



MIC Building  
 KN2 AV Nyarugenge  
 Kigali, Rwanda  
 T: 0788 150 100  
 E: info@prime.rw  
 www.prime.rw

**DETERIORATION OF STOCK INSURANCE POLICY CONTRACT**

**Broker** : .....  
**Policy N°** : .....  
**Period of Insurance** : .....  
**Location** : .....  
  
**Insured** : ; .....  
**Address** : .....

This CONTRACT hereinafter referred to as the “Contract” is entered into by and between ..... Hereinafter referred to as “the Insured” and PRIME INSURANCE, incorporated in Rwanda under the Registry number 100005883 Represented by: ....., the Chief Executive Officer of the company Hereinafter referred to as “the Insurer”. WHEREAS, the insured has requested to the insurer to cover by an insurance contract its properties in the present contract (hereafter called the “Aviation Insurance Policy Contract”); WHEREAS, the insurer, has agreed to have the professional skills, the required competence as well technical resources as in staff; Whereas the Insured named in the Schedule hereto has made to the hereinafter called “the Insurers”) a written proposal by completing a questionnaire which together with any other statements made in writing by the Insured for the purpose of this Policy is deemed to be incorporated herein.

Now this Policy of Insurance witnesses that subject to the Insured having paid to the Insurers the premium mentioned in the Schedule and subject to the terms, exclusions, provisions and conditions contained herein or endorsed hereon.

**1. Coverage**

The Insurers hereby agree with the Insured that if at any time during the period of insurance stated in the Schedule or during any subsequent period for which the Insured pays and the Insurers may accept the premium for the renewal of this Policy, the goods specified in the Schedule suffer loss or damage caused by deterioration due to any unforeseen and sudden physical loss of or damage to the machinery specified in the list of machinery attached to the questionnaire and proposal of this Policy and indemnifiable under the machinery breakdown policy in force, the Insurers will indemnify the Insured in respect of such deterioration in the manner and to the extent hereinafter provided up to an amount not exceeding in any one year of insurance in respect of each of the items specified in the Schedule the sum set opposite thereto and not exceeding in all the total sum expressed in the Schedule as insured hereby, unless the sum insured has been reinstated.

**What is an Accident?**

- A rise or fall in temperature as a result of:
- damage to or a fault in the refrigeration system
  - damage to the structure of the cold chamber
  - accidental failure of the public electricity supply to the Insured’s premises
  - failure of the electrical installation connecting the refrigeration machinery and controls to the electricity supply company’s feeders.

The policy also provides cover for the action of refrigerant or refrigerant fumes that have escaped from the system.

**Risks insured:**

DESCRIPTION OF PROPERTY/ INTERESTS INSURED	COVER	SUMINSURED/ VALUE/ LIMIT OF INSURANCE (FRW)	Premium in RWF	Deductible/ Excess
DETERIORATION OF STOCK				10% with a minimum of Frw 500,000 for each and every loss
<b>Total Net Premium</b>				
<b>Fee</b>				
<b>TVA</b>				
<b>Total Premium</b>				

**2. Exclusions applicable to this Section only**

Perils commonly covered under a property policy such as fire, explosion, lightning, flood, theft, etc are excluded  
The policy excess

- Trade losses caused by a failure of electricity supply caused by the deliberate act of the supplier, drought, rationing or industrial action
- Damage caused by the Insureds wilful act or wilful neglect
- Damage caused by faulty packing
- Trade losses
- Unexplained losses
- Any consequential losses such as penalties for delay or loss of profits
- Pollution and contamination other than where this is caused by an Accident insured under the Policy
- Damage occurring while the Insured Property is in transit
- Terrorism Risks

**Geographical Limit**

Territorial limits: RWANDA

**3. Conditions applicable to this Section**

**only** (a Policy Conditions?)

Under the main policy conditions the Insured must:

- take manual temperature readings every morning and afternoon on working days and once a day on non-working days
- Where continuous temperature monitoring equipment is used incorporate an alarm connected to an alarm receiving centre
- have a current maintenance contract providing for at least six monthly checks by competent specialists
- notify us of any loss or damage as soon as practically possible
- keep up to date records of values at risk and provide this information to us annually by declaration.

**In addition:** average will apply where the Replacement Value of the Insured Property is greater than 133 1/3% of the limit of liability.

