

DIGIT MACHINERY BREAKDOWN INSURANCE POLICY
PROSPECTUS

Go Digit General Insurance Ltd.

Go Digit General Insurance Ltd. ("Digit") is a new general insurance company being set up in India and is backed by Fairfax Financial Holdings Ltd. Fairfax is a large Canada based diversified financial services group engaged in General Insurance, Reinsurance and Investment management across more than 30 countries.

At Digit, our mission is to make Insurance products that are simple and transparent. For us, making Insurance simple translates into – Easy interface for customers to interact with us, Simple products, Simple and effective claims' process. Our goal is to offer products and services that customer really wants and back it by service, that we can be proud of. We have a team that brings in years of experience in Insurance and technology companies. We want to become a part of consumers' lives and enable them to live without worrying about uncertain future.

Product Introduction

At Digit, we understand that some things are just beyond one's control, such as any breakdown caused to a plant and machinery. We get that the plant and machineries are generally used under rough conditions as they perform the toughest task at your Location/Site, and hence are more vulnerable to breakdown. Therefore, we are offering Digit Machinery Breakdown Insurance Policy which is aimed at providing a cover for unforeseen and sudden physical loss or damage to various plant and machinery used to perform various tasks at the Location/sites.

Who Can buy this Product?

This Product can be bought by any Person(s)/Entity(ies) having insurable interest in their Machinery

What risk is covered under the Digit Machinery Breakdown Insurance Policy?

We will at our own option by payment or reinstatement or repair indemnify You against unforeseen and sudden physical damage by any cause, not mentioned in the below exclusions, to any insured property whilst in the premises therein mentioned necessitating its immediate repair or replacement.

This Policy shall apply to the insured items after successful completion of their performance/acceptance tests, whether they are at work or at rest, or being dismantled for the purpose of cleaning or overhauling, or in the course of the aforesaid operations themselves, or when being shifted within the premises, or during subsequent re-erection. Our liability for any one item of the insured property shall not exceed in the aggregate in any one period of Insurance the Sum Insured set against such in the attached schedule(s), unless the Sum Insured under such item is reinstated after occurrence of a claim for balance period.

What are the Exclusions under this Policy?

We shall not be liable under this policy in respect of -

1. Loss, damage and/or liability caused by or arising from or in consequence, directly or indirectly of fire including extinguishment of a fire or clearance of debris and dismantling necessitated thereby, smoke, soot, aggressive substance, lightning, explosion of any kind (other than bursting or disruption of turbines, compressors, cylinders of steam engines, hydraulic cylinders or fly wheels or other apparatus subject to centrifugal force, internal pressure) theft, collapse of buildings, subsidence, landslide, rockslide, water which escapes from water containing apparatus, flood, inundation, storm, tempest, earthquake, volcanic eruption or other Acts of God, impact of land borne or waterborne or airborne craft or other aerial devices and/or articles dropped therefrom.

Any loss or damage by fire within the electrical appliances and installation insured by this Policy arising from or occasioned by overrunning, excessive pressure, short circuiting, arcing, self-heating or leakage of electricity, from whatever cause (lightning included), is covered; provided that this extension shall apply only to the particular electrical machine; apparatus fixture fitting or portions of

the electrical installation so affected and not to other machines, apparatus, fixtures fittings or portions of the electrical installation which may be destroyed or damaged by fire so set up.

2. Loss damage and/or liability caused by or arising from or in consequence, directly of –
 - a) War, invasion, Act of foreign Enemy, Hostilities or war like operations (Whether war be declared or not). Civil war, rebellion, revolution, Insurrection, Mutiny, Riot, Strike, Lockout and Malicious Damage, Civil Commotion, Military or Usurped Power, Martial Law, Conspiracy Confiscation, commandeering by a group of malicious persons or persons acting on behalf of or in connection with any political Organisation, Requisition or Destruction or damage by order of any Government de-jure or de facto or by any Public, Municipal or Local Authority.
 - b) Nuclear reaction, nuclear radiation or radioactive contamination.
3. Accident, Loss, damage and/or liability resulting from over load experiments or tests requiring the imposition of abnormal conditions.
4. Gradually developing flaws, defects, cracks or partial fractures in any part not necessitating immediate stoppage, although at some future time repair or renewal of the parts affected may be necessary.
5. Deterioration of or wearing away or wearing out any part of any machine caused by or naturally resulting from normal use or exposure.
6. Loss, damage and/or liability caused by or arising out of the willful act to willful neglect or gross negligence of the insured or his responsible representatives.
7. Liability assumed by the insured by agreement unless such liability would have attached to the insured notwithstanding such agreement.
8. Loss, damage and/or liability due to faults or defects existing at the time of commencement of this insurance and known to the insured or his responsible representative but not disclosed to the Company.
9. Loss of use of the Insured's plant or property of any other consequential loss incurred by the Insured.
10. Loss, damage and/or liability due to explosions in Chemical Recovery Boilers, other than pressure explosions for e.g. smelt, chemical, ignition, Explosions etc.

