: RH Jones (Pty) Ltd not just RH Jones

Where the bank account number of CC number of the payee is known this should be included after the name of the payee, for example, "RH Jones (Pty) Ltd, Co No: 69/123456" or "RH Jones (Pty) Ltd ABC Bank account no: 123456789

Whilst highly recommended it is not compulsory to use the bank account number of the payee

7. In drawing the cheque no spaces should be left which would allow anyone to add extra words or figures
8. An example of this method of drawing a cheque is attached as Annexure A
9. On the rear of the cheque the wording listed in Annexure B (*last page of this section*) should be printed. Please ensure that space is left on the rear of the cheque for bank stamps and endorsements
10. All the markings on a cheque should be legible and clearly visible. Persons drawing cheques should not use abbreviated or different versions of the terminology used in the example. The words "not neg" and a crossing using a rubber stamp containing a rectangle rather than two parallel lines are worthless

11. The method used to complete cheques should be one which makes an ink impression on the paper like handwriting, a typewriter or a dot matrix printer. The ribbon used on the printer/typewriter should be of the type which impregnates the paper with ink. Do not use:
- (i) old ribbons
 - (ii) laser printers which do not make an impression into the paper
 - (iii) the "reverse printing technique"
 - (iv) correctable type ribbons.

B. Printing of blank cheques

Blank cheques should only be printed by the Bank itself or a printer licensed by the Automatic Clearing Bureau. These printers know the recommended requirements of banks and should only use approved:

- (i) security paper (CBS1 or superior)
- (ii) security designs
- (iii) special security inks compatible with the security paper/design
- (iv) methods which make it difficult for anyone to make a supply of blank cheque by photocopying the originals.

FIDELITY SECTION

Defined Events

1. Loss of money and/or other property belonging to the insured or for which they are responsible stolen by an insured 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

- i)
 - (a) the Insurer is not liable for all losses which occurred more than 24 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 insured employee concerned in a loss, or
 - (iii) the employment of the insured employee or the last of the insured employees concerned in a loss whichever occurs first;
 - ii)
 - (a) BLANKET BASIS –the liability of the Insurer for all losses shall not exceed the sum insured stated in the schedule whether involving any one employee or any number of employees acting in collusion or independently of each other;
 - (b) NAMED OR POSITION BASIS – the liability of the Insurer for all losses involving any employee shall not exceed the sum insured stated opposite his name in the schedule or, if he is unnamed, the sum insured stated opposite the position held by him in the business as stated in the schedule;
 - iii) 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 Insurer beyond the sum insured stated in the schedule. If the period of insurance is less than 12 months the Insurer's liability is limited to the sum stated in the schedule during any twelve month period of insurance calculated from inception or renewal;
 - iv) 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.
2. A limit of indemnity of R1 000 000,00 applies.

Definition**Employee shall mean**

- (a) any person while employed under a contract of service with or apprenticeship to the insured;
- (b) any person while hired or seconded from any other party into the service of the insured;
- (c) any Councillor or any other person acting on behalf of the insured whether on a voluntary basis or otherwise other than service providers 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 schedule by name and/or by the position held by him in the business.

Specific exceptions

1. The Insurer shall not be liable for
 - (a) loss resulting from or contributed to by any defined event by
 - (i) any partner in or of the insured to the extent that such partner would benefit by indemnity granted under this policy;
 - (ii) any principal, director or member of the insured unless such director or member is also an employee;
 - (iii) 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 defined events.
2. This section does not cover any Insurer or other legal entity acquired during the period of insurance.
3. The Insurer shall not be liable for any defined event if it results from the dishonest
 - (i) manipulation of
 - (ii) input into
 - (iii) suppression of input into
 - (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.

4. The Insurer shall only be liable to the extent of the participation/shareholding of any uninvolved partners/principals/directors or members for an insured event in which any partner/principal/director or member of the insured is or has been directly involved.

This specific exception only applies to Partnerships, Proprietary Companies or Close Corporations

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 his business as has been represented to the Insurer 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 schedule by name, change his duties and position;
 - (c) in respect of any employee who is described in the schedule 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 Insurer or for the amount of any first amount payable) 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 Insurer and the insured to the extent of his coinsurance in terms of item (b) the compulsory first amount payable clause.

Clauses and extensions**Accountants clause**

Any particulars or details contained in the insured's books of account or other business books or documents which may be required by the Insurer 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 extension

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.

Retroactive cover extension – No previous insurance in force (if stated in the schedule to be included)

This section will also apply to defined events as insured herein which occurred up to 12 months prior to inception of this section but not more than 24 months prior to discovery, provided the events are discovered within the sooner of 12 months of the termination of the employment of the employee concerned or within 12 months of the expiry of this section.