**BASIS OF SETTLEMENT**

We will provide cover for the Insured Property on an indemnity basis. Following a loss, we will replace what is lost or pay for the loss or damage in money.

**AVERAGE CLAUSE (PROPORTIONAL RULE):**

It is hereby agreed that the Insured value must not be less than 85% of actual value of the property. If at time of loss, it is found that the Sum Insured is less than 85% of the actual value of the property, the indemnity shall be prorated as follows: [(Amount of adjusted loss x Insured Value)/Actual Value of the property].

In the case of a partial loss, the indemnity will reduce proportionally to the premiums' rate paid in relation to the premiums' rate that would have been due, if the amount of insurance had been equivalent to the value of the property (actual value that should have been insured).

List of Items Insured Clause:

It is hereby agreed and understood that the insured should provide to the insurer a list with full specifications of equipment and machines insured and their values before or at the commencement of this policy, failure to provide such a list with specifications of subject matter insured may render any claim thereof invalid. Furthermore, the insured must inform the Insurer of each equipment purchased or those given away or sold as soon as it reaches the offices of the Insured.

**Premium Payment Warranty:**

It is hereby agreed and understood that the cover accorded herein will stand NULL AND VOID if the considerate premium is not paid in FULL within 30 days from the inception date of the policy. If policy is not paid within stated period cover will automatically be cancelled without notice and the insurer will be released from any liability in respect to this contract and the insured will pay premium for period from the inception of the policy up to cancellation date.

It is warranted that the if the payment of Premium under the Policy has been made through a cheque and if the cheque is returned unpaid for whatever reasons, the policy will be null and void since inception without notice to the insured and no liability to the insurer shall attach under the Policy.

This policy is subject to Machinery Breakdown Insurance Policy Terms and Conditions forming part of the Contract.

Done at Kigali, on ...../...../20

**For and on behalf of Insured:**

.....

**For and on behalf of Insurer:**

**PRIME INSURANCE LTD**

## **Machinery Breakdown Insurance Policy Terms and Conditions**

**WHEREAS** the Insured by the proposal and declaration which shall be the basis of this contract and is deemed to be incorporated herein has applied to the Company for the insurance hereinafter contained and has paid or agreed to pay the premium as consideration for such Insurance in respect of damage occurring during any Period of Insurance.

**NOW THIS POLICY WITNESSES** that subject to the Terms Exceptions and Conditions contained herein or endorsed hereon the Company will indemnify the Insured against Breakdown of any Machine whilst

- a) Working or at rest
- b) Being dismantled moved or re-erected for the purpose of cleaning inspection repair or installation in another position at the situation stated in the schedule sufficient to prevent the machine undertaking its normal work and necessitating repair or replacement before working can be resumed.

The liability of the Company for any machine shall not exceed in the aggregate in any period of insurance the sum set against such machine in the schedule as the limit of indemnity.

Breakdown means any sudden and unforeseen loss or damage (except as may be hereinafter excluded) and includes loss or damage resulting from

- (1) Careless incompetent or negligent acts of employees of third parties
- (2) Structural defects material defects or defects of design or assembly
- (3) Fortuitous working accidents such as vibration, mal-adjustment, loosening of parts, abnormal stresses, molecular fatigue, centrifugal force, excessive speed, defective or accidental lack of lubrication, seizure water hammer or local overheating (except in the case of boilers or similar plant when followed by explosion) failure of or faults in protection devices.
- (4) Falling impact collision or similar occurrences, obstruction or the entry of foreign bodies.
- (5) Storm, frost or drifting ice.
- (6) The effects of electric current following excessive or insufficient voltage failure or insulation short circuits open circuits or arcing or the effect of static electricity.

