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Product Fact Sheet - Contractors Plant and Equipment Insurance.

Contractors Plant and Equipment Insurance is a "package" form of insurance. Designed to meet the specific needs of contractors who operate earthmoving equipment and other mobile construction and materials handling equipment, the policy covers three main areas of "risk": -

1. Material damage, theft or loss to the equipment
2. Financial loss resulting from the equipment being unusable due to a Material damage, theft or loss
3. Liability to third parties for property damage or injury, resulting from a negligent act or omission of the contractor.

Material damage, theft or loss cover

This covers the actual equipment for replacement or repair in the event a fire, storm damage, motor vehicle accident, theft or other loss occurs. Machines are normally covered for Market Value, though with a written valuation from a licensed valuer, it is possible to purchase Agreed Value cover. Cover is provided for Cranes - fixed and mobile, Road making equipment, Self-loading vehicles, Lifting equipment, Earthmoving equipment, Attachments, Asphaltting machines, Non-self propelled plant, Concreting equipment, Drilling rigs, Pavers, Trucks, Tippers, Trailers, Forklifts, Farm machinery, Logging machinery, Harvesting machines and Mining machines. Cover can extend to include listed attachments such as buckets, augers, drill bits, trailers, hammers etc. Attachments are only covers if actually listed. Damage or loss must be sudden and unforeseen.

Cover can also be extended to include machinery hired in (not owned).

Under this section, cover can further be extended to include risks that are unique to these types of industries, such as claims arising from Multi-lift (where two or more machines are lifting items together), Damage to lifted goods, Costs associated with recovery of machines from remote locations (whether or not there is any damage to the machine), Hiring charges (costs to hire a replacement machine), Expediting costs (additional costs incurred to reduce the total value of a claim - such as extra transport costs to a repairer who is further away but may have the required parts and can start repairs more quickly).

Finally the policy can be extended to cover Mechanical Breakdown - which can be important particularly for cranes and large machines, as breakdowns can cost tens to hundreds of thousands of dollars

Financial covers

This policy can cover the financial losses that can arise from a claim - such as the money required to continue a lease payment whilst a machine is being repaired.

It can also cover any shortfall in a lease pay-out as a result of a machine being totally damaged, yet the market value is less than the pay out figure on the lease (a very common occurrence).

Finally, the policy can be extended to include lost income (business interruption) as a result of the machine being damaged or destroyed - this is a particularly good cover and one that each client should consider unless they have spare machinery to do the job.

Liability covers

There two forms of Liability cover under this policy. The first is called **Road Risk** and is basically the same as the Third Party Property Damage cover you get under a motor vehicle insurance. It covers any damage the machine does whilst in transit, under its own normal propulsion. So, if the machine ran into another car or fence or building - this section covers that loss. Sums insured generally start around \$20,000,000 for this type of cover but can be less or more. This cover is only available for road registered vehicles or vehicles that are licensed to operate on public roadways under a special permit. It does not cover personal injury - which is normally covered by Green slip insurance.

The other main liability cover is what we call **Broadform Public and Products Liability** insurance and covers any personal injury or property damage caused by the business (either with or without the actual machine being involved). For example, an excavator digging trenches and cutting a fibre optic cable, is the sort of risk that is covered by this section of the policy.

This section can also be extended to include personal injury or damage done by unregistered vehicles, provided this extension to cover is selected. Even damage down by attachments can be covered.

An important distinction with this policy is to identify is machinery is used by the insured party (called wet hire) or hired out to other parties without the insured's own operator (called dry hire) as Dry Hire cover must be selected for any cover in that situation.