



Transnet Procedure Manual
Contract Works / Contractors Public Liability
Principal Controlled Insurance
2010 /2011



Index

INTRODUCTION	3
INSURANCE RESPONSIBILITIES	5
SUMMARY OF COVER - GENERAL	8
SUMMARY OF COVER - CONTRACT WORKS INSURANCE	12
SUMMARY OF COVER - CONTRACTORS PUBLIC LIABILITY INSURANCE	18
ADMINISTRATIVE PROCESS	23
IMPORTANT CONSIDERATIONS	26
CLAIMS PROCEDURE	28
AON SOUTH AFRICA - PERSONNEL	32
ANNEXURE 1	33
Transnet Principal Controlled Construction Insurance Programme Contract Award Declaration (Part A) and Contract Completion Declaration (Part B)	
ANNEXURE 2	34
Incident Advice Form	
ANNEXURE 3	35
Annual Contract Works / Contractors Public Liability / Lateral Support Policy Wording	
ANNEXURE 4	36
Annual Contractors Public Liability Policy Wording	

**Procedure Manual
Principal Controlled Insurance 2010 / 2011**

Introduction

“PREVIEW COPY ONLY”



Procedure Manual Principal Controlled Insurance 2010 / 2011

Introduction

TRANSNET LIMITED insure all Projects / Contracts on a Principal Controlled Insurance Programme basis (including the Assembly and/or Erection of Plant and Machinery) in respect of Contract Works and Contractors Public Liability.

Philosophy of the programme

- Transnet Limited and its Operating Divisions and Specialist Units wish to control the risk exposures in this regard.
- Transnet Limited, as a large organization, bulk-buys - resulting in preferential rates and cover.
- Simplified administration.
- Eliminates potential problems which usually occur when individual Contractors are responsible to arrange separate insurance.
- Includes the Contractor and/or Subcontractors as an insured party.

- It is therefore important that Tender and eventual Contract documents reflect the fact that Transnet as the Principal (i.e. the Employer) arranges certain covers which incorporates cover on behalf of Contractor's and / or Subcontractor's.
- The concept does not relieve the contracting parties of their responsibilities for, amongst others, care of the works and liabilities to third parties

**Procedure Manual
Principal Controlled Insurance 2010 / 2011**

Insurance Responsibilities

“PREVIEW COPY ONLY”

Procedure Manual Principal Controlled Insurance 2010 / 2011

Insurance Responsibilities

1. Cover arranged by Transnet as the Principal (Employer)

1.1 Insurance Cover Applicable To All Contracts

1.1.1 Contract Works Cover

Covering fortuitous physical loss or damage to the works, temporary works and materials for incorporation into the works whilst in transit and whilst at the contract site.

Limited to **R100,000,000** any one contract. (Inclusive of VAT)

1.1.2 Contractors Public Liability Cover

Covering legal liability arising out of or connection with the performance of the works on the contract site or sites designated by the Principal for purposes of the performance of the contract.

Limited to **R10,000,000** any one occurrence.

1.1.3 Riot / Strike Cover (Contract Works)

Provided by:

SASRIA (*South African Special Risks Insurance Association*) in respect of risks with RSA.

NASRIA (*Namibian Special Risks Insurance Association*) in respect of risks within Namibia.

1.2 Additional Insurances (Optional)

1.2.1 Marine Transit Cover

Covering imports until delivered and checked on site.

1.2.2 Project Delay Cover

Covering consequential financial exposures due to delays following indemnifiable loss or damage to the works.

1.2.3 Removal of Lateral Support

Covering legal liability incurred in respect removal of or weakening of or interference with support to land or property or buildings adjacent to, on or in the vicinity of the Contract site.

Limit of indemnity **R25,000,000** any one occurrence.

Procedure Manual Principal Controlled Insurance 2010 / 2011

- The above information (including limits of insurance purchased) should be clearly spelt out in Tender and eventual Contract documentation including the deductible (excess) which are applicable and the fact that Contractor's and/or Subcontractor's are responsible for the deductible.

2. Cover to be arranged by Contractor's/Subcontractor's

All Contractor's/Subcontractor's still remain fully responsible to arrange insurance in respect of the following:

- As prescribed by the Compensation for Occupational Injuries and Diseases Act No. 130 of 1993 as amended.
- Employers Common Law Liability.
- Own plant, machinery, equipment and tools.
- Motor Vehicles Liability.
- Professional Indemnity (Defective Design).

- This should also be clearly spelt out in Tender and eventual Contract documentation.

3. Cover to be arranged by Consulting Engineers, Architects & Other Professionals

Professional Indemnity (defects in Design, Plan or Specification).

Please ensure that Professional Service Providers do not contract out of their liability in this regard. (Please refer to Transnet Group Insurance for recommendation and approved limits).

