



## MACHINERY BREAKDOWN INSURANCE

PRODUCT DISCLOSURE SHEET

29<sup>th</sup> August 2018

Read this Product Disclosure Sheet before you decide to take out the Machinery Breakdown Insurance. Be sure to also read the policy wording for full terms and conditions.

### 1. What is this product about?

This policy is designed to cover against loss or damage due to breakdown of plant and machinery 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 when being shifted within the premises.

### 2. What are the cover / benefits provided?

It covers against any unforeseen and sudden physical loss or damage to the item/property insured whilst on the premises from causes such as:

- a) defects in casting and material, faulty design, faults at workshop or in erection, bad workmanship
- b) lack of skill, carelessness
- c) short circuit
- d) shortage of water in boilers
- e) physical explosion, tearing apart on account of centrifugal force
- f) from other cause not specifically excluded under this policy in a manner necessitating repair or replacement.

**Note: This list is non-exhaustive. Please refer to the policy contract for the full list of cover and exclusions under this policy.**

### 3. What is the premium I have to pay?

- The premium charge varies depending on the
- Nature and mode of the operation
  - Equipment type/design and age
  - Maintenance program in place and
  - Our underwriting principles/requirements.

### 4. What are the fees and charges I have to pay?

Type	Amount
Sales and Service Tax (SST)	6% of Gross Premium
Stamp Duty	RM 10
Commission paid to the intermediary	Up to maximum 15%

### 5. What are some of the key terms and conditions that I should be aware of?

- Importance of Disclosure – You must disclose all material facts that you know or ought to know and confirm all the declarations/details are true and correct; otherwise your policy may be invalidated.



- Excess/Deductible - Being the amount you have to bear before we indemnify you.
- Premium Warranty – The premium due must be paid and received by us within sixty (60) days from the inception date of this policy/endorsement failing which the contract is automatically cancelled by us and we are entitled to a pro-rata premium for the period you were on risk.
- You must inform us in writing of any material changes in the risk during the Period of Insurance so that the necessary amendments are endorsed on your policy.
- You shall at your own expense take all reasonable precautions and comply with all our reasonable recommendations to prevent loss or damage and comply with statutory requirements and manufacturers' recommendations.
- Claims – Upon happening of an accident which gives rise to a claim, you shall notify us immediately. You shall take all reasonable steps within your power to minimize the extent of the loss or damage.

**Note 1: Optional cover for Loss of Profits following Machinery Breakdown Insurance is available should the business carried out by you on your premises is interrupted or interfered with in consequence of an accident to the plant and machinery insured under the Machinery Breakdown Insurance.**

**Note 2: This list is non-exhaustive. Please refer to the policy contract for the full list of cover and exclusions under this policy.**

#### **6. What are the major exclusions under this policy?**

This policy does not cover the following:-

- War and related risks
- Fire, direct lightning, chemical explosion (except flue gas explosion in boilers), extinguishing of a fire or subsequent demolition, aircraft or other aerial devices or articles dropped therefrom, theft, burglary or attempts thereat, collapse of buildings, flood, inundation, earthquake, subsidence, landslide, avalanche, hurricane, cyclone, volcanic eruption or similar natural catastrophes
- Any act of Terrorism
- Radioactive and nuclear energy risks
- Willful acts or willful negligence.
- Loss or damage caused by any faults or defects existing at the time of commencement of this Policy within your knowledge or that of your representatives, whether such faults or defects were known to us or not.
- Exchangeable tools e.g. dies, moulds, engraved cylinders, parts which by their use and/or nature suffer a high rate of wear or depreciation, e.g. refractory linings, crushing hammers, objects made of glass, belts, ropes, wires, rubber tyres, operating media e.g. lubricants, fuels, catalysts.
- Supplier, contractor or repairer is responsible either by law or under contract.
- Consequential loss of any kind or description whatsoever unless it is specifically insured under the Loss of Profit following Machinery Breakdown Insurance
- Direct consequence of the continual influence of operation (e.g. wear and tear, cavitation, erosion, corrosion, rust, boiler scale).

**Note: This list is non-exhaustive. Please refer to the policy contract for the full list of cover and exclusions under this policy.**



**7. Can I cancel my policy?**

You may cancel your policy by giving us written notice at any time, in which case we shall retain the short- period rate for the time on risk, this being not less than the minimum premium

**8. What do I need to do if there are changes to my contact details?**

It is important that you inform us of any change in your contact details to ensure that all correspondences reach you in a timely manner.

**9. Where can I get further information?**

Should you require additional information about this insurance, please contact us at:

**AIG Malaysia Insurance Berhad (795492-W)**

Menara Worldwide, 198 Jalan Bukit Bintang,  
55100 Kuala Lumpur, Malaysia

Tel +603 2118 0188

Fax: +603 2058 5091

Email: [AIGMYCare@aig.com](mailto:AIGMYCare@aig.com)

Web: <http://www.aig.my>

**10. Other types of similar insurance cover available?**

None

**IMPORTANT NOTE**

YOU SHOULD SATISFY YOURSELF THAT THE POLICY WILL BEST SERVE YOUR NEEDS.  
YOU SHOULD READ AND UNDERSTAND THE INSURANCE POLICY AND DISCUSS WITH  
THE AGENT OR CONTACT THE INSURANCE COMPANY DIRECTLY FOR MORE  
INFORMATION.