

Engineering - Machinery Damage Section

Definitions

Territorial Limits

Great Britain Northern Ireland the Isle of Man and the Channel Islands.

Property/Property Insured

Machinery and Plant

Machinery building services equipment and plant owned by or leased to the Insured at the Premises which operates under electrical and/or mechanical power and is ready for use in connection with the Business.

Pressure Plant

- a. boiler plant
- b. plant subject to internal steam pressure
- c. plant used to contain fluids under pressure or vacuum forming part of the Property Insured
- d. piping associated with any of the above forming part of the Property Insured.

Property Insured shall not include

- a. foundations masonry brickwork chimneys or refractory linings
 - b. anything sold supplied serviced manufactured or stored in the course of the trade or Business of the Insured
 - c. materials being processed by or contained in the Property Insured
 - d. Property that is prototype experimental or untried
 - e. Production or Process equipment, its controls (including computerised controls) nor any items of power supply equipment dedicated thereto
 - f. plant machinery pipes or cables situated underground
 - g. office machinery computers or other electronic data processing equipment
- unless specifically described in the Schedule.

Breakdown

- a. the actual breaking distortion or burning out of any part of the Property Insured while in use arising from mechanical or electrical defects in the Property Insured causing sudden stoppage
 - b. fracturing of any item of the Property Insured by frost
- which necessitates repair or replacement before it can resume normal working.

Explosion

The sudden and violent rending of the Pressure Plant by force of internal fluid pressure (other than pressure of chemical action or ignition of the contents or of ignited flue gases) causing bodily displacement of any part of the Pressure Plant together with forcible ejection of the contents.

Collapse

The sudden and dangerous distortion (whether or not attended by rupture) of any part of the Pressure Plant caused by crushing stress by force of steam or other fluid pressure (other than pressure of chemical action or ignition of the contents or of ignited flue gases).

Other Property

Property belonging to the Insured or for which they are responsible but not Property Insured or anything sold supplied processed serviced or manufactured or stored in the course of the trade or Business of the Insured.

Production or Process Equipment

Any machine or apparatus (other than kitchen and food preparation and laundry equipment) which processes, forms, cuts, shapes, grinds or conveys raw materials, materials in process or finished product, including any equipment forming a part of the driving or controlling mechanism for such machine or apparatus.

Insurer

Allianz Engineering

(Allianz Engineering is a trading name used by Allianz Insurance plc).

Premises

The premises at the address or addresses shown in the Schedule, including their grounds, all within the boundaries for which the Insured are responsible and being, unless more specifically described in the Schedule, occupied by the Insured for the purpose of the Business.

Hazardous Substances

Any substance other than ammonia that has been declared to be hazardous to health by a government agency.

Fuel Storage Tanks

Tanks or similar containers designed and used to store oil and other fossil fuels or liquid propane gas.

Cover

Cover One

Sudden and Unforeseen Damage

The Insurer will indemnify the Insured for sudden and unforeseen damage (including Breakdown Explosion and Collapse as defined) to the Property Insured occurring during the Period of Insurance at any Premises specified in the Schedule within the Territorial Limits.

Cover Two

Own Surrounding Property (Pressure Plant)

The Insurer will indemnify the Insured for loss destruction or damage to property belonging to or held by the Insured in their care custody or control directly consequent upon and solely due to damage to Pressure Plant insured by Cover One.

Limit of Liability

The most the Insurer will pay for any one accident or series of accidents arising from one occurrence of loss destruction or damage is

- A. Cover One
£1,000,000 or the Limit of Liability shown in the Schedule in substitution for this amount
- B. Cover Two
£2,000,000 or the Limit of Liability shown in the Schedule in substitution for this amount

Irrespective of the number of insured parties the total liability of the Insurer to all of the insured parties collectively in respect of the insurance provided by this Section shall not exceed the Limit of Liability or in respect of any item its Sum Insured or any other stated Limit of Liability.

Any payment or payments by the Insurer to any one or more insured party shall reduce to the extent of that payment the liability of the Insurer to all parties arising from any one event giving rise to a claim under this Section.

Basis of Settlement Adjustments

In calculating the most the Insurer will pay for any one occurrence, adjustments shall be made in accordance with the following clauses.

1. Reinstatement

In the event of

- A. loss destruction or damage to Property Insured and/or
 - B. loss destruction or damage to Other Property by Explosion of Pressure Plant
- for which liability is accepted the basis on which the amount payable is to be calculated will be the reinstatement of the Property Insured lost, destroyed or damaged subject to the Special Conditions set out below.