**Procedure Manual
Principal Controlled Insurance 2010 / 2011**

Summary of Cover

General

“PREVIEW COPY ONLY”

Procedure Manual Principal Controlled Insurance 2010 / 2011

Summary of Cover

The Insured Parties

- Transnet Limited and / or its Affiliated / Subsidiary / Associated Companies as Principal or Employer.
- All Contractor's undertaking work for or on behalf of the Principal in execution of the Contract
- All Subcontractor's employed by the Contractor and all other Subcontractor's (whether nominated or otherwise) engaged in the fulfillment of the Contractor.
- To the extent required by any Contract or Agreement suppliers manufacturers vendors or other persons engaged on the contract sites but only to the extent of loss damage or liability originating at the Contract Site (other than while the Property Insured is in transit) arising out of the performance of their Contract Site obligations.

Cover

- Contract Works – as detailed herein.
- Contractors Public Liability – as detailed herein.

Insured Contracts

- All contracts up to a maximum value of R100,000,000 (**Inclusive of VAT**) any one contract.
- Limited to a maximum contract period of 36 months followed by a maximum Defects Liability / Maintenance period of 12 months.

Excluded Contracts

- Where the contract value exceeds R100,000,000 (**Inclusive of VAT**)
- Where the contracted duration of the contract exceeds 36 months.
- Where contracted Defects Liability / Maintenance period exceeds 12 months.
- Contracts involving harbor wet risks*, dams, tunneling, mining, shaft sinking, underground work, quarrying, alterations to water courses being River Diversions or Cofferdams.
- Contracts outside of the territorial limits.

* NOTE

Harbor Wet Risks defined as:-

“Harbor Wet Risks shall mean all work entailing or involving work in or upon water whether partially or fully submerged such as but not limited to quay walls, seawalls, caissons, breakwaters, jetties, piers, deepening widening and dredging of ports and other off shore risks”

Procedure Manual Principal Controlled Insurance 2010 / 2011

- Contracts involving construction and erection of Petrochemical Plant(s) but this exclusion is limited to contracts involving Petrochemical Manufacturing Plant such as Sasol and the like
- On an existing airport runway or airstrip or in or on any aircraft.

Contract Site

Any location upon which the Insured Contract(s) is to be executed or carried out as more fully defined in the Insured Contract(s) documents together with so much of the surrounding area as may be designated for the performance of the Insured Contract(s).

Territorial Limits

The Republic of South Africa and to the extent permitted by the applicable Insurance Acts the territories of Lesotho, Namibia, Swaziland, Botswana, Zimbabwe and Mozambique.

N.B.

In terms of local legislation enacted in some of the above territories it is required that insurance cover be placed within their local markets. It is therefore important that the Broker be advised timeously (prior to Tender documents being issued) should any contracts, whether as Principal or Contractor, take place in any of the above territories.

If Contracts are to take place in any territories not listed above, the Broker also needs to be advised of same at feasibility stage.

Cover Limitations / Warranties

Unsealed / Unprimed Base Course

- Unsealed / unprimed base course – cover limited to a maximum of 5,000 metres.

Open Trench

- Open trench – cover limited to a maximum indemnity of 5,000 metres.

It is essential that the above limitations are brought to the attention of Contractor's. Where this restriction is not practical, specific arrangements for cover can be made with Underwriters. They will, however, require detailed underwriting information and an additional premium may be charged.

Procedure Manual Principal Controlled Insurance 2010 / 2011

Laid Pipes

- Pipes with a diameter not exceeding 500mm, and all pipes intended for the transportation of Petroleum Products or Fuel Gases irrespective of diameter, are to be end capped on the termination of each days work to avoid ingress of mud silt water debris detritus and the like.
- Pipes with a diameter exceeding 500mm are to be capped on the termination of each days work with steel mesh to allow ingress of water to avoid floatation but avoiding ingress of large debris or detritus.

NB If above not conformed with cover is forfeited.

Rail Track Re-Profiling

- The maximum speed of any grinding unit shall not exceed 11.00km per hour.
- All Guards, Curtains, Spark Deflectors are to be in place and correctly positioned prior to the commencement of each grind.
- Maximum grinding distance in any one execution shall not exceed 10,000 metres.
- Any changes in prevailing weather conditions must be recorded and appropriate remedial action taken.
- The Insured Parties are to comply with all Fire Fighting requirements as set out in the Project Specification For Track Maintenance With An On Track Grinding / Profiling Machine and any amendments / deviations to this Project Specification are to be advised to the Insurer prior to work being undertaken.

NB If above not conformed with cover is forfeited.

- It is essential that the above Warranties are brought to the attention of Contractor's.

Used Plant – Basis of Loss Settlement

Insured property which has operated under service conditions prior to attachment of cover:-

- Up to 5 years – cost of repair / reinstatement / replacement.
- In excess of 5 years - agreed value (calculated on basis of each life year (or part thereof) on present day New Replacement Value reduced proportionally over 20 years subject to residual of 20%).