Superseded insurance's extension (if stated in the schedule to be included)

This section will apply to defined events insured herein which occurred during the currency of any insurance superseded by this section and specified in the schedule provided that:

1. this extension is restricted to losses which would have been payable by the superseded insurance but which are not claimable because of the expiry of the period of time allowed by the superseded insurance for the discovery of the defined events;

2. the defined events are discovered within the sooner of 12 months of the termination of the employment of the employee concerned or within 12 months of the expiry of this section;
3. the amount payable under this extension shall not exceed the amount insured by this section or the amount insured by the superseded insurance whichever is the lesser;
4. in the event of the defined events involving one employee or any number of employees occurring during both the currency of this section and that of the superseded policy, the maximum amount payable shall not exceed the amount insured by this section at the time of discovery of the defined events;
5. this extension will not apply to defined events which occurred more than the number of years stated in the schedule before inception of this section;
6. the Insurer is not liable for any loss which occurred more than 24 months prior to discovery.

Other insurance's

It is a condition of this section that other than

- (a) a money policy;
- (b) that declared to the Insurer at inception or renewal or time a claim is submitted;
- (c) a fidelity pension fund policy which is not in excess of this section;
- (d) this policy

no other insurance is in force during the currency of this section to insure against the risks insured hereunder.

Compulsory first amount payable

The amount payable under this section in respect of a defined event involving one employee or any number of employees acting in collusion shall be reduced by:

- (a) 2% of the aggregate of the sum insured under this section and the declared insurance of R60 000 whichever is the lesser plus
- (b) a further amount of 10% of the nett amount payable after deduction of the amount specified in (a) above.

Both amounts shall be borne in full by the insured and remain uninsured.

Computer losses first amount payable

The percentage shown in (b) of the compulsory first amount payable clause is increased from 10% to 20% if the defined event results from the dishonest

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

any non-networked micro/personal computer programme, system, data or software by any insured employee whose duties involve the managing, supervision, design, creation or alteration of computer systems or programmes.

First amount payable for losses discovered more than 12 months after they were committed

If any defined event is discovered more than 12 months after:

1. it was committed
2. the first event in a series of events committed by one person or a number of persons acting in collusion the percentages contained in the first amount payable clause are increased as follows;

First amount payable clause	First amount payable increased to percentage shown below	
	If losses are discovered more than 12 months after being committed but not more than 24 months thereafter	If policy has been extended to cover that part of losses discovered more than 24 months after being committed but not more than 36 months thereafter
Compulsory		
Paragraph (a)	From 2% to 4%	From 2% to 5%
Paragraph (b)	From 10% to 15%	From 10% to 20%
Computer Losses	From 20% to 30%	From 20% to 35%

Notwithstanding the above, the insured may opt to claim only for that part of the loss which was discovered in a lesser period, in which case the first amount payable applicable for the corresponding lesser period will apply.

Voluntary first amount payable clause (if stated in the schedule to be included)

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 schedule as the voluntary first amount payable provided such voluntary amount exceeds the compulsory amount.

Reduction/Reinstatement of insured amount clause (if stated in the schedule to be included)

The payment by the Insurer of any loss involving one employee or any number of employees shall not reduce the Insurer's liability in respect of the remaining insured employees provided that:

1. the maximum amount payable by the Insurer for all insured employees shall not exceed double the sum insured shown in the schedule;
2. the insured pays additional premium calculated in terms of the following formula

$$\text{Annual premium in force at time of discovery of loss} \times \frac{\text{Amount of claim payment}}{\text{Sum insured at time of discovery of loss}}$$

The additional premium shall be payable in full and may not be reduced due to the period between the date of discovery of loss and the expiry date being less than 12 months.

Costs of recovery extension

If the insured shall sustain any loss to which this section applies which exceeds the sum insured hereunder, the Insurer will, in addition to the sum insured, pay to the insured costs and expenses not exceeding the amount stated in the schedule necessarily incurred with the consent of the Insurer (which consent shall not be unreasonably withheld) for the recovery or attempted recovery from the employee 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 Insurer and the insured to the extent of his coinsurance in terms of item (b) the compulsory first amount payable clause.

Computer losses extension (not covered)

The insured having completed a satisfactory questionnaire, specific exception 3 and the Computer losses first amount payable clause are deleted.

Extension for losses discovered more than 24 months after being committed but not more than 36 months thereafter (not covered)

1. In consideration of the payment of an additional premium, Proviso 1(a) of the defined events is restated to read:
 1. (a) the Insurer is not liable for all losses which occurred more than 36 months prior to discovery.
2. If this policy section includes the superseded policy clause, the period referred to in proviso 6 thereof is increased from 24 months to 36 months

Extension granted on receipt of a satisfactory systems audit in respect of losses discovered more than 24 months after being committed (not covered)

In consideration of the accounting firm named in the schedule having conducted a satisfactory audit of the insured's systems of

- control
- fraud dishonesty and theft detection

and subject to the insured implementing and maintaining all the recommendations contained in such audit:

1. proviso 1(a) of the defined events (*which limits cover to that part of losses discovered within 24 months*) and proviso 6 of the superseded insurance extension clause (*if applicable*) are deleted
2. if any defined event is discovered more than 12 months after it was committed, the percentages contained in the undernoted first amount payable clauses are increased as follows:

First amount payable clause	First amount payable increased to percentage shown below if losses discovered more than 12 months after being committed
Compulsory	
Paragraph (a)	From 2% to 3%
Paragraph (b)	From 10% to 12,5%
Computer Losses	From 20% to 25%

Notwithstanding the above, the insured may opt to claim only for that part of the loss which was discovered within 12 months, in which case the first amount payable applicable for that period will apply.