For this purpose "reinstatement" means

- i. the rebuilding or replacement of Property Insured destroyed which, provided the Insurer's liability is not increased, may be carried out
 - a. in any manner suitable to the requirements of the Insured
 - b. on another site
 - ii. the repair or restoration of Property Insured damaged
- in either case to a condition equivalent to, or substantially the same as, but no better or more extensive than its condition when new.

Special Conditions

- 1. The Insurer's liability for the repair or restoration of Property Insured or Other Property lost destroyed or damaged in part only, shall not exceed the amount which would have been payable if such Property Insured had been wholly destroyed.
- 2. No payment beyond the amount the Insurer would have paid in the absence of this clause will be made
 - a. unless reinstatement commences and proceeds without unreasonable delay
 - b. until the cost of reinstatement has actually been incurred
 - c. where Property Insured or Other Property at the time of loss destruction or damage is covered by any other insurance effected by the Insured, or on behalf of the Insured, which is not on the same basis of reinstatement.
- 3. Where by reason of any of the above Special Conditions no payment is to be made beyond the amount which would have been payable under this Section if this clause had not been incorporated therein, the terms and conditions of this Section shall apply as if this clause had not been incorporated.

2. Public Authorities

Subject to the Special Conditions set out below, cover for Property Insured includes an amount in respect of any additional cost of reinstatement which is incurred solely by reason of the necessity to comply with building or other regulations under or framed in pursuance of any Act of Parliament, with bye-laws of any public authority or to comply with the stipulations of European Union legislation, in consequence of loss destruction or damage, excluding

- a. the cost incurred in complying with such regulations, bye-laws or stipulations
 - i. in respect of loss destruction or damage occurring prior to the granting of this cover
 - ii. in respect of loss destruction or damage not insured by this Section
 - iii. under which notice has been served upon the Insured before the date of the loss destruction or damage
 - iv. in respect of undamaged property or undamaged portions of property, other than foundations (unless specifically excluded) of that portion of the property lost destroyed or damaged

- b. the additional cost that would have been required to make good the Property Insured lost destroyed or damaged to a condition equal to its condition when new, had the necessity to comply with such regulations, bye-laws or stipulations not arisen
- c. the amount of any charge or assessment arising out of capital appreciation, which may be payable in respect of the Property Insured, by reason of compliance with any such regulations, bye-laws or stipulations.

Special Conditions

1. The work of reinstatement must be commenced and carried out without unreasonable delay and in any case must be completed within twelve months after the loss destruction or damage, or within such further time as the Insurer may allow, and may be carried out upon another site (if such regulations, bye-laws or stipulations so necessitate), subject to there being no resulting increase in the liability of the Insurer.
2. Where the parts necessary for repair of the Property Insured or Other Property are not available at manufacturers listed prices the Insurer shall be liable to pay for the cost of an equivalent repair to similar property for which parts are available at manufacturers listed prices.
3. If the liability of the Insurer is reduced by the application of any of their terms and conditions of this Section or the Policy (other than as a result of this clause) the liability of the Insurer under this clause will be reduced in like proportion.
4. All the terms and conditions of this Section and the Policy shall apply to any claim payable under the provisions of this clause, other than were they are expressly varied by the terms of this clause.

3. Debris Removal

This Section is extended to cover the cost necessarily and reasonably incurred by the Insured with the consent of the Insurer in the removal of Property Insured following loss destruction or damage insured by this Section.

Provided that the liability of the Insurer in respect of any one claim for the removal of Property Insured following insured damage shall not exceed 20% (twenty percent) or £50,000 whichever is the lower of the cost of repair reinstatement or placement of the Property Insured.

4. Additional Cost

This Section is extended to cover the necessary and reasonable cost incurred by the Insured with the consent of the Insurers in making temporary repairs to and/or the expediting of the repair, reinstatement or replacement of the Property Insured following loss destruction or damage insured by this Section.

Provided that the liability of the Insurer in respect of any one claim following insured loss damage or destruction shall not exceed 20% (twenty percent) or £20,000 whichever is the lower of the cost of repair reinstatement or replacement of the Property Insured.

5. Avoidance of Impending Damage

This Section is extended to cover the cost incurred by the Insured in taking reasonable but exceptional measures to avoid or reduce impending loss destruction or damage which would have resulted in a claim under this Section.