Procedure Manual Principal Controlled Insurance 2010 / 2011

Claims Reporting

- All incidents that could give rise to claim under the Principal Controlled Insurances, **HAVE TO BE** reported to the Broker / Insurer within a **90 (Ninety)** day period. **Failing this, all benefits in terms of the Policy shall be voidable from date of occurrence.**
- All claims must be registered in terms of requirements applicable to Risk Console unique claim number condition.

It is essential that the above Condition is brought to the attention of Contractors in Tender / Contract Documents.

Rating Structure

- The rates include both Contract Works and Contractors Public Liability cover per current policy limits, terms and conditions.

Minimum premium requirement are:-	Track Re-profiling	R8,000
	Burning of Fire Breaks	R8,000
	Chemical Vegetation Control	R4,000
	Vegetation Rehabilitation	R4,000
	Ballast Tamping	R4,000
	Geotechnical & Exploratory	R4,000
	All Other	R6,000
	SASRIA	R 500

(Above are inclusive of VAT)

- To extend the contract period beyond **36 months** will attract an additional premium.
(See Administrative Procedures herein).

**Procedure Manual
Principal Controlled Insurance 2010 / 2011**

Summary of Cover

Contract Works Insurance

“PREVIEW COPY ONLY”

Procedure Manual Principal Controlled Insurance 2010 / 2011

1. Contract Works Insurance

Synopsis of Cover

Fortuitous Physical loss of or damage:

- During dismantling of property in connection with the Insured Contracts.
- Whilst in transit, including loading and unloading, or whilst temporarily stored at any premises en route to or from The Contract Site within the Territorial Limits;
- During the preparation of The Contract Site and thereafter until the Property Insured has been officially accepted by the Employer and becomes his responsibility by means of a Notice of Completion Certificate or similar evidence of legal transfer of risk in the whole or permanent works under the Insured Contract to the Employer;
- Where testing and commissioning of Property Insured is conducted by the Employer "completion" for purposes of this insurance to occur only after successful completion of all testing and commissioning of the whole of the permanent works under the Insured Contract;
- Where the permanent property insurance arranged by the Employer indemnify the Insured for completed portions of the Property Insured prior to completion of the whole of the permanent works under the Insured Contract, this insurance in respect of such completed portions of the Property Insured shall cease except as provided below;
- Work uncompleted or outstanding in terms of any certificate of completion, certificate of handover or similar document shall continue to be insured until its completion and the inception of the Contractual Defects Liability or Maintenance Period (as may be described in the Insured Contract) for such uncompleted or outstanding work where after the provisions of (g) below shall apply in respect of such work;
- During the Contractual Defects Liability or Maintenance Period (as may be described in the Insured Contract) pertaining to any part of the permanent works but only in respect of loss or damage:
 - i) arising from a cause occurring prior to commencement of such period of maintenance or defects liability period
 - ii) arising from any act or omission of the Insured their Servants, Agents, Suppliers or Subcontractors in pursuance of the Insured's obligations.

for which the Insured Contractor is responsible under the Contract.

Procedure Manual Principal Controlled Insurance 2010 / 2011

Contract Period Limitation

Maximum Contract period	36 months
Maximum Defects Liability / Maintenance Period	12 Months

Limits of indemnity

Contract Works (Any One Contract)	R100,000,000
Work done on Marine vessels	R10,000,000
Surrounding Property	R10,000,000
Surrounding Property – Worked Upon	R50,000,000
Surrounding Property – Watercraft	R10,000,000
Removal to Gain Access	R1,000,000
Documentation	R100,000
Debris Removal	R2,500,000
Claims Preparation Costs	R500,000
Maximum testing / commissioning period	60 days
Maximum un-sealed / un-primed base course limitation	5,000 metres
Maximum open trench limitation	5,000 metres

“PREVIEW COPY ONLY”

Procedure Manual Principal Controlled Insurance 2010 / 2011

Deductibles

The deductible (excess) is the amount which the Contractor and/or Sub-Contractor is responsible for and this obligation must be reflected in the Tender and/or Contract Documents and the responsibility for same made clear.

The deductibles apply to each and every occurrence and in respect of all Contracts.

The deductibles are:

Loss or damage arising out of major perils (where the term shall include storm, rain, tempest, wind, flood, theft and / or malicious damage, subsidence, collapse, earthquake, testing, commissioning)	R 25,000
Loss or damage arising from any other cause	R 15,000
Removal of Debris	R 25,000
Loss or damage to Surrounding Property	R 25,000
Loss or damage to Surrounding Property – Worked Upon	R 75,000
Loss or damage to Documentation	R 5,000
Road Reserve / Servitude	R250,000

"PREVIEW COPY ONLY"

Procedure Manual Principal Controlled Insurance 2010 / 2011

All Contracts Entailing Trenching and / or Layer Works

Following additional Deductibles apply over and above the aforesated deductibles: - i.e. in excess of 1,000 metres

Up to a maximum of 3,000metres

20% of loss / minimum R50,000

Up to a maximum of 5,000metres

20% of loss / minimum R100,000

- It is essential that this is brought to the attention of Contractor's. Where this restriction is not practical, specific arrangements for cover can be made with underwriters. They will, however, require detailed underwriting information and an additional premium may be charged.