3. The first amount payable clause for losses discovered more than 12 months after they were committed is deleted.

Memoranda

1. In the event of the discovery of any loss resulting from a defined event, the insured may, notwithstanding anything to the contrary contained in paragraph (ii) of general condition 6, refrain from reporting the matter to the police but shall do so immediately should the Insurer require such action to be taken.
2. Non-disclosure of his own fraud or dishonesty or that of others with whom he is in collusion by the person signing any proposal form or giving renewal or other instructions shall not prejudice any claim under this section.
3. General exceptions 1 and 2 and general condition 9 do not apply to this section.
4. If the sum insured shall be increased at any time, such increased amount shall apply only to defined events committed after the date of such increase.

MOTOR: OWN DAMAGE SECTION

Sub-section A Loss or damage

Defined events

Loss of or damage to any vehicle described in the schedule and its accessories and spare parts whilst thereon. In addition, if such vehicle is disabled by reasons of any loss or damage insured hereby, the Insurer 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 Insurer to the extent of but not exceeding R2 000, provided that a detailed estimate is first obtained and immediately forwarded to the Insurer .

The Insurer 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 the Republic of South Africa, Namibia , Botswana, Swaziland, Zimbabwe, or Malawi provided that:

1. the limit of indemnity for each type of vehicle is as stated in the schedule and shall be the maximum amount payable by the Insurer in respect of such loss or damage, but shall not exceed the reasonable market value of the vehicle and its accessories and spare parts and the residual value of any current maintenance agreement or contract at the time of such loss or damage
2. the Insurer may, at 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 accessories and/or spare parts at the time of such loss or damage
3. if , to the knowledge of the Insurer, the vehicle is 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 Insurer in respect of such loss or damage
4. 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 schedule (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 Insurer in the exercise of any discretion it may have under this insurance. If the expenditure incurred by the Insurer shall include any first amount payable for which the insured is responsible, such amount shall be paid by the insured to the Insurer forthwith
5. the Insurer shall not be liable for more than the amount stated in the schedule (after deduction of the first amounts payable) in respect of the theft or attempted theft of radios, tape players and similar equipment or telephones not supplied by the manufacturers of the vehicle when new.

Exceptions to sub-section A

The Insurer shall not be liable to pay for

- (a) consequential loss as a result of any cause whatsoever, depreciation in value whether arising from repairs following a defined event or otherwise, wear and tear, mechanical, electronic 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/shock absorbers due to inequalities of the road or other surface or to impact with such inequalities
- (d) detention, confiscation or requisition by customs or other officials or authorities.

Sub-section B Liability to third parties

No cover is in force.

Cover is arranged through external Insurer's and is subject to an annual Aggregate deductible of R2m and an inner excess- refer to separate Liabilities Policy.

Sub-section C Medical expenses

Defined events

If an occupant in the specified part of a vehicle described below, in direct connection with such vehicle, sustains bodily injury by violent, accidental, external and visible means, the Insurer will pay to the insured the medical expenses incurred as a result of such injury up to R2 000 per injured occupant but not exceeding R50 000 in total for all occupants injured as a result of an occurrence or series of occurrences arising out of one event.

The amount payable under this sub-section shall be reduced by any amount recoverable under any workmen's compensation enactment or similar legislation.

The term medical expenses includes any costs incurred to free such injured occupant from such vehicle or to bring such injured occupant to a place where medical treatment can be given.

Defined vehicle but only if it is insured under sub-section A of this section

1. Any private type motor car or motorise caravan
2. Any other type of insured vehicle other than a bus or taxi

Specified part of vehicle in which the injury must occur

- Anywhere inside the vehicle
- The permanently enclosed passenger carrying compartment

Definitions

1. Occurrence

The term occurrence shall mean an occurrence or series of occurrences arising from one cause in connection with any one vehicle in respect of which indemnity is provided by this insurance.

2. Vehicle

The term 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 12 persons including the driver)
- (b) commercial vehicles and special type vehicles as described in the schedule
- (c) motor cycles (including motor scooters and 3-wheeled vehicles)
- (d) buses (including any vehicle used for business purposes and designed to seat more than 12 persons, including the driver)
- (e) trailers, i.e. any vehicle (including caravans) without means of self-propulsion designed to be drawn by a self-propelled vehicle, but excluding any parts or accessories not permanently fitted thereto
- (f) special types (roadmarking and construction vehicles / machinery, refuse removal etc)

any such vehicle being owned by or hired or leased to the insured, including any such vehicle temporarily operated by the insured as replacement for any vehicle out of use for the purpose of overhaul, upkeep and/or repair provided that the insurer's maximum liability shall not exceed the lesser of the market value of the replacement vehicle or the limit of indemnity of the replaced vehicle as stated in the schedule.

