

QBE Insurance (Malaysia) Berhad (Reg. No.: 161086-D)  
(Licensed under the Financial Services Act 2013 and regulated by Bank Negara Malaysia)  
No. 638, Level 6, Block B1, Leisure Commerce Square, No. 9, Jalan PJS 8/9, 46150 Petaling Jaya,  
Postal Address P.O. Box 10637, 50720 Kuala Lumpur, Malaysia.  
telephone +603 7861 8400 • facsimile +603 7873 7430  
GST Reg No.: 002077360128  
[www.qbe.com.my](http://www.qbe.com.my) e-mail : [info.mal@qbe.com](mailto:info.mal@qbe.com)



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## QBE Boiler and Pressure Cover POLICY

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**QBE INSURANCE (MALAYSIA) BERHAD** welcomes you as a Policyholder and we take this opportunity to recommend that you thoroughly examine this Document which sets out the limitations and benefits of the insurance. Please store it in a safe place.

Should you have any query, please contact your Registered Agent/Broker or our QBE office, especially if the insurance is not completely in accordance with your intentions.

BXPBXP002-Q-0115 (NON-CONSUMER)



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## **A. THE COVER**

### **1. Preamble**

This Policy is issued in consideration of the payment of premium as specified in the Policy Schedule and pursuant to the answers given in Insured's Proposal Form (or when Insured applied for this insurance) and any other disclosures made by Insured between the time of submission of Insured's Proposal Form (or when Insured applied for this insurance) and the time this contract is entered into. The answers and any other disclosures given by Insured shall form part of this contract of insurance between Insured and QBE INSURANCE (Malaysia) BERHAD (hereinafter called "the Company"). In the event of any pre-contractual misrepresentation made in relation to Insured's answers or in any disclosures made by Insured, it may result in avoidance of Insured's contract of insurance, refusal or reduction of Insured's claim(s), change of terms or termination of Insured's contract of insurance.

This Policy reflects the terms and conditions of the contract of insurance as agreed between Insured and Company.

Now it is hereby agreed:

That the Company will, during the Period of Insurance or any renewal thereof and subject to the exclusions provisions definitions and Conditions contained herein or endorsed hereon, indemnify the Insured against

- a) Damage (other than by fire) to any boiler or pressure vessel described in the Schedule hereto and to other property of the Insured
- b) Liability of the Insured at law for damage to property not belonging to the Insured
- c) Liability of the Insured at law on account of fatal or non-fatal injuries to any persons other than the Insured's own employees or workmen or members of the Insured's family

caused by and solely due to explosion or collapse as hereinafter defined of any boiler or pressure vessel described in the Schedule whilst in the course of ordinary working. Provided that the liability of the Company in respect of anyone boiler or pressure vessel in anyone Period of Insurance shall not exceed the sum insured set opposite thereto in the Schedule and, in respect of damage to other property of the Insured and third party liability, the limit of indemnity so specified in the Schedule.

Provided also that in case of any claim against the Insured for damages as aforesaid the Company will in addition pay all costs and expenses recovered by any claimant against the Insured or incurred with the written consent of the Company in resisting such claim

## **B. GENERAL EXCLUSIONS**

The Company shall not be liable for:

### **1. Wear and Tear**

Defects due to the wearing away or the wasting of the materials of a boiler or a pressure vessel, whether by leakage, corrosion or by the action of the fuel or otherwise, the grooving or the fracturing of any of the parts of a boiler or a pressure vessel, or for deterioration generally, or for the development of cracks blisters, laminations and other flaws, or for fractures, failure of joints, or for bulging and deformation due to overheating of tubes (unless such defects fractures failures or bulging result in explosion or collapse), or for the cracking of sections of cast-iron heating boilers or other vessels constructed of cast-iron;

**2. General Failure**

The failure of individual tubes in boilers of the water tube locomotive or other multi-tubular types, in super-heaters or in economizers (unless such defects result in explosion or collapse);

**3. Fire and Extraneous Cause**

Damage to property belonging to the Insured or held by him in trust or on commission for which he is responsible, caused by fire arising from explosion or collapse or any other cause whatsoever, or damage to the plant resulting from any extraneous cause;

**4. Wilful Act**

Damage and/or liability caused by the wilful act or wilful neglect of the Insured

**5. Stoppage of Work**

Loss sustained by stoppage of work;

**6. Specific Perils**

Loss or damage which either in origin or extent is directly or indirectly, proximately or remotely occasioned or contributed to by any of the following, namely