Property Insured

The actual Contract Works and all material intended for incorporation into the Works (*including Free Issue Material* the value of which has to be included in the Contract Value declared*) and Temporary Works.

N.B.

Temporary works does not include mobile plant, constructional aids, equipment, structures or works (not being part of the permanent works) which are not intended to be removed from the Contract Site on completion of the Contract (other than scaffolding shuttering and formwork as well as construction equipment specifically designed and/or constructed for the Insured Contract and which is not intended for immediate re-use on another contract) or have no residual value at completion of the Contract (other than scrap value), solely due to their specialised nature.

*** Note:** Where Transnet for the purposes of the Contract issues materials 'free of charge' to the Contractor such materials shall be and remain the property of the Transnet. Free Issue Material shall mean any material provided by or on Transnet's behalf which is to be used in the provision of the Service or incorporated into the Contract.

Main Exceptions

- The amount of the policy deductible.
- Loss or damage of money or the like.
- Aircraft, waterborne vessels or craft.
- Construction plant, tools or equipment.
- Losses by disappearance / shortage discovered by taking of routine inventory.
- Defective material workmanship design plan or specification (but resultant damage covered).

Procedure Manual Principal Controlled Insurance 2010 / 2011

- Cost of re-design, improvement, betterment or alteration.
- Consequential loss.
- Liquidated damages or penalties for delay in connection with guarantee or performance or efficiency.

“PREVIEW COPY ONLY”

Procedure Manual Principal Controlled Insurance 2010 / 2011

- Air transit (unless in territorial limits).
- Ocean transit or whilst in storage thereafter (unless immediately inspected by an independent party after offloading from vessel).
- During the Contractual Defects Liability or Maintenance Period (as may be described in the Insured Contract) pertaining to any part of the permanent works but only in respect of loss or damage:
 - i) arising from a cause occurring prior to commencement of such period of maintenance or defects liability period
 - ii) arising from any act or omission of the Insured his Servants or Agents, in the course of the work carried out in pursuance of the Insured's obligations with regard to maintenance under the Contract.
- Wear, tear, gradual deterioration rust, corrosion or oxidation and normal up-keep.
- Electrical or mechanical breakdown or explosion to machinery or plant which has operated under load conditions prior to commencement of the Insured Contract or which has occurred after the Testing / Commissioning Period specified in the Policy.
- Damage to any property insured due to ingress of mud, silt, water, debris unless pipe ends have been sealed on termination of each days work by means of end caps as prescribed in the policy.
- Damage to any unsealed / unprimed or base course in excess of limitations as stated in the policy.
- Damage to any open trench in excess of the limitations as stated in the policy.
- War, asbestos and nuclear risks.
- Sinking (whether partial or in whole) of any watercraft arising out of or in consequence of any work undertaken below the load line (international load line / plimsoll line).

“PREVIEW COPY ONLY”

**Procedure Manual
Principal Controlled Insurance 2010 / 2011**

Summary of Cover

Contractors Public Liability Insurance

“PREVIEW COPY ONLY”

Procedure Manual Principal Controlled Insurance 2010 / 2011

2. Contractors Public Liability Insurance

Insured Contracts

- All contracts up to a maximum value of R100,000,000 (**Inclusive of VAT**) any one contract.
- Limited to a maximum contract period of 36 months followed by a maximum Defects Liability / Maintenance period of 12 months.

Synopsis of Cover

Legal Liability to pay as compensation for and in consequence of:

- Accidental death of or injury to or illness or disease contracted by any person.
- Accidental loss of / or physical damage to tangible property.

Occurring during the period of insurance and arising out of or in connection with the performance of the Insured Contract(s).

- **First Party Property*** Extension will apply to the Lateral Support policy extensions.

*** Note: Coverage for the insured's personal and real property.**

Type Of Contract

All Contracts undertaken including:-

- Chemical Vegetation Control
- Vegetation Rehabilitation
- Ballast Tamping
- Rail Track Re-profiling including the contract works
- Burning of Fire Breaks
- Geotechnical and Exploratory Works

N.B.

The above noted contract types attract specific differentiated rates and are insured by way of a separate policy.

Procedure Manual Principal Controlled Insurance 2010 / 2011

Limits Of Indemnity

Contractors Public Liability	R10,000,000 any one occurrence / unlimited for the Period of Insurance
Removal of Lateral Support	R25,000,000 unlimited for the Period of Insurance (provided on request only)
Statutory Legal Defence Costs	R500,000 any one occurrence
Arrest / Assault / Defamation	R500,000 any one occurrence
Emergency Medical Expenses	R500,000 any one occurrence
Prevention of Access	R500,000 any one occurrence
Trespass / Nuisance	R500,000 any one occurrence
Claims Preparation Costs	R500,000 any one occurrence

Deductibles

The deductible (excess) is the amount which the Contractor and/or Sub-Contractor is responsible for and this obligation must be reflected in the Tender and/or Contract Documents and the responsibility for same made clear.

