

Questionnaire and Proposal for Loss of Profits following Machinery Breakdown Insurance

Name: _____

Postal address: _____

Nature of business: _____

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	
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 so, please indicate monthly figures.		
16. Is there a stock of semi-finished or finished products?	<input type="checkbox"/> yes	<input type="checkbox"/> no	
	If so, 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 so, 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. 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? If so, please indicate: If maximum demand charges are to be insured:	<input type="checkbox"/> yes	<input type="checkbox"/> no	
	Item numbers of the machines to be insured hereunder		
	Power requirements of the works (kW, kWh p.a.)		
	Percentage of power requirement met by the factory generator		
	Extent (kW, kWh p.a.) of current that may be drawn from external power sources		
	Cost per kWh of external power		
	Factory generating costs saved per kWh if external power is used		
	Please indicate the annual increased cost of electricity under question 23 (item 2).		
	Maximum demand charge per kW of external power		
	Method of calculation (Please enclose copy of electricity supply contract.)		
	Please indicate the annual maximum demand charge for external power to be insured under question 23 (item 3).		
	Percentage of deductible desired for maximum demand charges (minimum deductible 10%)		
	20.	If business interruptions due to the failure of public supplies (power, water, gas) are to be included in the cover, please fill in separate questionnaire.	
21.	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.		

22. Calculation of the sum insured The subject matter insured is the profit achieved by selling the goods manufactured in the works insured and the profit gained from services rendered as well as all standing charges which continue to accrue in the works insured in the event of a business interruption. The annual total of net profit and standing charges, the gross profit, is conveniently determined on the basis of the Profit and Loss Account. The following calculation is based on the Profit and Loss Account of the year Commencement of business year: Currency:

Deductions from turnover (such as discounts granted to customers, rebates, price deductions)		Turnover	
Excise and turnover taxes		Expenditure incurred for external power, goods, raw materials and supplies used for maintenance	
Expenditure incurred for external power, goods, raw materials and supplies, total		Company-manufactured additions to assets	
Other costs (such as carriages paid to other firms, customs duties, postage, turnover-dependent insurance premiums, licences)		Reduction in gross profit due to damage incurred during the business year	
Inventory value of finished and semi-finished goods at the commencement of the business year		Inventory value of finished and semi-finished goods at the end of the business year	
Total		Total	
			→ less
		Gross profit	
		Safety margin for increase during the policy year	
		Sum insured	

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 23.

23. 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		

24. What time excess is desired? 2 days 4 days 7 days 14 days
 (minimum time excess 2 days)

25. When is the insurance to commence?

The insurers undertake to deal with the information supplied in strict confidence. The undersigned persons declare herewith that the statements made in the questionnaire are complete and to their best knowledge and belief and that they agree that this questionnaire forms the basis and part of the policy to be issued for the insurance proposed.

Executed at _____ Date _____ Signature _____

List of Machinery and Plant to be insured

Sheet of sheets

Item No.	Qty.	Description of machine or plant ¹ (designation, manufacturer, type, capacity, speed, number of cylinders, transmission ratio, voltage, pressure, temperature, heating surface, new replacement value, etc.)	Year of manufacture	Load ²	Relative importance ³	Spare parts available, replacement period for machine or plant	Desired indemnity period limit ⁴ (months)	Special remarks: Loss minimizing possibilities ⁵ , external repair facilities? Prototype? Remaining period of maker's guarantee? Teething troubles? Last inspection? Results thereof? Hazard of interruption being prolonged due to solidifying melt, long cooling or starting-up periods? Etc.

¹ Each prime mover and machine should be listed separately. Spare machines should be designated as such and are to be included in the insurance cover.

² Ratio between actual load and designed load (e.g. 80%).

³ Reduction (per cent) of the gross profit in the event of failure of a machine (disregarding any loss minimizing possibilities).

⁴ The indemnity period limit represents the maximum period during which the insurers pay indemnification for loss of profits. 3, 6, 9 or 12 months may be agreed on as indemnity periods.

⁵ Reduction (per cent) of the loss of production by using machines not fully utilized or not utilized at all, carrying on production on other premises, etc. How long does it take to procure hired machinery?

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