



# INSURANCE COMPANY JAMAICA LIMITED

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## BOILER & PRESSURE VESSEL INSURANCE PROPOSAL FORM

### Note to Proposer

### Notice to Insured on the Nature and Effect of the Pro Rata Condition of Average (Average Clause)

Please note that any property that is insured or to be insured under the policy mentioned above is subject to the **pro rata condition of average (Average Clause)**. This means that, under certain circumstances, if the property covered under this policy is, at the time of any loss or damage from an insured peril, of greater value than the sum for which the property is insured, you will only be entitled to recover under this policy such proportion of the loss as the sum insured under this policy bears in relation to the total value of the property. You are said to be under-insured because the sum insured at the time of the loss is less than the actual value of the insured property and so a part of the insured loss will not be covered under his Policy. In this case, you are considered as being your own insurer for the part of your loss which is not covered under this policy.

For example, should you have a property, which has a value of \$10,000,000 and you decide to insure it for \$7,000,000 and you suffer a loss from an insured peril, there are three possible scenarios depending on the size of the loss. The formula that is applied in each case is the same as set out below:

$$\frac{\text{Sum Insured}}{\text{Value}} \times \frac{\text{Amount of the loss}}{1} = \frac{\text{Amount Recoverable}}{1}$$

**Example 1** Where loss is less than value and less than Sum Insured

- Assume the loss is \$5,000,000

$$\frac{\$7,000,000}{\$10,000,000} \times \frac{\$5,000,000}{1} = \frac{\$3,500,000}{1}$$

You will be paid \$3,500,000 or 70% of your loss less any deductible stated in the policy

**Example 2** Where loss is less than value but greater than Sum Insured

- Assume the loss is \$8,000,000

$$\frac{\$7,000,000}{\$10,000,000} \times \frac{\$8,000,000}{1} = \frac{\$5,600,000}{1}$$

You will be paid \$5,600,000 or 70% of your loss less any deductible stated in the policy

**Example 3** Where loss is equal to replacement value

Should you have a total loss that is, \$10,000,000 then you will only receive the amount you insured the property for that is, \$7,000,000 less any deductible stated in the policy.

Under certain circumstances where you under-insure, you may be entitled to the full amount of the insured loss if the sum insured is equal to or more than 85% of the value. This will depend on the terms of your policy.

Please review the terms of your policy carefully, including checking on the adequacy of the sum for which the property is insured or to be insured. This will enable you to identify whether you are or will be under-insured in a manner which will cause the **pro rata condition of average** detailed in your policy to be applied. You may check with your insurer, agent or broker for further clarification on the terms of your policy and the nature and effect of the pro rata condition of average contained therein.

This notice is given to you in fulfillment of the legal requirement to provide you with information on the nature and effect of the **pro rata condition of average** stated in your policy to be inserted in the policy of insurance mentioned above.

Please note that the extent to which the condition applies is governed by the terms of your policy.

.....  
**Proposer's Signature**

.....  
**Date**

|        |  |            |  |
|--------|--|------------|--|
| Broker |  | Policy No. |  |
|--------|--|------------|--|

|                      |  |           |  |
|----------------------|--|-----------|--|
| Full name of Insured |  |           |  |
| Address              |  |           |  |
| Occupation           |  | Telephone |  |

|                     |       |  |     |  |
|---------------------|-------|--|-----|--|
| Period of Insurance | FROM: |  | TO: |  |
|---------------------|-------|--|-----|--|

|  |  |  |
|--|--|--|
| <b>PLANT 2</b>   |  |  |
| SUM INSURED<br>Limit of Indemnity (per plant per item)                                 |  |  |
| Limit of Indemnity (per plant per occurrence)  |  |  |
| EXPOSURE CALCULATION<br>Initial Investment   |  |  |
| New Replacement Value  |  |  |
| Value of exposed own surrounding property  |  |  |
| Third party exposure estimation:   |  |  |
| Probable material damage   |  |  |
| Probable bodily injury   |  |  |
| PLANT DATA   |  |  |
| TYPE OF BOILER<br>Automatic, controlled, Watertube, Firetube,<br>Radiant heat, unfired |  |  |
| CAPACITY (tons per hour)   |  |  |
| TEMPERATURE C<br>Before super heater   |  |  |
| After super heater   |  |  |
| PRESSURE kg/cm2, psi on safety valve<br>-max allowed                                   |  |  |
| -set at normal operating pressure  |  |  |
| MAKERS<br>No./Date of make   |  |  |
| Address:   |  |  |
| Phone No.  |  |  |
| CUMBUSTIBLE<br>Fuel gas or oil or waste (type)   |  |  |
| WATER TREATMENT<br>Filter, Chemical, Thermal   |  |  |
| SAFETY CONTROLS<br>Water gauge, Low water alarm, Fused Plug                            |  |  |
| SUPERVISION<br>Full time/ at intervals (state hours)                                   |  |  |
| ANCILLIARIES<br>State new item and new replacement value                               |  |  |
| Preheaters, Airheaters, other vessels<br>(Use separate page if necessary)              |  |  |

|  |                              |                             |  |
|--|------------------------------|-----------------------------|--|
| 5. Is proposer aware of any defect in the plant?   |                              |                             |  |
| 6. Give details of any known previous defects, major repairs or accidents  |                              |                             |  |
|  |                              |                             |  |
|  |                              |                             |  |
| 7. Nearest center for repairs  |                              |                             |  |
| 8. (a) What arrangements are made for and who carries out the regular maintenance and regular inspection of the plant? |                              |                             |  |
| (b) date of last overhaul or maintenance service?  |                              |                             |  |
| 9. What statutory rules/regulations for inspection apply?  |                              |                             |  |
| 10. Is the last statutory report/certificate up to date and satisfactory?<br>(Last report/certificate to be produced)  |                              |                             |  |
| 11. Date of last through examination of plant and by whom  |                              |                             |  |
| 12. Is there any unusual or abnormal hazard in connection with the operation of the plant?                             |                              |                             |  |
| 13. Is an operations' record kept?   | <input type="checkbox"/> Yes | <input type="checkbox"/> No |  |
| 14. Mention any unusual operational features   |                              |                             |  |
| 15. Has any insurer or underwriter   |                              |                             |  |
| (a) declined to insure or withdrawn or cancelled insurance?  | <input type="checkbox"/> Yes | <input type="checkbox"/> No |  |
| (b) imposed any special limitations or increased premium?  | <input type="checkbox"/> Yes | <input type="checkbox"/> No |  |
| If so, give details  |                              |                             |  |
| 16. Number of shifts worked per day  |                              |                             |  |

**DECLARATION**

The proposer hereby confirms that the foregoing statements are correct and that the objects to be insured are in good working order. The Company is entitled at any time to inspect the objects to be insured.

In the event of misrepresentation or non-disclosure or concealment the Company is entitled to withdraw from the contract and shall be free of any obligation in the case of a claim.

The proposer confirms having received a copy of the conditions of insurance

The proposal is binding upon the proposer for 14 days

If the proposal is accepted, the annual premium shall be paid after handing over the policy and before the inception date of the policy cover. It is a policy condition that insurance cover shall become effective only after the payment of the premium.

Date: \_\_\_\_\_

Signature of Proposer \_\_\_\_\_