The deductibles apply to each and every occurrence and in respect of all Contracts.

The deductibles are:

Loss of or damage to public utilities	R25,000
Spread of fire	R250,000
Spread of fire – track re-profiling	R250,000
Loss of or damage to any other property	R25,000
Loss of or damage arising from removal of lateral support	R25,000
Loss of or damage arising from the burning of fire breaks	R250,000
Loss of or damage arising out of vegetation control including but not limited to the use of pesticides and or herbicides	R250,000

Procedure Manual Principal Controlled Insurance 2010 / 2011

Main Exceptions

- The amount of the policy deductible.
- Death or injury to own employees.
- Motor vehicle liabilities under legislation or as defined in Multi-lateral Motor Vehicles Accident Fund No. 93 of 1989 as amended.
- Claims in connection with ownership or use of aircraft or watercraft.
- Property belonging to the Insured or in his care custody and control (as defined in the Policy).
- Property forming part of Contract Works.
- Liquidated damages or penalties for delays or in respect of performance or efficiency guarantees.
- Liability arising out of defects in workmanship materials design plan or specification in any part of the Property insured.
- Arising from or in connection with design plan or specification.
- Gradual pollution and contamination.
- Sudden unintended and unforeseen seepage, pollution or contamination including the cost of removing, nullifying or cleaning up in respect of both ocean and harbour going watercraft outside of dry dock.
- After completion and handover (inclusive of the contractual Defects / Maintenance period).
- Punitive damages.
- Ownership hiring or leasing of any airport or airstrip.
- War, asbestos and nuclear risks.

Cover Limitations / Warranties

Rail Track Re-Profiling

- The maximum speed of any grinding unit shall not exceed 11.00km per hour.
- All Guards, Curtains, Spark Deflectors are to be in place and correctly positioned prior to the commencement of each grind.
- Maximum grinding distance in any one execution shall not exceed 10,000 metres.
- Any changes in prevailing weather conditions must be recorded and appropriate remedial action taken.
- The Insured Parties are to comply with all Fire Fighting requirements as set out in the Project Specification For Track Maintenance With An On Track Grinding / Profiling Machine and any amendments / deviations to this Project Specification are to be advised to the Insurer prior to work being undertaken.

NB: Failure to thoroughly pre-plan and document the safety measures to be adopted with specific regards to the incidence of fires being initiated during the execution of the work will invalidate indemnity provided in respect of fire arising out of track re-profiling works.



Procedure Manual Principal Controlled Insurance 2010 / 2011

- It is essential that this requirement is brought to the attention of Contractor's. Where this restriction is not practical, specific arrangements for cover can be made with underwriters. They will, however, require detailed underwriting information and an additional premium may be charged.

Other Limitations

- Indemnity for removal of lateral support is limited to R25,000,000.

If a higher limit of indemnity is required, the Employers Insurance Broker's personnel needs to be advised and underwriting information will need to be provided in advance (i.e prior to Tender stage) and this will entail an additional premium.

“PREVIEW COPY ONLY”

**Procedure Manual
Principal Controlled Insurance 2010 / 2011**

Administrative Procedures

“PREVIEW COPY ONLY”

Procedure Manual Principal Controlled Insurance 2010 / 2011

Administrative Procedures

Arranging Insurance cover

The Operating Divisions and Specialist Units must

Prior to the commencement of each Contract:-

- Complete the Declaration Form per Part A as per Annexure 1 herein.
- Date and sign the Declaration Form.
- Submit the Declaration Form to the Broker.
- **In addition, if the Declaration is being submitted after the commencement date, a separate letter is required stating that, after specific enquiry, The Insured is not aware of any incidents which may give rise to claim/s under this policy. (No Known Incidents Declaration).**
On receipt of late declarations which are not accompanied by a “No Known Incidents Declaration”, the Insurance declaration will not be accepted and no cover will be in force.
- Record the Declaration on the Contract Monthly Register and submit this Register at the end of each month to Transnet Group Insurance and the Broker.

On receipt of the Declaration Form the Broker will submit it to the Insurer and the following documents will be issued and provided to the Operating Divisions and Specialist Units:-

- An Insurance Certificate and a SASRIA Coupon evidencing cover.
- A Debit Note in respect of the premiums due (based on agreed rates).

NB In terms of SASRIA Regulations, where the Contract Value exceeds R2 million, the physical address of the contract is mandatory. If no physical address i.e. where Track is being worked upon, the start and end points are required.

Prior to the expiry of each Declarations estimated completion date:-

- Confirm to the Broker that the contract will be completed on time.
- On completion submit to the Broker a Declaration of the final contract value per Part B as per Annexure 1 herein.