SPECIAL EXCLUSIONS

The Company shall not be liable for -

1. The Excess, as stated in the Schedule, to be first borne by the insured out of each and every claim; where more than one item is damaged in one and same occurrence, the insured shall not, however, be called upon to bear more than the highest Excess applicable to any one such item;
2. Loss of or damage to belts, ropes, chains, rubber tyres, dies, moulds, blades, cutters, knives or exchangeable tools, engraved or impression cylinders or rolls; objects made of glass, porcelain, ceramics, all operating media (e.g. lubricating oil, fuel, catalyst, refrigerant, dewatering) felts, endless conveyor belts or wires; sieves, fabrics, heat resisting and anti-corrosive lining and parts of similar nature, packing material, parts not made of metal (except insulating material) and non-metallic lining or coating of metal parts.
3. Loss or damage for which the manufacturer or supplier or repairer of the property is responsible either by law or contract.

In any action, suit or other proceeding where the Company alleges that by reason of the provisions of the exceptions or exclusions above, any loss, destruction, damage or liability is not covered by this insurance, the burden of proving that such loss, destruction, damage or liability is covered shall be upon the Insured.

What are the various endorsements applicable under this Product?

There are various endorsements/Clauses mentioned in the erstwhile Machinery Breakdown Tariff, however, only below endorsements would attract additional premium.

1. **Escalation Clause:** With this endorsement, the base policy can be extended where the insured will be given the option for a continuous increase in his sum insured up to a specified percentage of initial Sum Insured.

ESCALATION PROVISION

There will be automatic regular increase in the Sum Insured throughout the period of the policy in return for an additional premium to be paid in advance. The terms and conditions for this extension shall be as follows -

- a) The selected percentage increase shall not exceed 25 % of the Sum Insured.
- b) The additional premium, payable in advance, will be at 50 % of the full rate (i.e. Rate calculated excluding other Endorsement Rates), to be charged on the selected percentage increase.
- c) The Sum Insured at any point of time would be assessed after application of the Escalation Clause.
- d) Different escalation percentages for different machines may be granted under the escalation clause.
- e) Prorata Condition of Average will continue to apply as usual.
- f) The Automatic increase operates from the date of inception upto the date of operation of any of the Insured Perils.

2. **Express Freight:**

With this endorsement, the base policy is extended to cover extra charges for express freight (excluding air freight). Provided always that such extra charges are incurred in connection with any loss of or damage to the insured items recoverable under the policy.

If the sum(s) insured of the demand item(s) is/are less than the amount(s) required to be insured, the amount payable under this endorsement for such extra charges shall be reduced in the same proportion.

3. **Air Freight:**

With this endorsement, the base policy is extended to cover any Air Freight charges incurred by Insured in connection with the indemnifiable loss under the Policy.

Each and every claim shall be subject to a minimum Excess of 5 % of the admissible Air Freight incurred over and above the excess as applicable under the policy.

4. **Owner's Surrounding Property:**

With this endorsement, the base policy is extended to cover loss or damage to property located at or adjacent to the site and belongings to or held in care custody, control of the principal(s) or the contractor(s) if occurring directly due to damage of items mentioned in the schedule while at rest or in use for construction or erection during period of policy.

The liability of the Company shall in no case exceed the Sum Insured for any one accident or series of accidents arising out of any one event and in the whole the total indemnity of an amount during the period of the Policy.

In respect of loss or damage resulting to underground piping tunnelling or underground cables and other underground facilities, the indemnity will be restricted to actual repair cost, provided prior to commencement of work, insured ascertains with the relevant authorities about the exact locations or positions of such cables, pipes or other underground facilities. Cracks that neither impair the stability of the structure nor safety of its users are not covered.

You shall bear an excess of 1% of the limit of liability elected.

5. Third Party Liability:

With this endorsement, the Company will indemnify the insured

- a) Against legal liability for the accidental loss or damage caused to the property of other persons.
- b) Against legal liability (liability under contract excepted) for fatal or non-fatal injury to any persons other than the insured or his own employees or employee of the owner of the works/site/premises/ location or employees of the other firms/connected with any other work site/ premises/ location or members of the family of the insured or any of the aforesaid.