Extensions and clauses

1. Contingent liability extension (included)

The indemnity under sub-section B includes claims made against

- (a) the insured in the event of an accident arising in the course of the business and caused by or through or in connection with any motor vehicle not the property of or provided by the insured, while being used by any principal or partner or director or Councillor or employee of the insured or any person on the business of the Council whether on a voluntary basis or otherwise (hereinafter in this extension referred to as such person)
- (b) any such person in the event of an accident arising in the course of the business and caused by or through or in connection with any motor vehicle not belonging to the insured or leased or hired by the insured but only in so far as such person has not been refused any motor insurance or continuance thereof by any insurer

provided that

- (i) all the words in (b) of the exceptions to sub-sections B are deleted

- (ii) the Insurer shall not be liable for loss of or damage to any motor vehicle being used for the purpose and in the manner described in (a) and (b) above
- (iii) the payment by the insured of subsidies or travelling allowances to such person for the use of his own vehicle for official purposes of the insured, including the carriage of persons for such purposes, is allowed without prejudice to the insurance by this extension
- (iv) if, at the time of the occurrence of any accident giving rise to a claim under this extension, the insured is entitled to indemnity under any other policy in respect of the same occurrence, the Insurer shall not be liable to make any payment hereunder except in respect of any excess beyond the amount payable under such other policy
- (v) the terms exceptions and conditions of the policy shall otherwise apply.

2. Passenger liability extension

Exception (b) to sub-section B shall not apply to vehicles described in definitions (b), (c), (d), (e) or (f). The limit of indemnity for any one occurrence shall not exceed R500 000,00.

3. Unauthorised passenger liability extension

The indemnity under sub-section B, notwithstanding exception (b) thereto, extends to cover the insured's legal liability for the death of or bodily injury to persons while being carried in or upon or entering or getting onto or alighting from any vehicle in contravention of the insured's instruction to their driver not to carry passengers. The limit of indemnity for any one occurrence shall not exceed R500 000,00.

4. Parking facilities and movement of third party vehicles extension

This section extends to indemnify the insured in respect of accidents caused by or through or in connection with the moving of any vehicle (not owned by or borrowed by or hired or leased to the insured) by any person in the employment of the insured or acting on the insured's behalf, provided always that such vehicle was being moved

- (a) with the authority of any tenant, customer or visitor of the insured or
- (b) in connection with the insured's parking arrangements or
- (c) to facilitate the carrying out of the insured's business,

and provided further that this extension shall not apply in respect of damage to vehicles which are parked for reward.

For the purpose of this extension such vehicle (and its contents) shall not be deemed to be held in trust by, or in the custody or control of, the insured.

5. Windscreen extension

The provision of this section relating to first amount payable and No Claim Rebate shall not apply to any payment for damage to windscreen glass, side or rear glass forming part of any vehicle

provided that

- (a) no other damage has been caused to the vehicle giving rise to a claim under the policy

- (b) the insured shall be responsible for the first amount payable – 20% of claim minimum R250,00 each and every claim.

6. Waiver of subrogation rights

For the purpose of this section, the Insurer waives 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 insurance in so far as they can apply.

7. Principals

Notwithstanding specific exception 2 of this section, the indemnity under sub-section B extends to indemnify, to the extent required by the conditions of any contract and in connection with any liability arising from the performance of such contract, any principal named in such contract entered into by the insured for the purpose of the business, provided that the liability of the Insurer shall not exceed the limit of indemnity stated in the schedule.

8. Cross liabilities

Where more than one insured is named in the schedule, the Insurer will indemnify each insured separately and not jointly, and any liability arising between such insured shall be treated as though separate policies had been issued to each, provided that the aggregate liability of the Insurer shall not exceed the limit of indemnity stated in the schedule.

10. Loss of keys extension (if stated in the schedule to be included)

The Insurer will indemnify the insured in respect 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 Insurer's liability shall not exceed R10 000, in respect of any one event
- (ii) such amount shall be reduced by the first amount payable – Flat R1 000.

11. Fire extinguishing charges extension

Any cost (not exceeding R5 000) relating to the extinguishing or fighting of fire shall be deemed to be damage to the insured property and shall be payable in addition any other payment for which the Insurer may be liable in terms of this section, provided the insured is legally liable for such costs and the insured property was in danger from the fire.

12. Wreckage removal extension

The cover provided under sub-section A of this section is extended to include costs and expenses incurred by the insured in respect of the clearing up and removal of debris and wreckage of any insured vehicle following damage to such vehicle by a defined event, provided that, in addition to the limit of indemnity under sub-section A of this section, the limit of the Insurer's liability under this extension shall not exceed, R100 000,00 in respect of any one occurrence.

13. Credit shortfall extension (not included)

If any total loss settlement under sub-section A is less than the amount owing to the financier under a current instalment sale or lease agreement, the Insurer will pay to the insured an additional amount equal to the shortfall less:

- (a) any arrears instalments or rentals including interest payable on such arrears
- (b) all refunds of premium for cancellation of any insurance cover relating to the motor vehicle
- (c) the increased instalment or rentals that would have been paid had there been no residual capital value at the end of the finance period, calculated to the month in which the claim is settled
- (d) the first amount payable under sub-section A

provided always that

- (a) the amounts payable shall not exceed the maximum indemnity less the first amount payable under sub-section A
- (b) this endorsement shall not apply to an agreement whereby the amount of any single instalment other than the final residual amount after the initial payment differs by more than 10% from any other instalment
- (c) If such shortfall is as a result of re-advance under an instalment sale or refinancing in terms of a lease the insurance by this extension shall be void.