NB If the original completion date is not going to be achieved, the period of insurance on the Declaration document will need to be extended and the Broker needs to be notified **prior to original completion date**.

The Operating Divisions and Specialist Units (**prior to the expiry date of the certificate period**) has to advise the Broker in writing to extend the period of insurance and provide the new estimated completion date.

NB If a completion date needs to be extended and the Broker is not advised prior to the original completion date, all SASRIA cover will cease on the originally declared completion date as there is no hold covered arrangement with SASRIA.

A new SASRIA Coupon will then only be issued for the extension period from the date when the Insurer is advised in writing by the Broker.

Under these circumstances the new SASRIA Coupon will be subject to an additional premium, subject to the minimum premium.



Procedure Manual Principal Controlled Insurance 2010 / 2011

This process needs to be followed by the Operating Divisions and Specialist Units until the time of completion is achieved.

Once the Contract has been completed:-

- The Operating Divisions and Specialist Units have to declare the final contract value to the Broker per Part B as per Annexure 1 herein.
- The deposit premium will then be adjusted accordingly.

Failure by the Operating Divisions and Specialist Units to conform to the above procedure will result in cover being voided.

“PREVIEW COPY ONLY”

Procedure Manual Principal Controlled Insurance 2010 / 2011

Contracts that require specific arrangements

All contracts that fall outside the scope of this Principal Controlled Insurance Programme have to be advised to the Broker prior to Tender and specific "One Off" cover will need to be negotiated. These will be:

- Where the Contract Value exceeds R100,000,000 (**Inclusive of VAT**)
- Where the Contracted period exceeds 36 months.
- Where the Contracted Defects Liability Maintenance period exceeds 12 months.
- Other excluded Contracts as described on Page 8 /9 herein.
- Contracts involving harbor wet risks*, dams, tunneling, mining, quarrying, shaft sinking, underground work, alterations to water courses being river diversions or coffer dams.
- Contracts outside of the Territorial Limits.

In this regard contact the Employers Insurance Broker's personnel as detailed on Page 33 herein.

Contracts where cover limitations will be exceeded or where cover warranties cannot be complied with need to be discussed with the Employers Insurance Broker's personnel prior to contract award date to enable the Broker to make specific arrangements with Underwriters. This will however require detailed Underwriting Information and an additional premium may be charged.

- In order to ensure that Contractor's and site staff are aware of procedures a copy of this Procedure Manual must be supplied to the contract administrators and each Contractor on award of contract.

*** Note:** Harbour Wet Risks shall mean all work entailing or involving work in or upon water whether partially or fully submerged such as but not limited to quay walls, wharfs seawalls, caissons, breakwaters, jetties, piers, deepening or widening and dredging of ports and other off-shore risks

**Procedure Manual
Principal Controlled Insurance 2010 / 2011**

Important Considerations

“PREVIEW COPY ONLY”

Procedure Manual Principal Controlled Insurance 2010 / 2011

Important Considerations

Cognizance must be taken of the following important considerations:-

- For contracts involving assembly or erection of plant and machinery or repairs maintenance or overhaul thereto, **THE FULL NEW REPLACEMENT VALUE OF THE PLANT/MACHINERY** involved must be declared **AND NOT ONLY THE CONTRACT VALUE**, for example.:
 - Cranes (*repairs or final assembly*)
 - Machinery being moved
 - Maintenance or new works on existing Portnet Vessels whilst moored or in dry dock.
- Specific arrangements are in place to cover certain contracts where the exposure to own damage (*damage to the works*) is nil or negligible, but where a high third party liability exposure exists. For example:
 - Chemical control of vegetation
 - Vegetation rehabilitation
 - Ballast tamping
 - Re-profiling of Track
 - Burning of Fire Breaks
 - Geotechnical and Exploratory Works

Contracts of this nature must be clearly identified on the Declaration Form.

- Contract value must include the replacement value of any Free Issue Material provided.
- VAT must be added to all contract value declarations in order to comply with local legislation.
- All policy limits and deductibles are Vat inclusive.

**Procedure Manual
Principal Controlled Insurance 2010 / 2011**

Claims Procedure

“PREVIEW COPY ONLY”



Procedure Manual Principal Controlled Insurance 2010 / 2011

Claims Procedure

In the event of any incident or occurrence, which is likely, to give rise to a claim under the Insurance arranged by the Principal the following procedures shall be adhered to in addition to any statutory or other requirements contained in the Contract.

All incidents that could give rise to claim under the Principal Controlled Insurances, **HAVE TO BE** reported to the Broker / Insurer within a **90** (Ninety) day period from date of loss.

IMMEDIATELY advise **Aon Construction & Engineering Risks** (Attention Sandra Botha).

At the same time complete the **Incident Advice Form (Annexure 2 herein)** and submit to **Aon Construction & Engineering Risks**.