Provided that

- a. the impending loss destruction or damage did not arise from any defect in the Property Insured
- b. the impending loss destruction or damage did not arise from a reasonably foreseeable cause
- c. the loss destruction or damage would have been the natural outcome to be expected in the absence of the measures taken
- d. the Insurer is satisfied that loss destruction or damage which would have been insured under this Section has been avoided or reduced in consequence of the measures taken
- e. the liability of the Insurer shall not exceed the cost which would have been incurred had the measures not been taken and loss destruction or damage insured by this Section had occurred.

The liability of the Insurer shall not exceed £25,000 in respect of any one occurrence of loss damage or destruction.

6. Hired in Plant

This Section is extended to cover the legal liability of the Insured under the terms of their hiring agreement or otherwise to pay

- a. compensation for loss destruction of or damage to Hired in Plant while at or while in transit (other than by sea or air) to and from any Premises specified in the Schedule and
- b. continuing hire charges as a result of loss destruction of or damage to Hired in Plant for which indemnity is provided by a above.

In addition the Insurer will pay all legal expenses for which the Insured may become liable where legal proceedings have been defended with the written consent of the Insurer.

Hired in Plant means plant or machinery with a replacement value not more than £10,000 hired by the Insured but not plant on hire purchase or subject to a lease agreement or on free loan.

Provided that

1. the terms of any hiring agreement shall be no more onerous than the Model Conditions for the hiring of plant approved by the Construction Plant-hire Association
2. where the hire charges paid during the Period of Insurance exceed £2,000 the Insured shall declare the hire charges paid and shall pay the additional premium requested by the Insurer
3. the liability of the Insurer under this Basis of Settlement Adjustment shall not exceed £30,000 any one claim
4. Exclusion 2 Perils does not apply to this Basis of Settlement Adjustment of cover.

7. Cost of Hiring Replacement Item

This section is extended to include the cost of hire charges incurred by the Insured during the period of repair or until the Property Insured is permanently reinstated or replaced for the necessary hire of a substitute item of a similar type and capacity following loss damage or destruction of Property Insured.

The Liability of the Insurer shall not exceed £30,000 any one claim.

8. Fuel Storage Tanks Loss of Contents

This Section is extended to cover

- a. loss of the contents of and
- b. the cost incurred by the Insured in cleaning up the spilled or leaked contents from

Fuel Storage Tanks insured by this Section directly and solely due to sudden and unforeseen damage for which indemnity is provided by this Section.

Provided that

- a. the liability of the Insurer under this Basis of Settlement Adjustment shall not exceed 20% (twenty percent) of any one claim following loss damage or destruction insured under this section or £25,000 whichever is the lower in connection with any one occurrence regardless of the number or amount of claims resulting from the occurrence
- b. the value of the contents does not exceed in respect of
 - i. any one Fuel Storage Tank £25,000
 - ii. all Fuel Storage Tanks £100,000.

This Basis of Settlement Adjustment does not cover

- a. loss of contents by evaporation seepage contamination or any form of trade loss
- b. the cost of releveling Fuel Storage Tanks unless resulting from sudden and unforeseen damage insured by this Section
- c. the cost of cleaning up any spillage or leakage in areas outside the boundaries of the insureds Premises or to other property not belonging to the Insured
- d. loss destruction or damage by or in consequence of the process of cleaning up the contents of the Fuel Storage Tanks
- e. liability for cleaning up or making good any pollution or contamination of the water table or any water course or property of any party other than the Insured.

9. Claims Investigation Cost

This Section is extended to cover the necessary and reasonable cost (including the cost of consultants fees) incurred in conducting investigations and tests in respect of possible repair or replacement options following loss destruction or damage insured by this Section.

Provided that

- a. the liability of the Insurer under this Extension shall not exceed £25,000 in connection with any one occurrence regardless of the number or amount of claims resulting from the occurrence
- b. the prior consent of the Insurer has been obtained.

10. Hazardous Substances

This Section is extended to cover the cost incurred by the Insured in repairing replacing or reinstating Property Insured due to contamination by a Hazardous Substance following loss damage or destruction insured by this Section including the additional expenses incurred to clean up or dispose of such Property Insured.

Provided that the liability of the Insurer under this Extension shall not exceed 20% (twenty percent) or £15,000 whichever is the lower in connection with any one occurrence.