14. Carriage of explosives (not included)

It is agreed the words "carriage of explosives" are deleted from the exclusions under Memorandum 3 Description of use clause.

Provided that the insured comply with the relevant statutes concerning the carriage of explosives.

Provided further that the liability of the Insurer shall not exceed the amount stated in the schedule.

15. Carriage of fare paying passengers (not included)

It is agreed the words "carriage of passengers for hire or carriage of fare paying passengers" are deleted from the exclusions under Memoranda 3 Description of use clause.

Provided that the liability of the Insurer shall not exceed the amount stated in the schedule.

16. Drivers License and Testing Official

The indemnity under Sub-Sections A and B extends to indemnify the insured in respect of an accident caused by or through or in connection with any motor vehicle or trailer not belonging to the insured:

- (a) while under the care or control of the insured for the purpose of examination, or
- (b) while it is being driven by or is under the control of any traffic official, driver's license official or testing official of the insured in the execution of his duties

the intention being that loss of or damage to the motor vehicle or trailer under the care or control of the insured is also insured in terms of this extension.

Memoranda

1. War clause

In respect of sub-section B and C only, General exceptions 1 is deleted and replaced by the following:

This section does not cover war, invasion, act of foreign enemy, hostilities (whether war be declared or not) civil war, mutiny, insurrection, rebellion, revolution, military or usurped power.

2. Description of use clause

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 passenger's, racing speed or other contests, rallies, trials, carriage of explosives or carriage of any load or passengers exceeding the capacity for which it is constructed 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 the purpose of its overhaul, upkeep or repair.

Specific exceptions

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

- (a) whilst the vehicle is being used with the general knowledge and consent of the insured otherwise than in accordance with the description of use clause
- (b) incurred outside the Republic of 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 or air between ports or places 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 who is not licensed to drive such vehicle, but this shall not apply if the insured was unaware that the driver was unlicensed to drive and the insured can prove to the satisfaction of the Insurer that, in the normal course of his business, procedures are in operation to ensure that only licensed drivers are permitted to drive insured vehicles

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 license subject to periodic renewal, or if a license is not required by law, or while such driver is learning to drive and is complying with the laws relating to learners.

2. The Insurer shall not be liable for any claim arising from contractual liability, unless such liability would have attached to the insured notwithstanding such contractual agreement.

Specific condition

If, during the currency of this section, any driver's license 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 negligent, reckless or improper driving, notification shall be sent in writing to the Insurer immediately the insured have knowledge of such fact.

TRANSIT SECTION

Defined events

Loss of or damage to the whole or part of the property described in the schedule, 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 schedule in respect of each and every defined event except a claim resulting from fire, lightning or explosion
- (ii) the liability of the Insurer for all loss or damage arising from any one defined event shall not exceed R500 000,00.

Memoranda

1. Transit shall be deemed to commence from the time of moving the property described in the schedule 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 or place of storage at the consignee's premises.
2. If any consignee shall refuse to accept property consigned, 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 consignor 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, the insurance under this section shall apply to property on any vehicle temporary 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 suspensive sale agreement.
4. In the event of 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.
5. Transit shall also include transit of the insured property within and between locations owned or used by the insured including loading and unloading.

Debris removal extension

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 to the property thereon, subject to a limit of R50 000, in respect of any one defined event.

Specific exceptions

The Insurer 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 principal, partner, director, Councillor 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 and entry to or exit from such locked vehicle or building is accompanied by forcible and violent entry to or exit from;
 - (b) inherent vice or defect, vermin, insects, damp, mildew or rust;
 - (c) the dishonesty of any principal, partner, director, Councillor or employee of the insured whether acting alone or in collusion with others;
 - (d) detention, confiscation or requisition by customs or other officials or authorities;
 - (e) or arising whilst in transit by sea or inland transit incidental thereto;
 - (f) breakdown of refrigeration equipment;
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, electronic or electrical breakdown, failure, breakage or derangement of the insured property unless following an accident or misfortune not otherwise excluded;
4. 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 outside the Republic of South Africa, Namibia, Botswana, Lesotho, Swaziland, Zimbabwe and Malawi;
 - (c) property otherwise insured or which would, but for the existence of this section, be insured by any other insurance except in respect of any excess beyond the amount which would have been payable under such other insurance, had the insurance under this section not been effected;
5. consequential loss of any kind, delay, loss of market, depreciation or changes brought about by natural causes.

Specific Extensions**1. Fire extinguishing charges extension**

If the property described in the schedule is lost or damaged by fire whilst in course of a transit insured by this section the Insurer will in addition to indemnifying the insured for such loss or damage pay for the cost of extinguishing or attempting to extinguish such fire provided that the maximum amount payable under this extension shall not exceed R50 000,00.

ELECTRONIC EQUIPMENT SECTION

Sub-Section A : Material damage

Defined events

Physical loss of or damage to the property insured described in the schedule from any cause not herein after excluded whilst

- (a) at work or at rest anywhere within the insured's premises as specified
- (b) in transit including loading and unloading or whilst temporarily stored at any premises en route
- (c) temporarily removed from the insured's premises to any other location.
- (d) Cover is limited to a sum insured of R1 000 000,00.