- a) Typhoon, hurricane, volcanic eruption earthquake or other convulsion of nature
- b) loss or damage directly or indirectly caused by or arising out of war invasion, act of foreign enemy, hostilities (whether war be declared or not) civil war, rebellion, revolution, insurrection, mutiny, riot, strike, lock-out, civil commotion, military or usurped power, a group of malicious persons or persons acting on behalf of or in connection with any political organization, conspiracy, confiscation, commandeering, requisition or destruction of or damage to property by order of any government de jure or de facto or by any public authority nuclear reaction, nuclear radiation or radioactive contamination
- c) any tests other than tests at a pressure not exceeding the maximum pressure permitted by the inspecting authority

**7. Contractual Liability**

Claims arising out of liability assumed by the Insured by agreement unless such liability would have attached to the Insured notwithstanding such agreement

**8. Consequential Loss**

Loss of use of the boiler, pressure vessel or other property or other consequential loss incurred by the Insured

**9. Excess**

The Excess stated in the Schedule to be borne by the Insured in any one occurrence; if more than one item of Plant is lost or damaged in one occurrence, the Insured shall not, however, be called upon to bear more than the highest single Excess applicable to such items;

**10. War, Civil Commotion**

any consequence of war, invasion, act of foreign enemy, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, mutiny, riot, strike, lock-out, civil commotion, military or usurped power, acts of a group of malicious persons or persons acting on behalf of or in connection with any political organisation, conspiracy, confiscation, commandeering, requisition or destruction of or damage to property by order of any government de jure or de facto or by any public authority;

**11. Radioactivity**

any consequence of nuclear reaction, nuclear radiation or radioactive contamination;

**12. Terrorism**

Any act of terrorism regardless of any other cause or event contributing concurrently or in any other sequence to the loss, notwithstanding any provision to the contrary within this insurance or any endorsement thereto

For the purpose of this endorsement an act of terrorism means an act, including but not limited to the use of force or violence and/or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organisation(s) or government(s), committed for political, religious, ideological or similar purposes including the intention to influence any government and/or to put the public, or any section of the public, in fear.

This endorsement also excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to any act of terrorism.

If the Underwriters allege that by reason of this exclusion, any loss, damage, cost or expense is not covered by this insurance the burden of proving the contrary shall be upon the Insured.

In the event any portion of this endorsement is found to be invalid or unenforceable, the remainder shall remain in full force and effect.

**13. Electronic Data**

For loss or damage as a result of, notwithstanding any provision to the contrary in the Policy or any endorsement thereto,

- a)
  - i) total or partial destruction, distortion, erasure, corruption, alteration, misinterpretation or misappropriations of ELECTRONIC DATA,
  - ii) error in creating, amending, entering, deleting or using ELECTRONIC DATA, or
  - iii) total or partial inability or failure to receive, send, access or use ELECTRONIC DATA - for any time or at all,

from any cause whatsoever, regardless of any other contributing cause or event whenever it may occur. ELECTRONIC DATA means facts, concepts and information converted to a form useable for communications, display, distribution, interpretation or processing by electronic and electromechanical data processing or electronically controlled equipment and includes programmes, software and other coded instructions for such equipment.

- b) However, in the event that a peril listed below (being a peril insured by this policy but for this exclusion) is caused by any of the matters described in paragraph (a) above, this Policy, subject to all its provisions, will insure:
  - i) physical loss of or damage or destruction to Property Insured directly caused by such listed peril, and/or
  - ii) consequential loss insured by this Policy.



Further, this exclusion does not apply in the event that a peril listed below (being a peril insured by this policy but for this exclusion) causes any of the matters described in paragraph (a) above:

Fire, Explosion, Lightning, Windstorm, Hail, Tornado, Cyclone, Hurricane, Earthquake, Volcano, Tsunami, Flood, Freezing, Weight of Snow, Impact by Aircraft or other aerial objects dropped therefrom, Impact by any Road Vehicle or Animal, Bursting Overflowing Discharging or Leaking of Water Tanks Apparatus or Pipes, or Theft of Electronic Data solely where such Theft is accompanied by Theft of the computer hardware, firmware, medium, microchip, integrated circuit or similar device containing such Electronic Data

c) For the purposes of the Basis of Settlement provision in this Policy, computer systems records includes Electronic Data as defined in paragraph (a) above.

Any terrorism exclusion in this Policy or any endorsement thereto prevails over this endorsement

## C. DEFINITIONS

The following terms, when used in this Policy, shall have the undermentioned meanings

1. "Boiler" shall mean any fired closed container or a combined container piping system in which steam is generated under pressure When used in the Schedule, the term "boiler" shall include fittings, built-in superheaters and economizers but shall not include steam or feedwater piping or separate economizers, the explosion of such items being covered by this Policy only if specifically listed in the Schedule.
2. "Vessel" shall mean any unfired closed container under steam or air pressure
3. "Explosion" shall mean the sudden and violent rending or tearing apart of the structure of a boiler or Vessel or any part or parts thereof by force of internal steam air or fluid pressure, causing bodily displacement of said structure accompanied by the forcible ejection of its contents. "Flue Gas Explosions" "Explosion" shall also mean any damage to the structure of a boiler by force of the sudden and accidental combustion or explosion of ignited furnace or flue gases
4. "Collapse" shall mean the sudden and dangerous distortion of any part of a boiler or vessel caused by the crushing stress of external steam or fluid pressure whether attended by rupture or not it shall not mean any slowly developing deformation or distortion due to any cause