11. Loss of Rent

This Section is extended to cover consequential loss as described under the Loss of Rent Section to this Policy which results from loss damage or destruction other than by Explosion for which liability has been admitted by the Insurer under this Engineering Machinery Damage Section.

Provided that

- a. the liability of the Insurers under this Basis of Settlement Adjustment shall not exceed £100,000 in respect of any one occurrence of loss damage or destruction
- b. the Loss of Rent Section is shown as operative.

Exclusions

This Section does not cover

1. Excess

the amount stated in the Schedule as the Excess in respect of each and every occurrence for which the Insured is indemnified by this Section.

2. Perils

loss destruction or damage by

- a. fire however caused
- b. fire extinguishing fluid
- c. explosion other than specifically insured by this Section
- d. lightning earthquake storm tempest flood inundation water aircraft or other aerial devices or articles dropped therefrom
- e. subsidence or other ground movement or displacement
- f. theft or attempted theft
- g. riot strike lockout and civil commotion.

3. Maintenance Faulty Workmanship or Application of Tools

the cost of

- a. maintenance
- b. rectification of faulty workmanship occurring during the execution of repairs but not loss destruction or damage resulting from a. or b. unless otherwise excluded
- c. loss destruction or damage by direct application of tools.

4. Wear and Tear or Gradual Deterioration

the cost of rectification of

- a. inevitable wear and tear erosion corrosion or other deterioration caused by or naturally resulting from ordinary work use or exposure
- b. gradually developing flaws or fractures which do not necessitate immediate stoppage but not loss destruction or damage insured by this Section resulting from a. or b. unless otherwise excluded.

5. Excluded Parts and Components

cutters bits tools moulds dies heating elements driving belts and chains and similar items that require periodic replacement.

If as a result of other loss destruction or damage insured by this Section these items are damaged beyond repair then the Insurer shall indemnify the Insured for any remaining residual value.

6. Safety or Protective Devices

loss destruction or damage to safety or protective devices by their functioning.

7. Multiple Lifting Operations

loss destruction or damage arising during any lifting or lowering operation in which a load is shared between two or more machines unless the prior consent of the Insurer has been obtained.

Exclusions (continued)

This **Section** does not cover

8. Vessels Craft Vehicles Rigs Platforms or Devices

loss destruction of or damage to any

- a. vessel craft vehicle or device designed to float on in or travel under or through water air or space
- b. marine rig or marine platform
- c. equipment mounted on and fixed to such vessel craft vehicle device rig or platform.

9. Other Consequential Loss

liquidated damages penalties for delay or detention or in connection with guarantees of performance or efficiency or loss of use or any form of consequential loss not specifically insured by this Section.

10. Installation or Removal

loss destruction or damage to any item of the Property Insured arising during

- a. its initial installation erection or its final removal
- b. its final testing or commissioning.

11. Scratching

scratching of painted or polished surfaces unless accompanied by other indemnifiable loss destruction or damage to the item.

12. Overloading or Abnormal Conditions

loss destruction or damage to any item of the Property Insured caused by or arising from

- a. the imposition of abnormal conditions deliberate overloading or overload testing other than overload testing in accordance with the Code of Practice for the Safe Use of Cranes BS 7121 including any subsequent amendments or revisions
- b. overload testing in accordance with the Code of Practice for the Safe Use of Cranes BS 7121 including any subsequent amendments or revisions caused by or arising from a defect in the item.

Exclusions (continued)

This Section does not cover loss destruction damage legal liability or cost consisting of or in consequence of

13. Pollution or Contamination

loss destruction or damage (whether sudden and unforeseen or not or accidental or not) directly or indirectly caused by or contributed to by or arising from pollution or contamination.

This Exclusion shall not apply to cost arising from pollution or contamination of Property Insured caused directly by an occurrence which is insured by this Section.

14. Computer Data Recognition

loss destruction or damage (whether sudden and unforeseen or not or accidental or not) directly or indirectly caused by or consisting of or arising from the failure of any computer or other equipment or system for processing storing or retrieving data whether the property of the Insured or not

- a. correctly to recognise any date as its true calendar date
- b. to capture save or retain and/or correctly to manipulate interpret or process any data or information or command or instruction as a result of treating any date otherwise than as its true calendar date
- c. to capture save retain or correctly to process any data as a result of the operation of any command which has been programmed into any computer software being a command which causes the loss of data or the inability to capture save retain or correctly to process such data on or after any date

but this Exclusion shall not apply to subsequent loss destruction or damage arising from or caused by fire lightning explosion aircraft or other aerial devices or articles dropped therefrom riot civil commotion strikers locked out workers persons taking part in labour disturbances malicious persons other than thieves earthquake storm flood escape of water from any tank apparatus or pipe or impact by any road vehicle or animal which would but for the application of this Exclusion be insured by this Section.

