

Construction machinery and equipment insurance



Insurance product information document

AB Lietuvos draudimas Estonian branch

This information document provides a general overview of the insurance product. It does not reflect the specificities of the contract being entered into. The complete information on the insurance contract being entered into can be found in other documents, such as the proposal, policy conditions and insurance policy.

What is this type of insurance?

Construction machinery and equipment insurance is a voluntary insurance that comes in the form of an all-risks contract and can be purchased for construction and agricultural, road construction and maintenance and logging and quarrying machinery and equipment.



What is insured?

- ✓ The insurance covers
 - ✓ construction machinery; and
 - ✓ attachments thereof. Construction machine attachments are pieces of equipment that can be removed from the machine (e.g. spare excavator buckets, breakers or plows). Attachments are insured if their cost is included in the sum insured specified in the machine's insurance contract, regardless of whether the attachment is connected to the machine or not.
- ✓ The insurance cover is valid regardless of whether the object of insurance is in operation or remains unused, kept in a garage, dismantled (disassembled) for overhauling, cleaning or regular maintenance or transported or towed within the limits of the insurance territory. The insurance covers cases when the object of insurance is:
 - ✓ participating in road traffic;
 - ✓ transported in a trailer, truck or other mode of transportation or towed by another vehicle using a direct hitch;
 - ✓ participating in road traffic or transported/towed on land and was undamaged before it was loaded onto the means of transport.
- ✓ The insurance also covers the necessary and reasonable additional costs related to the management of the consequences of the insured event agreed on in the insurance contract. The additional costs pertaining to the management of the consequences of the insured event are indemnified in the extent of up to 10% of the sum insured of the object of insurance – up to a maximum of 10,000 euros.
- ✓ Construction machinery and equipment insurance covers any damage to the object of insurance caused by:
 - ✓ fire (incl. smoke, soot and damage from extinguishing work), direct or indirect lightning strikes, explosions (except explosions in internal combustion engines, boilers and pressure vessels caused by the expansion of liquids);
 - ✓ natural disasters (storms, floods, earthquakes, landslides, rock falls, soil collapses, etc.);
 - ✓ vandalism (damage to or destruction of the object of insurance caused by a third party);



What is not insured?

- ✗ According to the policy conditions, the insurance does not cover:
 - ✗ unlawful attachments or details added to construction machines;
 - ✗ floatation devices (pontoons, barges, rafts, etc.), construction machinery used in water bodies (incl. on ice), aircrafts (incl. drones), off-road vehicles (e.g. ATVs), military machinery, emergency vehicles used by rescue services, police and ambulance services, railway vehicles (except tower, overhead, gantry and other cranes used on rail tracks and railway construction and cleaning machinery);
 - ✗ equipment for underground construction work (e.g. directional drills); and
 - ✗ construction machinery used on ships, ferries, rafts and/or other floatation devices.



Are there any restrictions on cover?

- ! The list of damage types not covered by the insurance is given in the policy conditions. For instance, the insurance does not cover any damage that is directly or indirectly caused by:
 - ! the client's intent or gross negligence;
 - ! intoxicated actions of the policyholder or a person entitled thereunder;
 - ! the policyholder or a beneficiary presenting false data about the circumstances of the occurrence and/or the extent of the damage;
 - ! war, acts of terrorism, riots, protests, strikes, uprisings, revolutions, coups, expropriation or confiscation;
 - ! an event or a defect inherent to the object of insurance, an internal fault or a hidden defect that was (or must have been) known to the policyholder before entry into the insurance contract, regardless of whether such an event or a defect was known to the policyholder or not; and
 - ! an internal (electrical or mechanical) fault or malfunction of or damage to the insured object's motor, transmission system, running gear, braking or electrical system or a part thereof, mechanical failure or fracturing of the insured object or a part

- ✓ robbery (seizure of the object of insurance through the use of physical violence or direct threats thereof);
 - ✓ theft;
 - ✓ collisions with obstacles, tipping over and falling into ditches or trenches at the place of insurance; and
 - ✓ other incidents that are not ruled out by the policy conditions (see the paragraph on cover restrictions).
- ✓ An insured event means damage caused by an unexpected and unforeseen event specified in the policy conditions, as a result of which the insured construction machine is damaged, destroyed or lost and the insurer becomes obliged to indemnify it. An all-risk insurance contract covers any damage whose causes are not presented in the policy conditions as restrictions.
 - ✓ The sum insured is specified in the policy. The sum insured is the maximum amount payable per one insured event. The insurable value is the value of insurable interest at the time of the insured event. The insured object's insurable value is its market value.
 - ✓ The sum insured does not diminish upon payment of indemnity, except in cases where the insured object is completely destroyed.

thereof, freezing of the cooling and/or other liquids used in the insured object, leaks involving oil, coolants and other liquids or lack thereof and use of substandard fuel or oil. If the above circumstances cause a fire or the insured object to tip over or collide with an obstacle or another vehicle, then such subsequent damage will be indemnified for. The cost of the detail that caused the damage will not be indemnified;

- ! tidal waters reaching the working path of the insured object;
 - ! the use or transport of the insured object on flooded roads or terrain;
 - ! depreciation due to daily operation of the insured object – physical wear and tear, cavitation, corrosion and occurrence of limescale and wear and damage caused by weather conditions and chemical compounds in the daily working environment, etc.;
 - ! the insured object operating under a workload that exceeds the maximum values prescribed by the manufacturer and other extreme conditions;
 - ! the testing and trial runs of the insured object; and
 - ! vandalism or theft of the insured object or parts thereof if the object is not stored in the conditions specified in the policy conditions outside working hours.
- ! Additionally, the insurance does not cover damage that occurs outside of the insurance territory specified in the policy.



Where am I covered?

- ✓ The insurance applies within the territory specified in the insurance policy.



What are my obligations?

- Before entering into an insurance contract, you must provide the insurer with the required data. The data submitted must be complete and correct. Additionally, the insurer expects the client to submit data that is of substantial, recognisable interest to the insurer and has an important effect on the insurance premium without being asked to do so.
- The insurer must be notified of any changes to the submitted data that occur after entry into the insurance contract.
- The policyholder's main obligation is to pay the insurance premium.
- They must also behave reasonably during the insurance period in order to avoid insured events.
- Upon an occurrence of an insurance event, the insurer of the person who caused the damage or that of the person who suffered damage must be notified immediately. The policyholder must also take appropriate measures to avoid any further damage.
- A comprehensive list of the policyholder's obligations is given in the policy conditions.



When and how do I pay?

The insurance premium or a part thereof must be paid in the amount and by the date specified in the policy. The premium is usually paid by bank transfer on the basis of an invoice.



When does the cover start and end?

The cover becomes effective on the commencement date of the insurance period and ends upon its expiry.

It may also end before the expiry of the insurance period specified in the contract. For instance, the insurer may terminate the contract if the insurance premium is left unpaid.



How do I cancel the contract?

An insurance contract can be terminated prematurely only upon mutual agreement between the policyholder and the insurer under extraordinary circumstances. For instance, this applies to cases where the policyholder's company ceases to operate or the insured construction machine is expropriated.

In order to terminate the contract, you must submit a respective application to the insurer.