

HEAVY EQUIPMENT INSURANCE POLICY

WHEREAS the named in the Schedule hereto has made to(Company's Name) (hereinafter called the Insurers a written proposal by completing a Questionnaire which together with any other written information given by the Insured for the purpose of this Policy is deemed to be incorporated herein.

Now this Policy witnesses that in consideration of the Insured having paid or agree to pay to the Insurers the premium shown in the Schedule the Insurers will indemnify the Insured in the manner and to the extent hereinafter provided.

Provided always that the due observance and fulfillment of the terms, conditions, exceptions and endorsements of this Policy insofar as they relate to anything to be done or complied with by the Insured and the truth of the statements and answers in the proposal(s) shall be conditions precedent to the right of the Insured to recover hereunder.

The Schedule shall be deemed to be incorporated in and form part of this Policy and the expression "this Policy" wherever used in this contract shall be read as including the Schedule. Any word or expression to which a specific meaning has been attached in any part of this Policy or of the Schedule shall bear such meaning wherever it may appear.

GENERAL CONDITIONS

1. The Insurance is only in force within the territory of the Republic of Indonesia.
2. The Insured shall take all reasonable steps to maintain the insured property in efficient working order and to ensure that no item is habitually or intentionally overloaded . The Insured shall fully observe the manufacturers' instructions for operating, inspection and overhaul, as well as government, statutory, municipal and all other binding regulations in force concerning the operation and maintain of the insured equipment.
3. The Insured shall immediately notify the Insurers in writing of any
 - 3.1. Material change in the original risk.
 - 3.2. Alteration, modification or addition to an insured item.
 - 3.3. Departure from prescribed operating conditions, whereby the risk of loss or damage increases.
 - 3.4. Changes in the Insured's interest (such as discontinuation or liquidation of the business or being placed in receivership).
4. Representatives of the Insurers shall at any reasonable time have the right to inspect and

examine any property insured hereunder and the Insured shall provide the officials of the Insurers with all details and information necessary for the assessment of the risk. The Insurers shall provide the Insured with a copy of the inspection report, which shall however be treated as strictly confidential, both by the Insured and the Insurers.

5. In the event of any occurrence which might give rise to a claim under the Policy the Insured shall:
 - 5.1. Immediately notify the Insurers by telephone or telegram as well as in writing and supply all such particulars and proofs of a claim as may be required by the Insurers.
 - 5.2. Take all steps within his power to minimize the extent of the loss or damage.
 - 5.3. Preserve the damaged property and make it available for inspection by a representative or surveyor of the Insurers.
 - 5.4. Inform the policy authorities in case of loss or damage due to theft or burglary.

5.5. Advise the Insurers of any other insurance covering all or part of the same risks.

6. The Insurers shall not in any case be liable for loss, damage or liability notice of which has not been received by the Insurers within 14 days of its occurrence.

A representative of the Insurers shall have the opportunity of inspecting the loss or damage before any repairs or alteration are effected.

Nothing herein shall prevent the Insured from taking such steps as are absolutely necessary for the security and continuance of operations. The Insured shall not be entitled to abandon any property to the Insurers whether taken possession of by the Insurers or not.

7. The Insured shall at the expense of the Insurers do and concur in doing and permit to be done all such acts and things as may be necessary or required by the Insurers for the purpose of enforcing any rights or remedies, or of obtaining relief or indemnity from parties (other than those insured under this policy) to which the Insurers shall be or would become entitled or subrogated upon their paying for or making good any loss or damage under this policy, whether such acts and things shall be or become necessary or required before or after the Insured's indemnification by the Insurers.

8. All differences arising out of this policy shall be referred to the decision of an Arbitrator to be appointed in writing by the parties in difference or, if they can not agree upon a single Arbitrator, to the decision of two Arbitrators, one to be appointed in writing by each of the parties, within one calendar month after having been required in writing to do so by either of the parties, or, if the Arbitrator do not agree, of an Umpire to be appointed in writing by the Arbitrators before entering upon the reference. The umpire shall sit with the Arbitrators and preside at their meetings. The making of an award shall be a condition precedent to any right of action against the Insurers.

9. If a claim is in any respect fraudulent, or if any false declaration is made or used in support hereof, 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, suit, or reference to

arbitration is commenced within three months after such rejection or, if arbitration takes place, as provided herein, within three months after the Arbitrator or Arbitrators or Umpire have made their award, all benefits under this Policy shall be forfeited.

10. This Insurance may be terminated at the request of the Insured at any time, in which case the Insurers will retain the customary short-period premium for the time the Policy has been in force. This insurance may equally be terminated at the option of the Insurers by ten days' notice being given to that effect to the Insured, in which case the Insurers shall be liable to repay a rateable proportion of the premium for the unexpired term from the date of cancellation less any reasonable inspection charges the Insurers may have incurred.

11. If, at the time any claim arises under the Policy, there be any other insurance covering the same loss or damage, the Insurers shall not be liable to pay or contribute more than their rateable proportion of any claim of such loss or damage.

GENERAL EXCLUSIONS

The Insurers will not indemnify the Insured in respect of:

1. The deductible stated in the Schedule to be borne by the Insured
2. Willful act or omission or gross negligence of the Insured or his representatives.
3. 3.1. Loss or destruction or damage to any property whatsoever or any loss or expense whatsoever resulting or arising therefrom or any consequential loss.
- 3.2. Any legal liability of whatsoever nature

Directly or indirectly caused by or contributed to or arising from ionising radiation or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel. For the purpose of this exclusion only combustion shall include any self-sustaining process of nuclear fission.