15. Confiscation Civil Commotion and Similar Risks

- a. loss destruction or damage (whether sudden and unforeseen or not or accidental or not) directly or indirectly caused by confiscation nationalisation requisition or destruction of or damage to property by order of the Government or any Public Municipal or Local Authority.
- b. in the case of Property Insured outside Great Britain Northern Ireland the Isle of Man and the Channel Islands loss destruction damage or corruption (whether sudden and unforeseen or not or accidental or not) directly or indirectly caused by warlike operations mutiny conspiracy martial law state of siege or any events or causes which determine the proclamation or maintenance of martial law or state of siege riot civil commotion strike lock-out persons taking part in labour disturbances or malicious persons acting on behalf of or in connection with any political organisation.
- c. loss destruction or damage (whether sudden and unforeseen or not or accidental or not) in Northern Ireland occasioned by or happening through or in consequence directly or indirectly of riot civil commotion and (except in respect of damage by fire and explosion) strikers locked out workers persons taking part in labour disturbances or malicious persons.

Exclusions (continued)

This Section does not cover loss destruction damage legal liability or cost consisting of or in consequence of:

16. Radioactive Contamination

loss destruction or damage (whether sudden and unforeseen or not or accidental or not) directly or indirectly caused by or contributed to by or arising from:

- a. ionising radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel
- b. the radioactive toxic explosive or other hazardous or contaminating properties of any nuclear installation reactor or other nuclear assembly or nuclear component thereof
- c. any weapon or other device utilising radioactive material and/or matter and/or ionising radiation and/or atomic or nuclear fission and/or fusion or other like reaction.

17. Contagious and Infectious Disease

Loss, damage, destruction, cost, expense, or any consequential loss, directly or indirectly caused by, arising out of, attributable to, or contributed to by:

- a. a Contagious or Infectious Disease;
- b. the fear or threat (whether actual or perceived) of a Contagious or Infectious Disease;
- c. the presence or suspected presence of Pathogens at, in or on the premises or property of any person or entity; or
- d. any action taken or advice given (whether or not by a competent authority) to prevent, reduce, control or mitigate the occurrence, outbreak, spread or effects of a Contagious or Infectious Disease or any Pathogens,

irrespective of any other cause, occurrence or event operating concurrently, independently or in any sequence to cause the loss.

But this exclusion will not apply to Physical Damage to Insured Property insured under the Section.

For the purposes of this exclusion:

Loss includes, but is not limited to financial and business interruption loss, loss of value, marketability or use of property, fines and penalties. Cost or expense includes, but is not limited to any cost to:

- i. clean-up, detoxify, decontaminate, or remove Pathogens from any property where the property is or is feared to have been affected by Pathogens or a Contagious or Infectious Disease;
- ii. monitor or test for Pathogens or a Contagious or Infectious Disease; or
- iii. provide medical treatment for persons affected by a Contagious or Infectious Disease

Physical Damage means physical loss, physical damage or physical destruction. For the avoidance of any doubt, the presence of a Pathogen on property or contamination of property by a Pathogen does not constitute Physical Damage; Physical Damage does not include any damage, accidental or otherwise, that is not physical, to tangible Insured Property or include any legal liability, compensation or claimants costs for any loss, damage or injury

Contagious or Infectious Disease means

Any disease, illness or condition affecting humans or animals which is caused by or can be transmitted by means of any Pathogen, where the method of transmission, whether direct or indirect, includes but is not limited to, airborne transmission, bodily fluid transmission, transmission from or to any surface or object, solid, liquid or gas or between organisms (including from one human to another, one animal to another, from an animal to a human or vice versa, or through contaminated water, faeces or food)

Pathogen means

Any pathogen, including but not limited to a virus, bacterium, parasite, fungus, other organism, micro-organism, any variation or mutation thereof, whether deemed living or not, or any other substance or agent capable of causing a Contagious or Infectious Disease

Section Conditions

1. Non Invalidation

This Section shall not be invalidated by any act or omission or by any alteration unknown to or beyond the control of the Insured by which the risk of loss destruction or damage is increased, provided that the Insured shall give notice to the Insurer (and pay an additional premium if required) immediately they become aware of such act, omission or alteration.