## D. PROVISIONS

### 1. Memo 1 - Sum Insured:

It shall be a requirement of this Policy that the sum insured for each boiler and pressure vessel is equal to the cost of replacement by a new item of the same kind and capacity, which means its cost or replacement including, e.g., freight, dues and custom duties if any and cost of erection if the sum insured is less than the amount required to be insured the Company shall 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



**2. Memo 2 - Basis of Indemnity:**

- a) In cases where damage to an item can be repaired - the Company shall pay expenses 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, custom duties and dues, if any but for the boiler and pressure vessels listed in the Schedule, only 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 shall 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, but the value of any salvage shall be taken into account

If the cost of repairs as detailed hereinabove equals or exceeds the actual value of the item 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 shall pay the actual value of the item immediately before the occurrence of the loss including charges for ordinary freight cost of erection and customs duties if any, but for the boiler and pressure vessels listed in the Schedule, only 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 shall also pay any normal charges for the dismantling of the items destroyed, but the salvage shall be taken into account

Any extra charges incurred for overtime, night work, work on public holidays, and express freight shall be covered by this Policy only if especially agreed in writing

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

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

The Company shall make payments only after being satisfied by production of the necessary bills and documents that the repairs have been effected or replacement has taken place, as the case may be

**3. Memo 3 - Inspections:**

All the plants described in the Schedule shall be inspected within the statutory periods by inspectors authorised by the appropriate authorities

**4. Memo 4 - Boiler Attendant:**

This said boilers shall only be operated by attendants holding a valid certificate of competency issued under the appropriate Boiler Act

**5. Memo 5 - Operational Status:**

At the time of any explosion or collapse of any boiler or other apparatus insured hereunder the insured shall be in possession of the unqualified permission in writing of the competent inspecting authority to operate the said boiler or apparatus if the maximum pressure or load upon the safety valve immediately prior to the explosion or collapse was in excess of that stipulated by the said authority, the Insured shall not be entitled to any compensation or indemnity under this Policy in respect of such explosion or collapse

**E. GENERAL CONDITIONS**

**1. Duty of Disclosure**

Where Insured have applied for this Insurance wholly for purposes related to Insured's trade, business or profession, Insured had a duty to disclose any matter that Insured know to be relevant to Insured and Company decision in accepting the risks and determining the rates and terms to be applied and any matter a reasonable person in the circumstances could be expected to know to be relevant otherwise it may result in avoidance of Insured's contract of insurance, refusal or reduction of Insured's claim(s), change of terms or termination of Insured's contract of insurance.

Insured also have a duty to tell Company immediately if at any time after Insured's contract of insurance has been entered into, varied or renewed with Company any of the information given in the Proposal Form (or when Insured applied for this insurance) is inaccurate or has changed.

**2. Compliance**

The Insured shall at his own expense take all reasonable precautions and comply with all reasonable recommendations of the Company to prevent loss, damage or liability and shall comply with manufacturers' recommendations

**3. Material Change of Risks**

- a) Representatives of the Company shall at any reasonable time have the right to inspect and examine any property insured hereunder and the Insured shall provide the representatives of the Company with all details and information necessary for the assessment of the risk, e.g. the inspection reports issued by the inspectors authorised by the appropriate authorities.
- b) The insured shall immediately notify the Company by telegram and in writing of any material change in the risk and cause at his own expense such additional precautions to be taken as circumstances may require. This shall also apply if fuel is to be used other than that for which the boiler was designed or which was used at the time the insurance was effected Non-compliance with this condition shall result in suspension of this Policy in respect of the item or items where the change in risk has occurred

**4. Claim Notification**

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 facsimile as well as in writing, giving an indication as to the nature and extent of loss or damage;

- b) take all steps within his power to minimise the extent of the loss or damage;
- c) use its best endeavours to preserve all property affected and all other things which may assist in the investigation or defence of a claim or in the exercise of rights of subrogation and make them available for inspection by a representative or surveyor of the Company. In so far as may be reasonably practicable no alteration or repair shall be effected without the consent of the Company until the Company shall have had an opportunity of inspection;
- d) furnish all such information and documentary evidence as the Company may require;

The Company may at their own option repair or replace what is damaged or pay in cash for the loss or damage.

The Company shall not be liable for the cost of any repairs undertaken by the insured without the Company's written permission.

The Company shall not be liable for loss or damage of which no notice has been received by the Company within 14 days of its occurrence.