Exceptions to sub-section A

The Insurer will not be liable to indemnify the insured irrespective of the original cause in respect of

- 1. the first amount payable as stated in the schedule in respect of sub-section A, of each and every occurrence giving rise to a claim. Where more than one item of property insured suffers physical loss or damage in any one occurrence, the first amount payable shall be the highest single amount applicable to such property insured
- 2. derangement unless accompanied by physical damage otherwise covered by this section
- 3. loss or damage recoverable in terms of any maintenance and/or leasing agreement effected by or on behalf of the insured covering the insured equipment
- 4. faults or defects known to the insured (or their responsible employees) at the time this insurance was arranged or during the currency of the insurance and not disclosed to the Insurer or any consequences thereof
- 5. 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 or scratching of painted or polished surfaces of a cosmetic nature
- 6. parts having a short life such as (but not limited to) bulbs, valves, contacts, x-ray tubes, cathode ray tubes, thermionic emission tubes, fuses and sacrificial buffer circuits. If such parts are damaged as a result of physical loss or damage as provided for by this sub-section to other parts of the property insured, the Insurer shall indemnify the insured for the residual value prior to the loss of such exchangeable parts
- 7. the cost of reproducing data and/or programs whether recorded on cards, tapes, discs or otherwise unless specifically provided for in sub-section B hereof
- 8. loss of use of the property or other consequential loss, damage or liability of whatsoever nature other than losses specifically provided for herein
- 9. (a) loss by theft or by disappearance of the property insured unless accompanied by forcible and violent entry to or exit from the insured premises/situation

- (b) loss of the property insured by theft during transit or whilst temporarily removed from the insured premises unless identifiable by the insured with a specific incident which has been immediately reported to the police and the Insurer.

The Insurer shall not indemnify the insured for the theft of the property insured from any motor vehicle where the property insured has been

- (a) left in the motor vehicle overnight unless the vehicle is housed in a securely locked building and entry to such vehicle or building is accompanied by forcible and violent entry or exit
- (b) contained in a compartment of the motor vehicle which is visible to passers-by

provided that

- (a) and (b) above shall not apply to theft of the property insured where the transport vehicle
 - (i) has been hijacked or
 - (ii) has been involved in a road accident or sustains a breakdown and due to circumstances beyond the control of the vehicle crew/driver, the property insured is of necessity left unprotected

Basis of indemnification

The indemnity by this sub-section subject always to the sums insured contained in the schedule or any specific limit of liability contained in this sub-section, shall be as hereinafter provided and as appropriate including dismantling, re-erection, transportation, removal of damaged property insured (but less the value of the remains) and where applicable, importation duties and value added tax.

1. Partial loss

If the property insured suffers damage that can be repaired, the basis of indemnification shall be the restoration expenses reasonably and necessary incurred to restore the damaged property to working order, provided that

- (a) the value of damaged parts which can be used will be deducted
- (b) the costs of any alteration, addition, improvement or overhaul carried out at the time of repair are not recoverable under this sub-section
- (c) if, without the consent of the Insurer, temporary repairs are carried out by the insured in the interests of safety or to minimise further loss or damage to the property insured, the cost of such temporary repairs will be borne by the Insurer. In the event that the temporary repairs aggravate the loss or cause additional loss or damage to the property insured, any additional costs so incurred or consequence arising there from will be for the account of the insured.
- (d) where the damage is restricted to a part or parts of an insured item, the Insurer shall not be liable for an amount greater than the value of such part or parts which are lost or damaged allowed for within the sum insured.

2. Total loss

- (A) In the cases where the new property insured is totally lost or destroyed, the basis of indemnification shall be the cost of replacing or reinstating on the same site new property of equal performance and/or capacity or, if such be impossible, its replacement by new property having the nearest equivalent performance and/or capacity to the property lost or damaged

provided always that

- (i) the work of replacement or reinstatement (which may be carried out upon another site and in any manner suitable to the requirements of the insured subject to the liability of the Insurer not being thereby increased) must be commenced and carried out with reasonable dispatch otherwise no payment exceeding the market value of the property insured immediately before the damage shall be made
- (ii) until expenditure has been incurred by the insured in replacing or reinstating the property insured, the Insurer 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) these conditions shall be without force or effect if
 - (a) the insured fail to intimate to the Insurer within six (6) months of the date upon which the damage occurred (or such further time as the Insurer may in writing allow) their intention to replace or reinstate the property insured
 - (b) the insured are unable or unwilling to replace or reinstate the property insured on the same or another site
- (iv) at the sole option of the Insurer, following commercial and technical appraisal by a representative of the Insurer, the period referred to in the definition of new property may be extended (on an annual basis from renewal date) subject always to such extension of period being admitted by memorandum to this section.

Definition of new property insured

New property shall mean property purchased no more than seven (7) years (or such extended period as may be approved by the Insurer in writing) prior to the defined event, it being expressly agreed that in applying this definition upgrades and enhancements will be taken into account in arriving at an indemnifiable amount and the age of the property insured.

