



"A Symbol of Trust, Security and Progress"

Tausi Assurance Company Limited

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QUESTIONNAIRE AND PROPOSAL FOR LOSS OF PROFITS FOLLOWING MACHINERY BREAKDOWN INSURANCE.

The issuing of this form is not to be taken as an admission of liability by the Insurers.

NB: All questions must be answered in full. Dashes are not acceptable. Please use **BLOCK LETTERS** and tick where appropriate.

PARTICULARS OF PROPOSER

Name of proposer (in full)

Postal address:

P.O Box:

Code:

Town:

Telephone Contact

Email Address

Certificate of Incorporation
No.(Corporate)

(Attach copy)

PIN No

(Attach copy of the certificate)

Physical Address

Nature of business/Occupation

Period of Insurance:

From:

To:

1. What works of your business are to be insured against Machinery Loss of Profits (names and addresses of the works, their purposes)

2. What company insures these works against

Fire?

Fire Loss of Profits?

3. What company covers the machinery to be insured under a Machinery Breakdown policy?

Date of issue of the Machinery Breakdown policy?

4. Has the machinery to be insured been formerly covered by other companies against Machinery Loss of Profits?

☐

YES

NO

☐

If so, what company?

5. What chartered accountant (name and address) audits the accounting records and at what intervals?

6. When was your firm established?			
7. Since when has the works to be insured existed?			
8. Since when has the present production method used in the works to be insured been applied?			
9. What interruptions due to a machinery Loss have occurred in the works to be insured during the last 5 years?	Number and type(s) Duration Due to machinery of item No.		
10. Please give a brief description of the production process, making special allowance for production bottlenecks and attaching a flow sheet to show the machinery to be insured.			
(Please attach further sheets if necessary.)			
11. What type of repair work can be carried out without external help?			
Please indicate external repair facilities for the individual machines in the list of machinery.			
12. What maintenance work and what inspections are carried out regularly to keep the machines to be insured in good working order?	Type of maintenance and intervals		
13. Number of employees in the works to be insured	Total number Number employed for maintenance purposes Fluctuation (in %)		
14. Normal working hours of the works to be insured	per day	hours in	shifts
	per week	hours	
	per year	days	

Can extra shifts be worked to make up production loss?	<input type="checkbox"/> YES	<input type="checkbox"/> NO
If yes, to what extent:		
per day	hours in	shifts
15. Are there any seasonal production or sales fluctuations of more than 20% in the works to be insured?	<input type="checkbox"/> YES	<input type="checkbox"/> NO
If Yes, please indicate monthly figures		
16. Is there a stock of semi-finished or finished products?	<input type="checkbox"/> YES	<input type="checkbox"/> NO
If Yes, what period of interruption can be compensated thereby?		
17. Are supplies furnished against letters of credit?	<input type="checkbox"/> YES	<input type="checkbox"/> NO
If Yes, please indicate the percentage such supplies have in the turnover		
18. In the case of machinery damage, is the interruption period longer than the repair period for the machinery involved?	<input type="checkbox"/> YES	<input type="checkbox"/> NO
If so, please indicate the cause and duration of such a delay		
19. Are any of the machines or installations still under manufactures guarantee?	<input type="checkbox"/> YES	<input type="checkbox"/> NO
If Yes, please indicate item and date of expiry.		
20. Are machines being insured in proper working condition?	<input type="checkbox"/> YES	<input type="checkbox"/> NO
21. Are maintenance being carried out regularly?	<input type="checkbox"/> YES	<input type="checkbox"/> NO
If yes, please specify whether it is done in-house or external		
22. Do you maintain a maintenance log register?	<input type="checkbox"/> YES	<input type="checkbox"/> NO
If yes, please attach copy.		
23. Is there quality control check for products being produced?	<input type="checkbox"/> YES	<input type="checkbox"/> NO

24. Is the insurance to cover only the additional expenditure caused by using an external electric power supply in the case of breakdown of machines in your own power generating plant?	<input type="checkbox"/> YES	<input type="checkbox"/> NO
	If so, please indicate:	
Item numbers of the machines to be insured hereunder.		
i. Power requirements of the works (kW, kWh p.a.)		
ii. Percentage of power requirement met by the factory generator:		
iii. Extent (kW, kWh p.a.) of current that may be drawn from external power sources:		
iv. Cost per kWh of external power.		
v. Factory generating costs saved per KWH if external power is used.	Please indicate the annual increased cost of electricity under question 24 (item 2).	
If maximum demand charges are to be insured:		
i. Maximum demand charge per kW of external power.		
ii. Method of calculation (Please enclose copy of electricity supply contract)		
iii. Please indicate the annual maximum demand charge for external power to be insured under question 24 (item 3)		
iv. Percentage of deductible desired for maximum demand charges (minimum deductible 10%).		

25.If business interruptions is due to the failure of public supplies (power, water, gas or steam supply) are to be included in the cover, please fill in separate questionnaire.

26.If the risk of deterioration of goods (raw materials, semi-finished or finished goods) due to a business interruption is to be included in the cover, please fill in separate questionnaire.

27. The effect of machinery break-down on the gross profit (factor of relative importance)

Allowance is made for the effect of the breakdown of machinery by means of the so-called factor of relative importance. This factor corresponds to the percentage effect which a complete stand-still of a machine during the entire period of insurance would have on the operating profit and the standing charges.

Ideally, factors of the relative importance should be fixed on the basis of a flow chart which shows, in addition to these factors, the capacities of the machines and any reserve machinery.