Upon notification of a claim being given to the Company, the insured may carry out repair of any minor damage or replace items which have sustained any minor damage, but in all other cases a representative of the Company shall have the opportunity of inspecting the damage before any alterations are effected if an inspection by a representative of the Company does not take place within a period of 14 days from the date of the notification of the claim, the insured shall be entitled to proceed with the repairs or replacement 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 continues in operation without being repaired to the satisfaction of the Company.

#### **5. Subrogation**

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 the interest of any rights or remedies, or 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 which is or would be subrogated to them upon their paying for or making good any loss or damage under this Policy, whether such acts and things are to become necessary or required before or after the Insured's indemnification by the Company.

#### **6. Admission of Liability**

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 are 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 who have full discretion in the conduct of any proceedings or in the settlement of any claim, and the insured shall give all such information and assistance as the Company may require.



## **7. Termination**

This Policy may be terminated at the request of the insured at any time, in which case the Company will retain that part of the premium paid corresponding to the customary short-period rate for the time this Policy has been in force. This Policy may also at any time be terminated at the option of the Company by seven (7) days' notice to that effect being given to the insured, in which case the Company 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 Company may have incurred.

## **8. Arbitration**

If any difference arises as to the amount of any loss or damage such difference shall independently of all other questions 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 disinterested persons as Arbitrators, of whom one shall be appointed in writing by each of the parties within two (2) calendar month after having been required so to do in writing by the other party.

In case either party shall refuse or fail to appoint an Arbitrator within two (2) calendar month after receipt of notice in writing requiring an appointment, the other party shall be at liberty to appoint a sole Arbitrator; and in case of disagreement between the Arbitrators, the difference shall be referred to the decision of an Umpire who shall have been appointed by them in writing before entering on the reference, and who shall sit with the Arbitrators and preside at their meetings.

The death of any party shall not revoke or affect the authority or powers of the Arbitrator, Arbitrators or Umpire respectively; and in the event of the death of an Arbitrator or Umpire, another shall in each case be appointed in his stead by the party or Arbitrators (as the case may be) by whom the Arbitrator or Umpire so dying was appointed.

The costs of the reference and of the award shall be in the discretion of the Arbitrator, Arbitrators or Umpire making the award. And it is hereby expressly stipulated and declared that it shall be a condition precedent to any right of action or suit upon this policy that the award by such Arbitrator, Arbitrators or Umpire of the amount of the loss or damage if disputed shall be first obtained.

## **9. Fraudulent Claim and Repudiation**

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 anyone acting on his behalf to obtain any benefit under this Policy, or if a claim is made and rejected and no action or suit is commenced within three (3) months after such rejection or, in the case of arbitration taking place as provided for herein, within three (3) months after the arbitrators or umpire have made their award, all benefit under this Policy shall be forfeited.



#### **10. Sanction Limitation and Exclusion**

The (re)insurer shall not provide cover nor be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose the insurer or any member of the insurer's group to any sanction, prohibition or restriction under United Nations resolutions, Australian autonomous sanctions, or the trade or economic sanctions, laws or regulations of any country.

#### **11. Other Insurance**

Whenever a claim arises under this Policy and the same loss, damage or liability is covered by any other insurance, the Company shall not be liable to pay or contribute more than their rateable proportion of any claim for such loss, damage or liability. The insured shall be obliged to inform the Company of any other insurance covering the same insured property.

#### **12. Premium Warranty**

It is a fundamental and absolute special condition of this contract of insurance that the premium due must be paid and received by the Company within sixty (60) days from the inception date of this policy/endorsement/renewal certificate.

If this condition is not complied with then this contract is automatically cancelled and the Company shall be entitled to the pro rata premium for the period they have been on risk.

Where the premium payable pursuant to this warranty is received by an authorised agent of the Company, the payment shall be deemed to be received by the Company for the purposes of this warranty and the onus of proving that the premium payable was received by a person, including an Insurance agent, who was not authorised to receive such premium shall lie on the Company.

### **IMPORTANT NOTICE:**

The following are channels available for complaints on insurance related matters. You can contact our Complaint Unit for assistance at 03-7861 8400 or the following authorised bodies.

#### **FINANCIAL MEDIATION BUREAU (FMB)**

LEVEL 25, DATARAN KEWANGAN DARUL TAKAFUL  
NO. 4 JALAN SULTAN SULAIMAN  
50000 KUALA LUMPUR  
TEL: 03-2272 2811  
FAX: 03-2274 5752

#### **DIRECTOR**

LAMAN INFORMASI NASIHAT DAN KHIDMAT (LINK)  
TINGKAT BAWAH, BLOK C  
BANK NEGARA MALAYSIA  
TINGKAT 14B PETI SURAT 10922,  
50929 KUALA LUMPUR  
TEL: 03-2698 8044 FAX: 03-2693 6919