2. Subrogation

Any claimant under this Section shall, at the Insurer's request and expense, take or permit to be taken all necessary steps for enforcing rights against any other party in the name of the Insured, before or after the Insurer makes any payment.

The Insurer agrees to waive any such rights to which the Insurer might become entitled by subrogation against any company standing in relation of parent to subsidiary (or subsidiary to parent) to the Insured or against any company which is a subsidiary of a parent company of which the Insured are themselves a subsidiary, in each case within the meaning of the Companies Act or Companies (Northern Ireland) Order current at the time of the loss destruction or damage.

3. Arbitration

If any difference arises as to the amount to be paid under this Section (liability being otherwise admitted by the Insurer), such difference shall be referred to an arbitrator to be appointed by the Insured and the Insurer in accordance with statutory provisions.

Where any difference is referred to arbitration in accordance with this condition, the making of an award shall be a condition precedent to any right of action against the Insurer.

4. Additional Claims Conditions

- A. In the event of any occurrence giving rise or likely to give rise to a claim under this Section the Insured shall at their own expense deliver to the Insurer
1. within 30 (thirty) days after such occurrence 28 (twenty-eight) days in the case of loss or damage by riot civil commotion strikers locked-out workers persons taking part in labour disturbances malicious persons or theft) or such further time as the Insurer may allow in writing
 - i. full information in writing of the Property Insured and the amount of loss or damage
 - ii. details of any other insurances on the Property Insured covered by this Section
 2. all such proof and information relating to the claim as may reasonably be required
 3. if required a statutory declaration of the truth of the claim and of any matters connected with it.

The Insurer will not pay for any claim unless the terms of this Claims Condition have been complied with and any payment on account already made shall be repaid to the Insurer.

- B. The Insurer shall not be liable for the cost of any repairs undertaken without their written consent except in urgent cases where it has been necessary to put minor repairs in hand

Provided that

- i. the requirements of the General Claims Condition 3 of this Policy have been complied with and
 - ii. the repairs have been carried out to the satisfaction of the Insurer.
- C. Where loss destruction or damage is confined to a part of a machine or structure the Insurer shall be liable for the value of that part plus the cost of any necessary dismantling and erection for which the Insured is responsible.

5. Declaration Condition

The Insured shall furnish the Insurer with such information as the Insurer may require at the expiry of each Period of Insurance, within the period specified by the Insurer. The premium shall be adjusted annually and any difference shall be paid by or returned to the Insured subject to any agreed minimum or deposit premium specified in the Schedule.

If the premium or part of any premium is calculated on estimates supplied to the Insurer by or on behalf of the Insured the Insured shall keep a record of all such relevant particulars and the value of such equipment and shall allow the Insurer to inspect such records at any reasonable time.

6. Alteration

The Insured must notify the Insurer as soon as possible if during the Period of Insurance there is any alteration in the ownership of the Insured, or any alteration in or to the Business or the Premises or the Plant

- a. due to the Business being wound up or carried on by a liquidator or receiver or permanently discontinued
- b. in respect of which the interest of the Insured ceases other than by death
- c. to the facts or matters set out in the Schedule or otherwise comprising the risk presentation made by the Insured to the Insurer at inception, renewal or variation of the Policy which materially increases the risk of loss, damage or liability as insured by this Section.

Upon being notified of any such alteration, the Insurer may, at its absolute discretion

- a. continue to provide cover under this Section on the same terms
- b. restrict the cover provided by this Section
- c. impose additional terms
- d. alter the premium
- e. cancel this Section and the Policy.

If the Insured fails to notify the Insurer of any such alteration, the Insurer may

- a. treat this Section and the Policy as if it had come to an end as at the date of the alteration of the risk, returning a proportionate amount of the premium for the unexpired Period of Insurance, if the Insurer would have cancelled this Section and the Policy had it known of the increase in risk
- b. treat this Section and the Policy as if it had contained such terms (other than relating to premium) or other restrictions (if any) from the date of the alteration in risk as the Insurer would have applied had it known of the increase in risk
- c. reduce proportionately the amount paid or payable on any claim, the proportion for which the Insurer is liable being calculated by comparing the premium actually charged as a percentage of the premium which the Insurer would have charged had it known of the increase in risk.