4. Any loss, destruction, damage or legal liability directly or indirectly caused by or contributed to or arising from nuclear weapons material.

5. Loss, damage or liability 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, earthquake, volcanic eruption, military or usurped power, or malicious persons acting on behalf of or in property by order of the government *de jure* or *de facto* or by any public authority.

In any action, suit or other proceeding where the Insurers allege that by reason of the provisions of Exclusion (5) above any loss, destruction, damage or liability is not covered by this insurance the burden of proving that such loss, destruction, damage or liability is covered shall be upon the Insured.

INSURANCE COVER

If, at any time during the period of insurance stated in the Schedule, the machinery and equipments described in the Schedule and used in performance of its proper function shall suffer any unforeseen or accidental loss or damage from any cause other than those specifically excluded necessitating repair or replacement, the Insurer will indemnify the Insured in respect of such loss or damage up to an amount not exceeding in any one year in respect of each of the items specified in the Schedule the sum set out opposite thereto and not exceeding in all the total sum expressed in the said Schedule as insured hereby.

PROPERTY INSURED

1. Insured are all machinery and equipments specified in the Schedule. This insurance applies whether the Insured property is at work or at rest or is undergoing cleaning or overhauling.
2. Only by agreement under the specific Endorsement, which must be attached to the Policy, are Insured
 - Tunneling and underground mining plant
 - Plant and Equipments working on platforms or on barges or on pontoon.

PROPERTY NOT INSURED

1. Exchangeable tools and parts of all kinds (such as drills, knives, saw blades, screens, sieves, chains, connecting cables, flexible pipes, jointing and packing material) elevator or conveyor belts, tyres and batteries.

Unless the loss or damage to such property arises out an accident for which the Company is liable. Then in such case the indemnification shall be limited to the actual value of such items immediately prior to the occurrence of the loss or damage.

2. Vehicles licensed for general road use (except when being used exclusively on a specified location outside public roads), waterborne vessels and craft, aircraft.
3. Fuels, cooling media, lubricants, oil fillings.

INSURED PERILS

1. Incorrect operation, negligent or malicious acts of employees.
2. Forces of nature, such as storm, flood, hail, inundation, landslide.
3. Fire Lightning and explosion.
4. Burglary and Theft.
5. Collision, overturning, derailment.
6. Any other accident not excluded under General and Special Exclusions.

SPECIAL EXCLUSIONS

The Insurers shall not be liable for :

1. Loss or damage to any equipment during transit by any means of transportation.
2. Loss or damage to any equipment caused by driving over public road.
3. Mechanical or electrical breakdown or derangement, freezing of coolant or other liquids, defective lubrication or lack of oil or coolant. However, if as a consequence of such breakdown or derangement a further accident occurs, such consequential damage will be indemnifiable.
4. Wear and tear, corrosion, erosion, oxidation and gradual deterioration due to lack of use and normal atmospheric conditions.
5. Any costs for standard adjustment, rectifying functional failures and maintenance of the insured object unless necessary in connection with the repair of an insured loss.
6. Loss or damage for which the manufacturer or supplier of the property is legally or contractually liable.
7. Loss or damage resulting from faults and defects of which the Insured or his representatives knew or should have known.
8. Loss or damage resulting from use of any insured object after damage has occurred has occurred but before permanent repair has been effected and normal operation guaranteed.

9. Total or partial immersion due to tidal movements.
10. Consequential loss, damage or liability of any nature.

SUM INSURED

It is a requirement of this insurance that the sum insured shall be equal to the cost of replacement of the insured machinery and plant by new machinery of the same specifications and same capacity including all freight cost to site, erection cost and customs duties and other dues.

Under Insurance:

If in the event of loss or damage it is found that the sum insured is less than the amount required to be insured, then the amount recoverable by the Insured under this policy shall be reduced in such proportion as the sum insured bears to the amount required to be insured. This conditions applies separately to every object and item.

LOSS SETTLEMENT

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

Extra charges incurred in connection with a claim covered by this Policy for overtime, night work, work on public holidays, express and airfreight shall not be reimbursed, unless specially provided for by endorsements to the Policy.

The cost of any alterations, additions and/or improvements which may be undertaken as a result of any loss or damage shall not recoverable hereunder.

The cost of salvage operations and subsequent cleaning of the plant or equipment's will be indemnified by insurer's up to USD. 5,000.- any one unit any one occurrence. Provided always that such extra charges are incurred in connection with an indemnifiable loss of or damage to such plant.

The basis of any loss settlement under this Policy shall be:

1. In cases where damage to an insured item can be repaired, the Insurers will pay expenses necessarily incurred to restore the damaged machine to the operating condition in which it was before the occurrence of the damage. No deduction shall be made for depreciation in respect of parts replaced.

The Insurers will also pay dismantling and re-erection charges incurred for the purpose of effecting the repairs as well as ordinary freight charges, customs duties and dues, if any. If the repairs are executed at a workshop owned by the Insured, the Insurers will pay the cost of materials and wages incurred for the purpose of the repairs plus a reasonable percentage to cover the overhead charges. The value of any salvage materials shall be deducted.

2. In the case of a total loss, the actual value of the property immediately, before the occurrence of the loss less salvage.

All damage which can be repaired shall be repaired, but if the repair costs equal or exceed the actual value, settlement shall be made on the basis provided for in 2 above.

The Insurers may at their own option repair, reinstate or replace any property lost or damaged or pay in cash the amount payable hereunder.