



INSURANCE COMPANY (JAMAICA) LIMITED

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CONTRACTOR'S PLANT AND EQUIPMENT INSURANCE

Note to Proposer

Notice to Insured on the Nature and Effect of the Pro Rata Condition of Average (Average Clause)

Please note that any property that is insured or to be insured under the policy mentioned above is subject to the **pro rata condition of average (Average Clause)**. This means that, under certain circumstances, if the property covered under this policy is, at the time of any loss or damage from an insured peril, of greater value than the sum for which the property is insured, you will only be entitled to recover under this policy such proportion of the loss as the sum insured under this policy bears in relation to the total value of the property. You are said to be under-insured because the sum insured at the time of the loss is less than the actual value of the insured property and so a part of the insured loss will not be covered under his Policy. In this case, you are considered as being your own insurer for the part of your loss which is not covered under this policy.

For example, should you have a property, which has a value of \$10,000,000 and you decide to insure it for \$7,000,000 and you suffer a loss from an insured peril, there are three possible scenarios depending on the size of the loss. The formula that is applied in each case is the same as set out below:

$$\frac{\text{Sum Insured}}{\text{Value}} \times \frac{\text{Amount of the loss}}{1} = \frac{\text{Amount Recoverable}}{1}$$

Example 1 Where loss is less than value and less than Sum Insured

- Assume the loss is \$5,000,000

$$\frac{\$7,000,000}{\$10,000,000} \times \frac{\$5,000,000}{1} = \frac{\$3,500,000}{1}$$

You will be paid \$3,500,000 or 70% of your loss less any deductible stated in the policy

Example 2 Where loss is less than value but greater than Sum Insured

- Assume the loss is \$8,000,000

$$\frac{\$7,000,000}{\$10,000,000} \times \frac{\$8,000,000}{1} = \frac{\$5,600,000}{1}$$

You will be paid \$5,600,000 or 70% of your loss less any deductible stated in the policy

Example 3 Where loss is equal to replacement value

Should you have a total loss that is, \$10,000,000 then you will only receive the amount you insured the property for that is, \$7,000,000 less any deductible stated in the policy.

Under certain circumstances where you under-insure, you may be entitled to the full amount of the insured loss if the sum insured is equal to or more than 85% of the value. This will depend on the terms of your policy.

Please review the terms of your policy carefully, including checking on the adequacy of the sum for which the property is insured or to be insured. This will enable you to identify whether you are or will be under-insured in a manner which will cause the **pro rata condition of average** detailed in your policy to be applied. You may check with your insurer, agent or broker for further clarification on the terms of your policy and the nature and effect of the pro rata condition of average contained therein.

This notice is given to you in fulfillment of the legal requirement to provide you with information on the nature and effect of the **pro rata condition of average** stated in your policy to be inserted in the policy of insurance mentioned above.

Please note that the extent to which the condition applies is governed by the terms of your policy.

.....  
Proposer's Signature

.....  
Date

## 1. RISK IDENTIFICATION

1.1 Insured's Name:	
1.2 Address:	
1.3 Telephone No.:	
1.4 Telex No.:	

## 2. POLICY PERIOD

From:		To:		Total:		months
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### 3. LIST OF PLANT

- 3.1 Complete List of Plants to be insured stating quantity, model and serial numbers, technical description etc.
- 3.2 Verify that the Sum insured corresponds to the new replacement value per plant item
- 3.3 Define required excess per event for each plant item
- 3.4 Mark all plant items installed on barges and pontoons with an asterisk

Item	Quantity	Property Insured Description, Make and Model	Serial No. Year of Make	Sum Insured	Excess any one event
Additional covers					
			Total Sum Insured		

#### 4. LOCATION

[illegible]

5. TOPOGRAPHY (applicable to Plant deployed at one site only)

Can the site area be defined as:

5.1 Flat, flat to hilly, desert-like?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
5.2 Hilly to mountainous?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
5.3 Rugged, mountainous? (e.g. dam site)	<input type="checkbox"/> Yes	<input type="checkbox"/> No

5.4 Are there other local factors which could present additional hazards?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
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Please describe	

6. PERILS OF NATURE (applicable to Plant deployed at one site only)

Is the site area exposed to:

6.1 storm, typhoon or hurricane?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
6.2 water damage, flood, torrential rainfall, avalanches, rockfall or landslides?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
6.3 earthquake, volcanic activity or tsunami?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
6.4 Are there other perils of nature which could present additional hazards?	<input type="checkbox"/> Yes	<input type="checkbox"/> No

Please describe	

7. PLANT MAINTENANCE/ REPAIRS (applicable only to Plant deployed at one site)

7.1 Are site repair facilities (comprising workshop and qualified mechanic) available?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
7.2 Are spare parts or major repair facilities available in your immediate vicinity?	<input type="checkbox"/> Yes	<input type="checkbox"/> No

Additional Remarks:	

8. PLANT UTILIZATION (applicable only to Plant deployed at one site)

8.1 Indicate the proposed daily Plant operating hours		hours
8.2 Indicate the proposed annual Plant operating hours		hours

9. ADDITIONAL COVER

Is additional cover required for:

9.1 Expending costs? (Extra charges for overtime work, night work, working on public holidays, express freight but excluding air freight)	<input type="checkbox"/> Yes	<input type="checkbox"/> No
State limit of indemnity per event or percentage limit		
9.2 Airfreight Costs	<input type="checkbox"/> Yes	<input type="checkbox"/> No
State limit of indemnity per event or percentage limit		
9.3 Salvage Costs? (for plant working underground or near water or plant installed on barges and pontoons)	<input type="checkbox"/> Yes	<input type="checkbox"/> No

10. MISCELLANEOUS			
10.1 Has any item included on list of plant previously been insured under a Contractor's Plant Policy?		<input type="checkbox"/> Yes	<input type="checkbox"/> No
If so, by which company?			
Why was the Policy cancelled/lapsed?			
10.2 Has your Plant & Equipment suffered accidental damage in the past?		<input type="checkbox"/> Yes	<input type="checkbox"/> No
Please indicate loss frequency and magnitude			

**Declaration**

I/We hereby declare that the statements made by me/us in this Questionnaire are complete and true to the best of our knowledge and belief and I/we hereby agree that this Questionnaire shall form the basis and be part of any Policy or Policies issued in connection with the above risk or risks. It is agreed that the Insurers shall be liable in accordance with the terms of the Policy only and that the Insured will not lodge any other claim of whatever nature. General Accident has provided the insured with written notice of the Average Clause.

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**Proposer's Signature**

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**Date**