### **EXCEPTIONS**

This Policy does not cover:-

1. Loss or damage caused by fire, the extinguishing of a fire, direct lightning explosion, aircraft and other aerial devices or articles dropped there from collapse of buildings, subsidence flood, inundation escape of water from water containing apparatus or clearance of debris, demolition or dismantling arising from these occurrences theft or any attempt thereat. (Explosion shall not mean the bursting or disruption or turbines, compressors, engine cylinders, hydraulic cylinders, flywheels or other parts subject to centrifugal force transformers switches or oil immersed switchgear)
- 2) Loss or damage caused by testing or intentional overloading of any machine or any experiment involving the imposition of abnormal conditions

Note: The checking of the correct working of the machine or of safety installations in connection therewith is not considered to be testing or experimenting

- 3) Loss or damage due to any fault or defect known to the Insured at the time this insurance was arranged and not disclosed to the Company
- 4) Loss of or damage to foundations, masonry, exchangeable or replaceable parts and attachments such as flexible drives or tools used for cutting, drilling, grinding, polishing or similar purposes or moulds, patterns, pulverizing and crushing surfaces, screens and sieves refractory linings ropes belts chains elevator and conveyor bands batteries tires connecting wires and cables flexible pipes jointing and packing materials and all parts not made of metal except the insulation of electrical conductors
- 5)
  - a) Wearing or wearing out of any part of a machine caused by or resulting from ordinary using or working rust deposit of boiler scale corrosion or deterioration due to atmospheric conditions or otherwise or scratching of painted or polished surfaces
  - b) Slowly developing deformation distortion cracks fractures blisters laminations flaws or the making good of defective tube joints or other defective joints or seams unless such defects result in damage otherwise covered by the policy
6. Loss or damage caused by the willful negligence of the Insured
7. Loss or use of any machine or consequential loss or any nature whatsoever
8. Damage or liability occasioned by or through or in consequence directly or indirectly or any or the following occurrences namely:-
  - a) Earthquake volcanic eruption or other convulsion of nature
  - b) Typhoon hurricane tornado cyclone or other atmospheric disturbance
  - c) War invasion act of foreign enemy hostilities or warlike operations (whether war be declared or not) civil war
  - d) Mutiny riot civil commotion strike lock-out labor disturbances acts or persons operating on behalf of or in connection with any political organization military or popular rising insurrection rebellion revolution military or usurped power martial law or state of siege or any of the events or causes which determine the proclamation or maintenance of martial law or state of siege
 

Any loss or damage happening during the existence of abnormal conditions (whether physical or otherwise) which are occasioned by or through or in consequence directly or indirectly or any of the said occurrences shall be deemed to be loss or damage which is not covered by this insurance except to the extent that the Insured shall prove that such loss or damage happened independently of the existence of such abnormal conditions.

In any action suit or other proceeding where the Company alleges that by reason or the provisions of this condition any loss or damage is not covered by this insurance the burden of proving that such loss or damage is covered shall be upon the Insurer.
9.
  - a) Any loss destruction of or damage to any property whatsoever or any loss or expense whatsoever resulting or arising there from or any consequential loss.
  - b) Any legal liability of whatsoever nature directly or indirectly caused by or

contributed to by or arising from ionizing radiations or contamination's by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel (For the purpose of this exclusion only combustion shall include any self-sustaining process of nuclear fission)

10. Any loss destruction damage or legal liability directly or indirectly caused by or contributed to by or arising from nuclear weapons material

11. Terrorism Exclusion Clause

The insurance granted under this policy does not cover any loss or damage occasioned by or in consequence, directly or indirectly, of acts of terrorism committed by a person acting individually or on behalf of or in connection with any organization.

For the purpose of this condition terrorism means the use of violence for political ends and includes any use of violence for the purpose of putting the public or any section of public in fear.

In any action, suit or other proceedings where the company alleges that by reasons of the provisions of this clause any loss or damage is not covered by this insurance, the burden of proving that such loss or damage is covered shall be upon the insured.

## CONDITIONS

This Policy and the Schedule shall be read together and any word or expression to which a specific meaning has been attached in any part of the Policy or of the Schedule shall bear such meaning wherever it may appear:

1. In the event of any Breakdown the Insured shall give notice thereof to the Company within twenty four hours (24) by telephone, facsimile or telegram if practicable and also by letter and the Company's risk in respect of the damaged Machine shall forthwith cease until such Machine shall have been repaired to the satisfaction of the Company.
2. The Insured may without prejudice to any liability of the Company proceed with minor repairs of any Machine necessitated by Breakdown subject to compliance with Condition 1 provided that:
  - Damaged parts are not those mentioned in exceptions referred to in article 4 of the policy and are not spare parts required for periodic service and maintenance of the machine;
  - Any damaged part be kept for inspection by the Company and that the repair be carried out to the satisfaction of the Company subject to the foregoing special privilege the Company shall not be liable for the cost of repairs undertaken by the Insured without the permission of the Company in writing;
  - The cost of the spare part does not exceed 100,000 Rwf.
3. The Company shall be notified of any proposed alterations or additions to an insured item and of any proposed departure from ordinary working conditions and if any such modifications be made or the maximum current or pressure at which an insured item is designed to operate or any lower maximum stipulated by the Company in writing be exceeded without the consent of the Company thereto in writing having been obtained then in the event of Breakdown no liability shall attach to the Company in respect of such item . If the Company cannot approve the proposed modification, the insurance may be cancelled and the Company shall return to the Insured a proportionate part of the premium or renewal premium corresponding to the unexpired period of Insurance.
4. The Company's Officials shall at all reasonable times have the right of access to the premises in which the Machine is situated.
5. a) The limit of Indemnity for each item must be equal to its replacement value as new at the time when the accident occurs that is to say the purchase price of a similar new item increased by the costs of ordinary freight erection and customs duties if any.

- b) If the Limit of Indemnity is less than the sum fixed as detailed in Condition 5(a) the liability of the Company will only be in the proportion existing between the Limit of Indemnity and replacement value as new.
6. For each accident the Insured will be responsible for the Excess detailed in the Schedule where more than one item is lost or damaged in one and the same occurrence the Insured shall not be called upon to bear more than the highest excess applicable to any one such item.
7. In case any claim form, which the Company may be liable under, this Policy is made against the Insured by Third Parties no admission offer promise or payment shall be made by the Insured without the written consent of the Company which shall be entitled to take over and conduct in the name of the Insured the defense of settlement of any such claim. The Insured shall give all such information as the Company may require.
8. In the event of Breakdown the Company may at its option repair reinstate or replace or may pay in cash the amount of the damage.
9. a) In cases where damage to any insured item can be repaired the Company will pay all expenses necessarily incurred to restore the damaged Machine to its condition immediately before the occurrence of the damage. The Company will also pay the dismantling and re-erection charges incurred for the purpose of effecting the repairs as well as ordinary freight to and from a repair shop and customs duties. If any parts are found to be unobtainable the Company's liability shall be limited to the manufacturers' or suppliers' latest list price thereof. Any extra charges incurred for overtime, night-work, work on public holidays, express freight etc. are not covered by this insurance. The cost of any alterations, additions, improvements or overhauling undertaken at the time of such repairs and the cost of any provisional repairs and the consequence thereof shall not be recoverable under the policy.
- b) In cases where an insured item is totally destroyed the Company shall pay the actual value of the item immediately before the occurrence of the loss including ordinary freight costs erection and customs duties if any such actual value be calculated by deducting proper depreciation from the replacement value of the item. The Company will also pay any normal charges for the removal of the property destroyed.
- c) All damage which can be repaired shall however be repaired but if the cost of repairs as detailed herein above equals or exceeds the actual value of the property insured immediately before the occurrence of the damage the settlement shall be made on the basis provided for in (b) above.
- d) In both cases detailed in Condition 9(a) and (b) the indemnity paid will be equal to the sum so ascertained less the value of any salvage and subject to the application of average if necessary and deduction of excess (Condition 5(b) and 6).
10. If at the time any claim arises under this Policy there be any other insurance covering the same damage or liability the Company shall not pay more than its ratable proportion thereon.
11. This Policy may be terminated at the request of the Insured at any time, in which case the Insurers will retain the customary short-period rate for the time this Policy has been in force. This Policy may equally 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 and less any long-term discount on premiums granted.

12. All differences arising out of this Policy 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 appointed in writing by the Arbitrators before entering upon the reference. The Umpire shall sit with the Arbitrators and preside at their meetings and the making of any Award shall be a condition precedent to any right of action against the Company. If the Company shall disclaim liability to the Insured for any claim hereunder and such claim shall not within twelve calendar months from the dated of such disclaimer have been referred to arbitration under the provisions herein contained then the claim shall for all purposes be deemed to have been abandoned and shall not thereafter be recoverable hereunder.
13. The due observance and fulfillment of the terms, exceptions, conditions and endorsements 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 shall be conditions precedent to any liability of the Company to make any payment under this Policy.

Done at Kigali, on ...../.....20

**For and on behalf of Insured:**  
.....

**For and on behalf of Insurer:**  
**PRIME INSURANCE LTD**

SPECIMEN