EXCLUSIONS UNDER THE TPL EXTENSION

The Company will not indemnify the insured, under this extension in respect of -

- a) The first amount of policy excess of each claim for any one occurrence related to property damage.
- b) Expenditure incurred in doing or redoing or making good or repairing or replacing anything covered or coverable under the policy.
- c) Liability consequent upon –
 - i. bodily injury to or illness of employees/workmen/members of the families of the insured or of the owners of the works/site/ premises/location or of any other firm/contractors connected with any other work at the works/site/premises/location.
 - ii. loss of or damage to property belonging to or held in trust by or under custody of the owner of the works/site/ premises/ location of any other firms/contractors or an employee/workmen/family member of any of the aforesaid.
 - iii. any accident caused by vehicles licensed for general road use or by waterborne vessels or by aircraft.
 - iv. any agreement by the insured to pay any sum by way of indemnity or otherwise unless such liability would have attached also in the absence of such agreement.

CONDITIONS APPLYING TO TPL EXTENSION -

- a) No admission, offer, promise, payment of indemnity shall be made or given by or on behalf of the insured without written consent of the company who shall be entitled, if any so desire, to take over and conduct in the name of the insured the defence or settlement of any claim or to prosecute for their own benefit in the name of the insured any claim for indemnity or damage or otherwise and shall have full discretion in the conduct of any proceeding or in the settlement of any claim and the insured shall give all such information and assistance as the Company may require.
- b) The Company may, so far as any accident is concerned, pay to the insured the limit of indemnity for any one accident/for any one period, after deducting therefrom in such case of any sum/s already paid as compensation in respect thereof or any lesser sum for which the claim or claims arising from such accident can be settled and the Company shall thereafter be under no further liability in respect of such accident under this section.

You shall bear an excess of 1% of the TPL limits selected.

6. Additional Custom Duty:

With this endorsement, the Insured shall also be indemnified during the period of the policy, towards the additional Customs Duty, which may be incurred by the Insured over and above the Customs Duty amount taken into account in arriving at the Sum Insured of the affected item.

You shall bear an excess of 5 % of the admissible Custom Duty increased, in addition to the Excess amount applicable for the affected item under the Policy.

What the other provisions under this Policy?

Below are the various provisions applicable to this Product:

1. SUM INSURED

It is the requirement of this Insurance that the Sum Insured shall be equal to the cost of replacement of the insured property by new property of the same kind and same capacity which shall mean its replacement cost including freight and customs duties, if any, and erection costs.

2. BASIS OF INDEMNITY

- a. In cases where damage to an insured item can be repaired, the Company will pay expense 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 if any 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 Company will 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 except for (i) wear and tear parts and (ii) parts for which manufacturers have specified a fixed life for use and the like but the value of any salvage will be taken into account.

If the cost of repairs as detailed hereinabove equals or exceeds the actual value of the machinery insured 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 Company will pay the actual value of the item immediately before the occurrence of the loss including costs for ordinary freight erection and customs duties if any 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 Company will also pay any normal charges for the dismantling of the machinery destroyed but the salvage will be taken into account.

Any extra charges incurred for overtime, night-work, work on public holidays, express freight are covered by this insurance only if especially agreed to in writing.

In the event of the makers' drawings, patterns and for boxes necessary for the execution of a repair not being available the Company shall not be liable for cost of making any such drawing patterns or core boxes.

The cost of any alterations, improvements or overhauls shall not be recoverable under this Policy.

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

If the Sum Insured is less than the amount required to be insured as per Provision 1 hereinabove, the Company will 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.

The Company will make payments only after being satisfied, with the necessary bills and documents that the repairs have been effected or replacements have taken place, as the case may be. The Company may, however, not insist for bills and documents in case of total loss where the Insured is unable to replace the damaged equipment for reasons beyond their control. In such cases claims can be settled on "Indemnity Basis".

3. INSPECTION OF TURBINES AND TURBO-GENERATORS

All Mechanical and Electrical parts of any steam turbine, gas turbine or generator upto 30,000 KW shall be inspected and overhauled thoroughly under the supervision of Maker's representatives, in a completely opened up state at least every two years: for turbines or generators exceeding 30,000 KW such inspection and overhaul shall take place after **32,000** hours of operation or every **four years**. The

cost of inspection and overhauling shall be borne by the Insured and a copy of the Report issued by the Maker's representative on such inspection and overhauling shall be furnished to the Company immediately after the work has been carried out.