- Losses involving **theft or malicious damage** must be reported to the police and a police reference number obtained and recorded.
- The Employer, Contactor(s) or Sub-Contractor(s) shall allow free access to Insurers' Loss Adjuster(s) and / or Employer's Insurance Broker for the purpose of investigation and assessing the loss or damage.
- The Employer, Contractor(s) shall **not** deal direct with the Insurers other than by co-operating with their Loss Adjuster(s) and / or the Employers Insurance Broker.
- No **Admission of Liability** shall be made by the Employer, Contractor(s) or Sub-Contractor(s) in the event of damage, loss or injury to third party property or persons.
- Letters from claimants should be passed to **Aon Construction & Engineering Risks** as soon as possible via the Employer if necessary.
- In the event of immediate repairs being necessary in the interest of safety, the Contractors may with the Employer's permission proceed with such repairs.
- The Employer shall immediately advise Sandra Botha at **Aon Construction & Engineering Risks**.
- Other than in the circumstances described above the Contractor shall not proceed with the making good of any loss without the prior authorization of the Employer who shall advise the Insurer's appointed Loss Adjuster(s) and Sandra Botha of **Aon Construction & Engineering Risks**.
- Upon commencement of the making good of any loss, the Contractor shall keep separate records of the costs involved in making good such loss and these records must be authenticated by the Employer for submission to the Insurer's or their Loss Adjuster(s). Such records shall include, inter alia, the entire cost of labour, materials, transport and equipment.
- The basis upon which the Insurers will indemnify loss or damage is the cost of repair or replacement of the loss or damage including, inter alia, transport and overheads.
- On completion of the making good of any loss the records of the costs involved having been authenticated by the Employer shall be sent to the Insurer's via their Loss Adjuster(s) and copied to **Aon Construction & Engineering Risks** (Mrs. Sandra Botha) for processing.



Procedure Manual Principal Controlled Insurance 2010 / 2011

- Upon the amount of the loss or damage being agreed upon by the Insurer's Loss Adjuster(s) and the Contractor, an "Agreement of Loss" form will be signed by the Contractor and Employer.
- The amount agreed upon by the Insurers, the Contractor and the Employer shall be paid by the Insurers to the Employer net of the deductible, who will arrange for the payment to be made to the Contractor as appropriate after deduction of the first amount payable.

- All incidents which could give rise to a claim under the insurances arranged by the Principal / Employer must be notified to the Broker without delay, per the procedures set out above

"PREVIEW COPY ONLY"

**Procedure Manual
Principal Controlled Insurance 2010 / 2011**

**Aon South Africa Personnel
Construction and Engineering Division**

“PREVIEW COPY ONLY”

**Procedure Manual
Principal Controlled Insurance 2010 / 2011**

Aon South Africa Personnel

Construction and Engineering Division

Aon South Africa personnel are at all times available for advice, please feel free to contact :-

- **George Davis**
Senior Accounts Executive
Tel No. (011) 944 7103
Fax No. (086) 505 9558
E-Mail george_davis@aon.co.za

- **Judy Bath**
Account Administrator
Tel No. (011)944 7053
Fax No. (086)505 9553
E-Mail judy_bath@aon.co.za

- **Sandra Botha**
Claims Manager
Tel No. (011)944-7118
Fax No. (086)556 7169
E-Mail sandra_botha@aon.co.za

“PREVIEW COPY ONLY”

**Procedure Manual
Principal Controlled Insurance 2010 / 2011**

Annexure 1

**Transnet Principal Controlled Construction Insurance
Programme Contract Award Declaration (Part A) And
Contract Completion Declaration (Part B)**

“PREVIEW COPY ONLY”

**TRANSNET PRINCIPAL CONTROLLED INSURANCE PROGRAMME
CONTRACT DECLARATION**

CONTRACT NUMBER.....

PURCHASE ORDER NUMBER.....

Send to

Aon South Africa (Pty) Ltd
Construction and Engineering
PO Box 1874
Parklands
2121
Attention : Judy Bath
Tel No. (011) 944-7053
Fax No. 086 505 9553
E-Mail: judy_bath@aon.co.za

From (Operating Unit/Specialist Div).....
Postal Address
.....
.....
Represented by
E-Mail Address
Tel No.
Fax No.

PART A – CONTRACT AWARD INFORMATION

TYPE OF CONTRACT
MARK WITH AN 'X' IF APPLICABLE:

LONG TERM MAINTENANCE / MULTIPLE WORKS CONTRACT with a SERVICE LEVEL AGREEMENT	<input type="checkbox"/>	OTHER	<input type="checkbox"/>
--	--------------------------	-------	--------------------------

NAME OF CONTRACTOR _____

CONTRACT AWARD DATE _____

CONTRACT COMMENCEMENT DATE _____

EXPECTED CONTRACT COMPLETION DATE _____

DESCRIPTION OF CONTRACT WORKS _____

PHYSICAL ADDRESS WHERE CONTRACT IS TAKING PLACE (COMPULSARY FOR ALL CONTRACTS R2M AND OVER)