Please provide a flow chart of the machines installed: -

28. SUM INSURED

The sum insured on Gross Profits is based on the amount of Turnover less the sum of those working expenses which vary proportionately with the turnover and should be calculated from the accounts of the business for the last financial year.

The following points must be kept in mind:

1. Adjustment must be made to take into account the trend of the business bearing in mind the figure that would apply at the end of the Indemnity Period
2. The sum insured should be reviewed at regular intervals to keep it in line with current and projected levels of earnings

The method of calculating the loss recoverable under the policy is quite simple and is based primarily upon a comparison between the turnover achieved following the damage and that in the corresponding period of the preceding year, provision being made or appropriate adjustments to allow for the current trend of the business.

Note 1.

This cover is not available unless there is a Machinery Breakdown Material Damage policy in force covering the insureds interest in the machinery at the premises for which this proposal is being made.

Note 2.

No claims will be payable under the Loss of Profits policy unless there is in force at the time of the loss of Material Damage Policy covering the Insured interest in the machinery and payment shall have been made or liability admitted under such Insurance.

Note 3

The Machinery under the Machinery Breakdown Materials Damage Policy must be insured on a Replacement value basis.

THIS PAGE IS TO ASSIST IN COMPLETING THE PROPOSAL FORM

Calculation of the Sum Insured

Extract from the accounts of the business for the last financial year

Item 1	Gross Profit	Kshs
	Turnover for the last financial year.	Kshs.
	Add: Closing stock at end of the year	Kshs.
	Sub Total	Kshs.
	Deduct: Opening stock at beginning of year	Kshs.
	Sub Total	Kshs.
	Deduct: Uninsured working expenses which vary directly with turnover	Kshs.
	i) Purchases (less discounts received)	Kshs.
	ii) Discounts allowed	Kshs.
	iii) Wages (if insured under item 2	Kshs.
	iv)	Kshs.
	v)	Kshs.
	vi)	Kshs.
	Total	Kshs.
	Total. (Annual Gross Profit for the last financial year)	Kshs.
	Add Allowance for future trend of business	Kshs.
	Total Sum Insured under Item 1	Kshs.
Item 2	Wages	Kshs
	Total Annual Wages roll for last financial year	Kshs.
	Add: Allowance for future increase	Kshs.
	Total sum insured under Item 2	Kshs.

- Where an Indemnity Period in excess of Twelve months is required the respective sums insured under item 1 and 2 should represent the estimated gross profit and wages for the full period of indemnity.
- The intention of the policy is to pay for loss of Gross profit which would have been earned or wages which would have been paid during the period of interruption following the damage.
- The sum insured should therefore be fixed at a figure higher enough to allow for any possible upward trend of the business.
- An auditor's certificate should be submitted annually to the Company and should this disclose that there has been over-insurance a return of premium will be made to the insured under each item of the insurance up to a maximum return of 50% of the actual premium paid during the relative period of insurance.
- If any damage shall have occurred giving rise to a claim under this policy, such return shall be made in respect to only so much of the said difference as is not due to such damage.
- It is therefore understood and agreed that if a claim is paid under this policy, the amount paid by insurer will be added back to the actual Gross Profit before calculating the return premium.
- The actual gross profit should be declared at the latest nine months after expiry of the policy.

Note 1.

Turnover is the money paid or payable to the proposer for goods sold and delivered and for services rendered in the course of the business at the premises to which the insurance applies.

Note 2.

Specified working expenses are those which are likely to reduce approximately in proportion to turnover whatever the extent of the interruption might be following any damage.

Note that the specified working expenses are uninsured working expenses.

If a separate indemnity period is desired for wages, Please subdivide the sum insured accordingly and indicate the indemnity period desired for the item of wages under question 29.

29. Summary of the insurance covers desired

Item No	Subject Matter to be insured	Sum Insured
1.	Gross Profit	
2.	Increased cost of electricity	
3.	Maximum demand charges	
4.		
5.		
6.		
7.		

Please attach audited financial accounts for the last three years.

NB. For new business, please attach sales projection and management accounts.

30. What time excess is desired? {minimum time excess 2 days}	2 Days	4 Days	7 Days	14 Days
	Any other:			
31. Have you ever suffered a loss in connection with the type of insurance now proposed?	<input type="checkbox"/> YES			<input type="checkbox"/> NO
	If YES, supply complete details.			
32. Are you currently or have you ever been insured for the type of cover proposed?	<input type="checkbox"/> YES			<input type="checkbox"/> NO
	If YES, please give name of insurers and Policy No.			
33. Has any office of Insurance Company or Underwriter ever				
(a) Cancelled or refused to renew your policy?	<input type="checkbox"/> YES			<input type="checkbox"/> NO
(b) Increased your premiums?	<input type="checkbox"/> YES			<input type="checkbox"/> NO
(c) Declined to insure you?	<input type="checkbox"/> YES			<input type="checkbox"/> NO
(d) Imposed any special terms	<input type="checkbox"/> YES			<input type="checkbox"/> NO
(e) Repudiated any claim?	<input type="checkbox"/> YES			<input type="checkbox"/> NO
	If the answer to any of the above questions is yes, please give details.			

I/We hereby declare that the statements made by me/us in this Questionnaire and Proposal form are, to the best of my/our knowledge and belief, complete and true, and I/We hereby agree that this Questionnaire and Proposal form, forms the basis and is part of any policy issued in connection with the above risk(s). It is agreed that the Insurers are liable in accordance with the terms of policy only and that the insured will not lodge any other claims of whatever nature.

The liability of the company does not commence until the proposal has been accepted and the first premium paid.

Telephone of Contact Person:

AGENT/BROKER NAME / STAMP	SIGNATURE	DATE