The Insured shall arrange for these regular inspections in such a way as to enable the company's representative to be present at the inspection at their own expenses. The Company shall be notified at least seven days in advance of the commencement of any overhauling necessary according to expert opinion.

If the insured fails to comply with the requirements of his condition, the Company shall be free from all liability for loss or damage caused by any circumstances, whatsoever.

The insured may apply for an extension of the period between any two regular inspections, and such extension may be considered if in the opinion of the Company the risk is not aggravated thereby.

4. CONDITIONS

- a. This Policy and the attached Schedule(s) shall be read together as one contract and words and expressions to which specific meanings have been attached in any part of this Policy or of the attached Schedule(s) shall bear the same meaning wherever they may appear.
- b. 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 any one acting on his behalf to obtain 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 a case of arbitration taking place as provided therein within three months after the arbitrator or arbitrators or umpire have made their awards, all benefit under this Policy shall be forfeited.
- c. 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 Company who shall be 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 shall have full discretion in the conduct of any proceeding or in the settlement of any claim and the Insured shall give all such information and assistance as the Company may require.
- d. The due observance and fulfilment of the terms, provisions and conditions of and endorsement on this policy in so far as they relate to anything to be done or complied with by the insured and the truth of the statement and answers in the said proposal shall be conditions precedent to any liability of the Company to make any payment under this Policy.

5. OBLIGATIONS OF THE INSURED

- a. The Insured shall take all reasonable steps to maintain the insured property in efficient working order and to ensure that no item is habitually or intentionally over loaded. The Insured shall fully observe the manufacturer's instructions for operating, inspection and overhaul, as well as government, statutory municipal and all other binding regulations in force concerning the operation and maintenance of the insured plant and machinery;
- b. The Company's Officials shall at all reasonable times have the right to inspect and examine any property insured hereunder and the Insured shall provide the Officials of the Company with all details and information necessary for the assessment of the risk. The Company shall provide the Insured with a copy of the inspecting Official's report; which shall however be treated as strictly confidential both by the Insured and the Company.
- c. In the event of any –
 - i. Material change in the original risk;
 - ii. Alteration, modification or addition to insured item
 - iii. Departure from prescribed operating conditions, whereby the risk or loss or damage increases

iv. Changes in the Insured's Interest (such as discontinuation or liquidation of the business or being placed in receivership)
 taking place, the Policy shall be void unless its continuance be agreed by endorsement signed by the Company.

6. DUTIES FOLLOWING AN ACCIDENT

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

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

The Company shall not be liable for any loss or damage of which no notice and completed claim form have been received by the Company within Fourteen days of its occurrence.

Upon notification of a claim being given to the Company, the insured may proceed with the repair of any minor damage not exceeding Rs. 2,500/- provided that the carrying out of such repair is without prejudice to any question of liability of the Company and that any damaged part requiring replacement is kept for inspection by the Company, but in all other cases a representative of the Company shall have the opportunity of inspecting the damage before any alterations repairs or replacement are effected. 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 Company under this Policy in respect of any item of property sustaining damage, for which indemnity is provided, shall cease if the said item is kept in operation without being repaired to the satisfaction of the Company.

7. OTHER INSURANCE

If at the time any claim arises under this Policy there is any other insurance covering the same loss damage or liability the Company shall not be liable to pay or contribute more than its rateable proportion of such loss damage or liability.

8. POSITION AFTER A CLAIM

- a. The Insured shall not be entitled to abandon any property whether taken possession of by the Company or not.
- b. As from the day of loss the Sum Insured for the remainder of the period of insurance is reduced by the amount of the compensation. To prevent under insurance during the remainder of the current period of insurance the amount insured must be reinstated. The premium will be calculated pro-rata from the day repaired item is again put to work. For subsequent period of insurance, the original indemnity and premium are again in force unless circumstances justify an alteration.

9. TRANSFER OF INTEREST

The insurance granted by this policy shall cease to attach to any items described in the Schedule the interest in which shall pass from the Insured otherwise than by will or operation of law. Unless the consent of the Company for the continuance of the Insurance shall be obtained and signified by endorsement hereon.

10. TERMINATION OF INSURANCE

This insurance may be terminated at any time at the request of the insured, in which case the Company will retain the premium calculated at the customary short period rate for the time the policy has been in force.

