

BOILER AND PRESSURE VESSEL INSURANCE POLICY

Whereas the Insured named in the Schedule hereto has made to Atlas Insurance Ltd.

(hereinafter called "the Insurers") a written proposal and has paid the premium stated in the Schedule as consideration for the indemnity hereinafter contained for the period of insurance stated in the Schedule;

Now it is hereby agreed that the Insurers will, during the period covered by this Policy or any renewal thereof and subject to the exclusions, provisions, definitions and conditions contained herein or endorsed hereon, indemnity and Insured against

1. Damage (other than by fire) to any boiler or pressure vessel described in the Schedule hereto and to other property of the Insured,
2. Liability of the Insured at law for damage to property not belonging to the Insured,
3. Liability of the Insured at law on account of fatal or no-fatal in-juries to any persons other than the Insured's own employees or workmen or members of the Insured's family, caused by and solely due to explosion or collapse as hereinafter defined of any boiler or pressure vessel described in the Schedule whilst in the course of ordinary working;

Provided that the liability of the Insurers in respect of any one boiler or pressure vessel in any one year of insurance does not exceed the sum insured set opposite thereto in the Schedule and, in respect of damage to other property of the Insured and third party liability, the limit of indemnity so specified in the Schedule;

Provided also that in case of any claim against the Insured for damages as aforesaid the Insurers will in addition pay all costs and expenses recovered by any claimant against the Insured or incurred with the written consent of the Insurers in resisting such claim.

Exclusions

The Insurers shall not be liable for

1. Defects due to the wearing away or the wasting of the materials of a boiler or a pressure vessel, whether by leakage, corrosion or by the action of the fuel or otherwise, the grooving or the fracturing of any of the parts of a boiler or a pressure vessel, or for deterioration generally, or for the development of cracks, blisters, laminations and other flaws, or for fractures, failure of joints, or for bulging and deformation due to overheating of tubes (unless such defects, fractures, failures or bulging result in explosion or collapse), or for the cracking of sections of cast-iron heating boilers or other vessels constructed of cast-iron;
2. The failure of individual tubes in boilers of the water tube, locomotive or other multitubular types, in superheaters or in economizers (unless such defects result in explosion or collapse);
3. Damage to property belonging to the Insured or held by him in trust or on commission for which he is responsible, caused by fire arising from explosion or collapse or any other cause whatsoever, or damage to the plant resulting from any extraneous cause;
4. Damage and/or liability caused by the willful act or willful neglect of the Insured;
5. Loss sustained by stoppage of work;
6. Loss or damage which either in origin or extent is directly or indirectly, proximately or remotely occasioned or contributed to by any of the following, namely:
 - (a) typhoon, hurricane, volcanic eruption, earthquake or other convulsion of nature;
 - (b) loss or damage directly or indirectly caused by or arising out of war, invasion, act of foreign enemy, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, mutiny, riot, strike, lock-out, civil commotion, military or usurped power, a group of malicious persons or persons acting on behalf of or in connection with any political organization, conspiracy, confiscation, commandeering, requisition or destruction of or damage to property by order of any government de jure or de facto or by any public authority, nuclear reaction, nuclear radiation or radioactive contamination,
 - (c) any tests other than tests at a pressure not exceeding the maximum pressure permitted by the inspecting authority.

Definitions Conditions

The following terms, when used in this Policy, shall have the under mentioned meanings:

1. "Boiler" shall mean any fired closed container or a combined container piping system in which steam is generated under pressure. When used in the Schedule, the term "boiler" shall include fittings, built-in super heaters and economizers but shall not include steam or feed water piping or separate economizers, the explosion of such items being covered by this Policy only if specifically listed in the Schedule.
2. "Vessel" shall mean any unfired closed container under steam or air pressure.
3. "Explosion" shall mean the sudden and violent rending or tearing apart of the structure of a boiler or vessel, or any part or parts thereof by force of internal steam, air or fluid pressure, causing bodily displacement of said structure accompanied by the forcible ejection of its contents.
Flue Gas Explosion: "Explosion" shall also mean any damage to the structure of a boiler by force of the sudden and accidental combustion or explosion of ignited furnace or flue gases.
4. "Collapse" shall mean the sudden and dangerous distortion of any part of a boiler or vessel caused by the crushing stress of external steam or fluid pressure,

whether attended by rupture or not; it shall not mean any slowly developing deformation due to any cause.

Conditions

1. The due observance and fulfillment of the terms of this Policy, in so far as they relate to anything to be done or complied with by the Insured, and the truth of the statements and answers in the proposal made by the Insured shall be a condition precedent to any liability of the Insurers.

2. The Insured shall at its own expense take all reasonable precautions and comply with all reasonable recommendations of the Insurers to prevent loss, damage or liability and shall comply with manufacturers' recommendations.

3. a) Representatives of the Insurers shall at any reasonable time have the right to inspect and examine any property insured hereunder and the Insured shall provide the representatives of the Insurers with all details and information necessary for the assessment of the risk, e.g. the inspection reports issued by the inspectors authorized by the appropriate authorities.

b) The Insured shall immediately notify the Insurers by telegram and in writing of any material change in the risk and cause at his own expense such additional precautions to be taken as circumstances may require. This shall also apply if fuel is to be used other than that for which the boiler was designed or which was used at the time the insurance was effected. Non-compliance with this

condition shall result in suspension of this Policy in respect of the item or items where the change in risk has occurred.

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

- a) immediately notify the Insurers by telephone or telegram as well as in writing, giving an indication as to the nature and extent of the loss or damage;
- b) take all steps within his power to minimize the extent of the loss or damage;
- c) preserve the parts affected and make them available for inspection by a representative or surveyor of the Insurers;
- d) furnish all such information and documentary evidence as the Insurers may require.