MAINTENANCE PERIOD (MONTHS) _____

CONTRACT VALUE AT AWARD _____

IF PLANT AND MACHINERY INCLUDE REPLACEMENT VALUE

ESTIMATED VALUE OF FREE ISSUED SUPPLIED TO CONTRACTOR _____

DOES THIS CONTRACT ENTAIL WORK IN RESPECT OF THE FOLLOWING CATEGORIES WHERE THE EXPOSURE TO OWN DAMAGE (DAMAGE TO WORKS) IS NIL OR NEGLIGIBLE

[I] CHEMICAL CONTROL OF VEGETATION	YES/NO
[II] VEGETATION REHABILITATION	YES/NO
[III] BALLAST TAMPING	YES/NO
[IV] TRACK RE-PROFILING	YES/NO
[V] BURNING OF FIRE BREAKS	YES/NO
[VI] GEOTECHNICAL AND EXPLORATORY WORKS	YES/NO

OPTIONAL INSURANCE REQUIRED

[I] IS REMOVAL OF LATERAL SUPPORT COVER REQUIRED?	YES/NO
[II] DOES THIS CONTRACT EVIDENCE AN EXPOSURE WHICH CAN BE COVERED BY PROJECT DELAY INSURANCE?	YES/NO
[III] WILL THE EMPLOYER/CONTRACTOR/SUB-CONTRACTOR MAKE ANY DIRECT IMPORTS OF REQUIREMENTS FOR THE CONTRACT THAT REQUIRE MARINE IMPORT INSURANCE?	YES/NO

IF SO DETAILS NEED TO BE PROVIDED TO THE BROKER SO THAT THIS FORM OF COVER CAN BE ARRANGED

SIGNATURE _____ DATE: _____

**TRANSNET PRINCIPAL CONTROLLED INSURANCE PROGRAMME
CONTRACT COMPLETION DECLARATION**

ORIGINAL CONTRACT NO.
PURCHASE ORDER NO.

PART B – CONTRACT COMPLETION DECLARATION

CONTRACT NUMBER

TITLE OF CONTRACT

CONTRACT COMPLETION DATE

ENDORSEMENT/CERTIFICATE NUMBER

EXPIRY OF MAINTENANCE PERIOD

FINAL CONTRACT VALUE

ACTUAL VALUE OF FREE ISSUE SUPPLIED TO CONTRACTOR

SIGNATURE:.....

DATE:.....

“PREVIEW COPY ONLY”

Annexure 2

Incident Advice Form

ALL INCIDENTS HAVE TO BE REPORTED WITHIN 90 DAYS OF OCCURRENCE

“PREVIEW COPY ONLY”



TRANSNET PRINCIPAL CONTROLLED INSURANCE PROGRAMME

**INCIDENT ADVICE FORM
TRANSNET UNIQUE CLAIM NUMBER**

Send to

Aon South Africa (Pty) Ltd
Construction and Engineering
PO Box 1874

Parklands
2121

Attention : Sandra Botha

Tel No. (011) 944 7118

Fax No. (086) 556 7169

E-Mail: Sandra_botha@aon.co.za

From
Represented by

Tel No.
Fax No.

PRINCIPAL (*PER CONTRACT DOCUMENT*)

CONTRACT NUMBER

ORIGINAL DECLARATON NO.

TITLE OF CONTRACT

ORIGINAL CONTRACT COMMENCEMENT DATE

DATE OF LOSS OR DAMAGE

DATED REPORTED TO SITE AGENT

REPORTED BY

REPORTED TO BY

DATE

LOCALITY OF INCIDENT

DETAILS OF HOW THE LOSS OR DAMAGE OCCURRED

DETAILS AND NATURE OF LOSS OR DAMAGE TO CONTRACT WORKS / TO THIRD PARTY PROPERTY

DETAILS OF OTHER DEATH OR INJURY TO PARTIES

ESTIMATED COST (*SEPARATE RECORDS OF ALL COSTS MUST BE KEPT*)

WHO OR WHAT APPEARS TO BE RESPONSIBLE FOR THE CAUSE OF THE LOSS / DAMAGE

PERSON WHOM ASSESSOR SHOULD CONTACT

DESIGNATION:

TELEPHONE (LANDLINE)

CELLPHONE NO.

E-MAIL ADDRESS

ALL INCIDENTS HAVE TO BE REPORTED WITHIN 90 DAYS OF OCCURRENCE

SIGNED BY:

SIGNATURE:

COMPANY:

DATE:



Annexure 3

Annual Contract Works & Contractors Public Liability
And Lateral Support Policy Wording

“PREVIEW COPY ONLY”



Annexure 4

Annual Contractors Public Liability Policy Wording

In respect of Contracts entailing:-

- Chemical Vegetation Rehabilitation
- Vegetation Rehabilitation
- Ballast Tamping
- Rail Track Re-Profiling
- Burning of Fire Breaks
- Geotechnical and Exploratory Works