- (B) In respect of property insured not provided for in (A) above, the basis of indemnification shall be

the market value of the property insured immediately before the loss or damage. At the option of the Insurer, the property insured shall be regarded as totally destroyed if the repair costs as defined in (I) above equal or exceed its market value immediately before the damage.

Definition of market value

The current day purchase price of secondhand/ used property of equal performance and/or capacity to the property lost or damaged and of substantially similar condition. Where no similar property is available, market value shall be calculated by deducting from the current new replacement value of the nearest equivalent property, an amount representing

- (i) 20% (twenty percent) for the first year after the date of purchase
- (ii) 10% (ten percent) per year for each succeeding year

subject always to a minimum indemnity of 40% (forty percent) of the current new replacement value of the nearest equivalent property.

Average

In respect of (1) and (2) above, if at the time of repair, replacement or reinstatement, the sum representing the cost which would have been incurred in repair, replacement or reinstatement if the whole of the property insured had been lost or damaged exceeds the sum thereon at the time of any loss of or damage to such property, then the insured shall be considered as being their own insurer for the difference and shall bear a rateable proportion of the loss accordingly. Each item of this Sub-Section (if more than one) to which these conditions apply shall be separately subject to this provision.

Limit of liability

The amount of liability shall not exceed in respect of any of the items specified in the schedule, the sums insured set opposite thereto respectively and in addition thereto the following:

(a) Architects' and other professional fees

Professional fees necessarily and reasonably incurred in the repair or reinstatement of property following indemnifiable loss or damage, provided that the amount payable in respect of such fees does not exceed 15% of the total amount of the claim, but shall not include expenses incurred in connection with the preparation of the insured's claim.

(b) Clearance costs

Costs necessarily and reasonably incurred by the insured in respect of demolition or dismantling of property and/or removal of debris and in providing, erecting and maintaining hoardings and other similar structures required during demolition, dismantling, debris removal and reconstruction following indemnifiable loss of or damage to such property, provided that the total amount recoverable does not exceed 15% of the total amount of the claim,.

(c) Express delivery and overtime

Extra charges for express delivery, airfreight, overtime, Sunday and holiday rates of wages payable in respect of the necessary and reasonable additional costs incurred by the insured for effecting repairs or replacement approved by the Insurer, limited to 50% of the amount which the repair or replacement would have cost had these additional costs been incurred.

Clauses and extensions

Power surge or lightning strikes

All loss or damage to the property insured by power surges or lightning strikes will be subject to an additional excess of 10% of the net amount payable for the items so damaged subject to a minimum of R1000 but not exceeding R2000 per occurrence. However, should the property insured be appropriately and adequately protected by suitable safeguards against electrical supply fluctuations, then this additional excess will be waived.

Fire brigade charges

If any public authority empowered to do so shall charge the insured with any costs arising from their activities in dealing with the consequences of an insured peril having operated, such costs will be deemed to be damage to the property insured and will be payable in addition to any other payment for which the insurer may be liable in terms of this insurance.

Tenants

This insurance will not be invalidated by any act or negligent on the part of a tenant of the insured (where the insured owns the building) or another tenant or the owner of the building (where the insured is a tenant) provided that the insured notifies the Insurer as soon as such act or neglect comes to their knowledge and pay on demand the appropriate additional premium.

Hire purchase/finance agreements

Where the Insurer has knowledge of the property insured or any individual item thereof being the subject of a suspensive sale or similar agreement, payment hereunder shall be made to the owner described therein whose receipt shall be a full and final discharge to the Insurer in respect of loss or damage indemnifiable by this sub-section of this section.

Sub Section B : Consequential loss

Defined events

The insurance provided by this sub-section of the policy shall be subject to a limit of indemnity of R250 000,00 and shall include

(i) Increased cost of working – Limit R500 000,00

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 accident 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) of this sub-section of this section
- (b) the intrinsic value (including reinstatement value) of the property insured by sub-section A of this section

(ii) Reinstatement of data/programs – Limit R500 000,00

Costs and expenses necessarily and reasonably incurred by the insured for the reconstitution or recompilation of data and/or programs recorded on or stored in data-carrying media which is lost as a result of accidental erasure (which shall include the events defined in the indemnity clause to sub-section A of this section) or by theft or by the deliberate willful or wanton intention of causing the cancellation or corruption of data or programmes as provided for in Sub-Section A of this section

provided always that

- (a) the indemnity shall not extend to not include such costs incurred due to program errors, incorrect entry or the inadvertent cancellation or corruption of data and/or programs
- (b) in respect of each and every occurrence or series of occurrences arising out of or in connection with any one event indemnifiable by this item, the insured shall bear the amount stated in the schedule as the first amount payable
- (c) where the insured elects to insure programs (software) a schedule of such programs shall be lodged with the Insurer at the commencement of each period of insurance

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 schedule as the time exclusion after the occurrence of the accident and ending not later than the expiry of the period detailed in the schedule as the indemnity period after such occurrence.

The time exclusion shall not apply to loss or damage directly caused by fire, storm (excluding lightning), subsidence, wind or the collapse of buildings.

The indemnity period is 6 months with 72 hour time exclusion.