This insurance may also at any time be terminated at the option of the Company by 15 days' notice to that effect being given to the insured, in which case the Company shall be liable to repay on demand a rateable proportion of the premium for the unexpired term from the date of the cancellation. It is however, further stated that such cancellation by the insurer should only be exercised on ground of misrepresentation, fraud, non-disclosure of material facts and non-co-operation by the insured.

11. RECOURSE

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

What is the maximum policy period that can be opted under this Product?

The policy period under this Product can be for maximum of twelve months.

If any policy is to be issued for shorter period than twelve months, it should be issued at the rates set out hereunder –

Policy Period Required	% of Annual Rate
Not exceeding 1 week	10%
Not exceeding 1 month	25%
Not exceeding 2 months	35%
Not exceeding 3 months	50%
Not exceeding 4 months	60%
Not exceeding 6 months	75%
Not exceeding 8 months	85%
Exceeding 8 months	Full Annual Rate

Do I need to pay anything from my pocket at the time of claim?

Yes, You will have to pay the normal excess as per the below table at the time of claim:

Equipment	Excess against each claim
a. Excess applicable for glass lined vessels, glass and graphite equipment	Excess shall be 10% of Sum Insured for each claim
b. For other items-	
i. Furnace Transformers	Excess shall be 2% of Sum Insured subject to a Minimum of Rs.250/-
ii. Photo Copiers	Excess shall be 5% of Sum Insured subject to a minimum of Rs.1000/-
c. For items other than (a) and (b) above-	
i. Sum Insured (SI) up to Rs. 2.5 Crores	1.0% of Sum Insured subject to a minimum of Rs.250
ii. Sum Insured more than Rs. 2.5 Crores and up to Rs. 5.0 Crores	0.8% of Sum Insured subject to a minimum of Rs.2,50,000/-
iii. Sum Insured more than Rs. 5.0 Crores up to Rs. 10.0 Crores	0.6% of Sum Insured subject to a minimum of Rs.4,00,000/-
iv. Sum Insured more than Rs.10.0 Crores	0.5% of Sum Insured subject to a minimum of Rs.6,00,000/-

What if I opt for a higher Excess? Will I get any discount in premium?

If you opt for a higher excess, you would be eligible for below mentioned discounts in premium:

Excess Opted	Discount
2 Times Minimum Excess	5%
5 Times Minimum Excess	10%
10 Times Minimum Excess	20%
20 Times Minimum Excess	30%

Note - 2 times minimum excess means that the excess will be 2 % of Sum Insured subject to minimum of Rs. 500 for equipment up to Sum Insured Rs. 2.5 Crores and so on.

How do I get the premium amount for this Insurance Cover?

Based on filled proposal form and information furnished, we will provide you with the premium amount.

Is there any provision for mid-term increase or decrease in Sum Insured?

Yes, there is provision for mid-term increase or decrease in Sum Insured as mentioned below:

MID-TERN INCREASE IN SUM INSURED –

If the Sum Insured is increased during the currency of the policy.

- Short period scale of rates shall apply to increased amounts.
- If the policy is renewed thereafter for 12 months for an amount not less than the increased sum insured, the difference of premium between short period scale of rate and pro-rata rate may be refunded.

MID-TERN DECREASE IN SUM INSURED –

If the Sum Insured is decreased during the currency of the policy. Short period scale of rates shall apply on the reduced Sum Insured.

Short Period Scale:

Policy Period Increased/Decreased Sum Insured	Required (For % of Annual Rate
Not exceeding 1 week	10%
Not exceeding 1 month	25%
Not exceeding 2 months	35%
Not exceeding 3 months	50%
Not exceeding 4 months	60%
Not exceeding 6 months	75%
Not exceeding 8 months	85%
Exceeding 8 months	Full Annual Rate

What is the renewal condition under this Policy?

We are not bound to accept any renewal premium or give notice that renewal is due. Under normal circumstances, renewal will not be refused except on the grounds of moral hazard, misrepresentation or fraud of the Insured.

The renewal premium shall be as per the rates approved by IRDAI on the date of renewal for this product.

What do I claim under this Policy?

In case of a claim, we request you to register a claim by contacting our Customer Service No. 1800 103 4448: You can, alternatively, also register a claim by email on: hello@godigit.com

Please keep below details handy at the time of registering claims as this information will help us serve you faster: Policy Number, Location of Accident, Date and Time of Accident & Contact Number of the Insured/Caller.

IMPORTANT NOTE: Above is a summary of Coverage and Exclusions, please refer to detailed Policy Terms & Conditions and Policy Schedule for full description which shall prevail in the event of any claim/complaint/dispute.