The Insurers may at their own option repair or replace what is damaged or pay in cash for the loss or damage.

The Insurers shall not be liable for the cost of any repairs undertaken by the Insured without the Insurer's written permission.

The Insurers shall not be liable for loss or damage of which no notice has been received by the Insurers within 14 days of its occurrence.

Upon notification of a claim being given to the Insurers, the Insured may carry out repairs of any minor damage or replace items which have sustained any minor damage, but in all other cases a representative of the Insurers shall have the opportunity of inspecting the damage before any alterations are effected. If an inspection by a representative of the Insurers does not take place within a period of 14 days from the date of the notification of the claim, the Insured shall be entitled to proceed with the repairs or replacement. Nothing contained herein shall prevent the Insured from taking such steps as are absolutely necessary to maintain the operation of the plant.

The liability of the Insurers under this Policy in respect of any item of property sustaining damage, for which indemnity is provided, shall cease if the said item continues in operation without being repaired to the satisfaction of the Insurers.

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

6. No admission, offer, promise, payment or indemnity shall be made or given by or on behalf of the Insured without the written consent of the Insurers who are entitled if they so desire to take over and conduct in the name of the Insured the defence or settlement of any claim for indemnity or damage or otherwise and who have full discretion in the conduct of any proceedings or in the settlement of any claim, and the Insured shall give all such information and assistance as the Insurers may require.

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

8. If any difference arises as to the amount to be paid under this Policy (liability being otherwise admitted), such difference shall be referred to the decision of an arbitrator to be appointed in writing by the parties in difference or, if they cannot agree upon a single arbitrator, to the decision of two arbitrators, one to be appointed in writing by each of the parties, within one calendar month after having been required in writing to do so by either of the parties, or, in case the arbitrators do not agree, of an umpire to be appointed in writing by the arbitrators before the latter enter upon the reference. The umpire shall sit with the arbitrators and preside at their meetings. The making of an award shall be a condition precedent to any right of action against the Insurers.

9. If a claim is in any respect fraudulent, or if any false declaration is made or used in support thereof, or if any fraudulent means or devices are used by the Insured or anyone acting on his behalf to obtain any benefit under this Policy, or if a claim is made and rejected and no action or suit is commenced within three months after such rejection or, in the case of arbitration taking place as provided for herein, within three months after the arbitrators or umpire have made their award, all benefit under this Policy shall be forfeited.

10. Whenever a claim arises under this Policy and the same loss, damage or liability is covered by any other insurance, the Insurers shall not be liable to pay or contribute more than their rateable proportion of any claim for such loss, damage or liability. The Insured shall be obliged to inform the Insurers of any other insurance covering the same insured property.

Provisions

Memo 1 – Sum Insured

It shall be a requirement of this Policy that the sum insured for each boiler and pressure vessel is equal to the cost of replacement by a new item of the same kind and capacity, which means its cost of replacement including e.g., freight, dues and custom duties, if any, and cost of erection. If the sum insured is less than the amount required to be insured, the Insurers shall pay only in such proportion as

the sum insured bears to the amount required to be insured. Every item if more than one shall be subject to this condition separately.

Memo 2 - Basis of Indemnity

a) In cases where damage to an item can be repaired – the Insurers shall pay expenses necessarily incurred to restore the damaged machine to its former state of serviceability plus the cost of dismantling and re-erection incurred for the purpose of effecting the repairs, as well as ordinary freight to and from a repair shop, customs duties and dues, if any, but, for the boiler and pressure vessels listed in the Schedule, only to the extent such expenses have been included in the sum insured. If the repairs are executed at a workshop owned by the Insured, the Insurers shall pay the cost of materials and wages incurred for the purpose of the repairs plus a reasonable percentage to cover overhead charges.

No deduction shall be made for depreciation in respect of parts replaced, but the value of any salvage shall be taken into account. If the cost of repairs as detailed hereinabove equals or exceeds the actual value of the item immediately before the occurrence of the damage, the settlement shall be made on the basis provided for in b) below.

b) In cases where an insured item is destroyed – the Insurers shall pay the actual value of the item immediately before the occurrence of the loss, including charges for ordinary freight, cost of erection and custom duties, if any, but, for the boiler and pressure vessels listed in the Schedule, only provided such expenses have been included in the sum insured, such actual value to be calculated by deducting proper depreciation from the replacement value of the item. The Insurers shall also pay any normal charges for the dismantling of the items destroyed, but the salvage shall be taken into account.

Any extra charges incurred for overtime, night work, work on public holidays, and express freight shall be covered by this Policy only if especially agreed in writing. The cost of any alternations, additions, improvements or overhauls shall not be recoverable under this Policy.

The cost of any provisional repairs shall be borne by the Insurers if such repairs constitute part of the final repairs and do not increase the total cost of repair.

The Insurers shall make payments only after being satisfied by production of the necessary bills and documents that the repairs have been effected or replacement has taken place, as the case may be.

Memo 3 – Inspections

All the plant described in the Schedule shall be inspected within the statutory periods by inspectors authorized by the appropriate authorities.

Memo 4 – Boiler Attendant

The said boilers shall only be operated by attendants holding a valid certificate of competency issued under the appropriate Boiler Act.

Memo 5 – Operational Status

At the time of any explosion or collapse of any boiler or other apparatus insured hereunder the Insured shall be in possession of the unqualified permission in writing of the competent inspecting authority to operate the said boiler or apparatus. If the maximum pressure or load upon the safety valve immediately prior to the explosion or collapse was in excess of that stipulated by the said authority, the Insured shall not be entitled to any compensation or indemnity under this Policy in respect of such explosion or collapse.