Accident

1. (Applicable to increased cost of working only) physical loss of or damage to the property insured described in the schedule of property insured from any cause as provided for under sub-section A of this section, liability under which sub-section shall, except for the provisions relating to the first amount payable or the maintenance/lease agreements, be a condition precedent to liability hereunder.
2. Failure of the public supply of electricity at the terminal ends of the service feeders in the premises from any accidental cause other than
 - (a) the deliberate act of the insured or any supply authority
 - (b) drought or shortage of fuel at any electricity utility

Special conditions applicable to failure of the public supply of electricity

- a) the liability of the Insurer shall not exceed the sum insured by this sub-section
- b) the indemnity period shall commence 12 hours after the failure and end not later than 30 days after such failure

The limit of liability

The liability of the Insurer shall not exceed the amounts specified in the schedule (relating to sub-section B) 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 of the Insurer of any sum or sums in discharge of the Insurer's liability in terms of this sub-section of this section, the sum(s) insured shall automatically be reinstated for the remainder of the current period of insurance.

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

Specific exceptions to sub-section B

Unless specifically provided for

1. Fines and damages

The Insurer shall not be liable to indemnify the insured in respect of fines or damages for breach of contract for late or non-completion of orders or any penalties of whatsoever nature.

2. Loss of profit

The Insurer shall not be liable to indemnify the insured in respect of loss of profit or consequential loss of whatsoever nature unless specifically provided for herein.

Clauses and extensions**Reinstatement**

Notwithstanding anything to the contrary contained in this sub-section, it is hereby declared and agreed that, in the event of any interruption, following loss or damage, being aggravated by:

- (a) the insured being unable or unwilling to replace or reinstate property destroyed or damaged, or failing to carry out such replacement or reinstatement with a reasonable time, or
- (b) addition, alteration or improvements being effected to the property insured on the occasion of its repair,

the Insurer's liability under this section shall be related solely to the business interruption which would have arisen in the absence of (a) and (b).

Telkom access lines

Subject to the limits specified in the schedule, consequential loss as provided for under defined events (I) and (ii) of sub-section B arising from accidental failure of the Telkom access lines 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

- (a) The liability of the Insurer shall not exceed the sum insured by this sub-section.
- (b) The indemnity period shall commence 12 hours after the failure and end not later than 30 days after such failure.
- (c) The insurance provided does not cover loss occasioned by the deliberate act of any Telkom authority or by the exercise of such Telkom authority of its power to withhold or restrict access to its lines.

General memorandum**Memo 1 – Capital additions and currency fluctuations**

The indemnity by this section shall include

- (a) additional equipment or programs purchased by the insured of a similar nature to that specified in the schedule, provided that, in respect of loss or damage due to electrical or mechanical breakdown or explosion, the insurance shall only commence after satisfactory completion of installation or commissioning/testing and put into use at the insured's premises
- (b) provision for devaluation or revaluation of the currency of the Republic of South Africa against that 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

provided that the increase shall not exceed, by more than 25% the total sum insured for sub-section A specified in the schedule, it being agreed that the insured will advise the Insurer of such alterations at the expiry of the period if insurance and pay the appropriate premium thereon but not exceeding 50% of the difference.

Memo 2 – Prevention of access

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 property insured situated at the premises caused by damage to property within the immediate vicinity of the insured premises as described in the schedule by fire, lightning, explosion, storm, tempest, flood, water, inundation, earthquake, impact by vehicles or malicious damage, the Insurer shall indemnify the insured for loss resulting from such interruption or interference in accordance with the provisions contained herein

provided that

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

Special Exception (sub-section A & B)**Viruses, trojans and worms**

The Insurer shall not indemnify the insured for loss or damage of whatsoever nature arising directly or indirectly out of or in connection with the action of any computer virus, trojan or worm(s) or other similar destructive media.

General extension**Incompatibility cover**

Notwithstanding anything contained to the contrary in the policy, the indemnity by sub-sections A and B of this section shall indemnify the insured for costs incurred in respect of:

- (a) modifications or alterations to the property insured directly consequent upon indemnifiable loss or damage to ensure the operating integrity of the electronic system
- (b) replacement or upgrading of legal programs to achieve compatibility with the modified or altered electronic system
- (c) the restoration of previously captured data which has become inaccessible due to the modifications to or alterations of the electronic system or in consequence of the replacement or upgrading of legal programs

provided always that

- (1) the costs provided for in (a), (b) and (c) above shall be necessarily and reasonably incurred to maintain normal working conditions
- (2) such additional costs shall be incurred as a direct consequence of indemnifiable loss or damage in terms of sub-sections A or B (item ii) of this section of the policy
- (3) the cover afforded hereunder shall be restricted to
 - (i) parts or components of the electronic system which are not indemnifiable under sub-section A hereof
 - (ii) programs or data reinstated not indemnifiable under item (ii) of sub-section B hereof
- (4) the indemnity by this extension shall, in respect of any one event, be limited in the aggregate to twenty percent (20%) of the applicable total sum insured under sub-section A – the limit of indemnity and sub-section B – item (ii) hereof or R25 000 whichever is the lesser.

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 .
- c) Cover is limited to R500 000,00 any one claim/ any one occurrence.

(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 natureor 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 R500 000,00.

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.

IMPLEMENTATION

This policy is effective from date of council approval.

