INSURANCE COMPANY (JAMAICA) LIMITED

58 Half Way Tree Road
P.O. Box 631, Kingston 10, Jamaica
Telephone: **929**-8450-1/4 929-9643-8, Fax No.: 929-2376, 929-6764
E-mail info@genac.com Website: www.genac.com

MACHINERY BREAKDOWN PROPOSAL FORM

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. PROPOSER

Name:	
Address:	
Telephone No.:	Fax No.:

2. LOCATION

Address of Property to be insured:	

3. OBJECT

Function of property to be insured:	

4. NORMAL WORKING HOURS

1 Shift per day	From:	To:		hrs/day
2 Shifts per day	From:	To:		hrs/day
3 Shifts per day	From:	To:		hrs/day
	On	Days per week		
	On	Days per year		

5. OPERATION

Continuous Operation (e.g. power stations, steel works)	

Seasonal Operation (give particulars) (e.g. Storage power station, sugar factory, cannery, sports field)	From:	To:		hrs/day
	From:	To:		hrs/day
	On	Days per week		

6. COVER

a. Will additional cover be applied for?	☐ Yes ☐ No If 'YES', fill in Nos. 6a and/or 6b
b. Cover of steam boilers, pressure vessels, etc. against explosion damage, unless insurable by a fire policy:	
c. Cover of damage to foundations in connection with an insured machinery breakdown damage:	

Item	Description of Machines	Sum Insured	Item	Type of Foundations	Sum Insured

d. Are extra charges in connection with an insured machinery breakdown to be included on a first risk basis?

If so, state amount required under i-iii below:

i. Extra charges for overtime or for work during the night or public holidays:		On first risk for the policy period
ii. Extra charges for express freight:		On first risk for the policy period
iii. Extra charges for air freight		On first risk for the policy period

7a. Is there a maintenance contract in place for the items required covered? If so give brief details below

_____

_____

b. Are annual inspections carried for the items required covered? Is a log kept of inspections and findings?

_____

_____

DECLARATION

We hereby declare that the statements made by us in this proposal form are complete and true to the best of our knowledge and belief and hereby agree that this questionnaire shall form the basis and be part of the 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 claims of whatever nature.

Date _____   Signature _____

Revised: September 12, 2022