

Joint Cargo Committee

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JC 2008/023
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Institute Replacement Clause 01/12/2008 (CL372)

Institute Replacement Clause – Proportional Valuation 01/12/2008 (CL373)

Institute Replacement Clause – Obsolete Parts Endorsement (JC2008/023)

Following the circulation of consultation drafts of the above clauses back in February 2008, please find attached the final versions of these wordings. Please note that the only amendment to the previously circulated versions is the replacement of the word "Insurers" for "Underwriters" within clauses CL372 and CL373.

The Institute Replacement Clause 01/12/2008 (CL372) is intended to update the language of the existing Institute Replacement Clause 01/01/1934 (CL161).

The Institute Replacement Clause – Proportional Valuation 01/12 2008 is a new wording which allows a proportional value limitation where this is deemed appropriate.

The third wording, the Institute Replacement Clause – Obsolete Parts Endorsement 01/12/2008 (JC2008/023) is a JC endorsement drafted for use with either of the above in circumstances where replacement items may be obsolete and new items may need manufacturing.

It should be noted that these clauses are purely illustrative and different policy conditions may be agreed. Specimen clauses are available to any interested person upon request. In particular:

- a) in relation to any clause which excludes losses from the cover, insurers may agree a separate insurance policy covering such losses or may extend the clause to cover such events;
- b) in relation to clauses making cover of certain risks subject to specific conditions each insurer may alter the said conditions.

Neil Smith
Secretary

Information relating to the work of the Joint Cargo Committee, including circulars and details of forthcoming Cargo Forum meetings, can be accessed from the Joint Cargo Committee page of the LMA website www.lmalloyds.com
The page can be accessed via the following link:
http://www.lmalloyds.com/AM/Template.cfm?Section=Joint_Cargo1&Template=/TaggedPage/TaggedPageDisplay.cfm&TPLID=3&ContentID=7044

01/12/2008

INSTITUTE REPLACEMENT CLAUSE

In the event of loss of or damage to any part(s) of an insured machine or other manufactured item consisting of more than one part caused by a peril covered by this insurance, the sum recoverable shall not exceed the cost of replacement or repair of such part(s) plus labour for (re)fitting and carriage costs. Duty incurred in the provision of replacement or repaired part(s) shall also be recoverable provided that the full duty payable on the insured machine or manufactured item is included in the amount insured.

The total liability of Insurers shall in no event exceed the amount insured of the machine or manufactured item.

CL372

01/12/2008

01/12/2008

INSTITUTE REPLACEMENT CLAUSE - PROPORTIONAL VALUATION

In the event of loss of or damage to any part(s) of an insured machine or other manufactured item consisting of more than one part caused by a peril covered by this insurance, the sum recoverable shall not exceed such proportion of the cost of replacement or repair of such part(s) as the amount insured bears to the new cost of the machine or manufactured item, plus labour for (re)fitting and carriage costs. Duty incurred in the provision of replacement or repaired part(s) shall also be recoverable provided that the full duty payable on the insured machine or manufactured item is included in the amount insured.

The total liability of Insurers shall in no event exceed the amount insured of the machine or manufactured item.

CL373

01/12/2008

INSTITUTE REPLACEMENT CLAUSE- OBSOLETE PARTS ENDORSEMENT

(For use only with the Institute Replacement Clause 01/12/2008 (CL372) or the Institute Replacement Clause - Proportional Valuation 01/12/2008 (CL373))

In the event of a claim recoverable under this policy necessitating the manufacture of any new part(s) for the repair of an insured machine or other manufactured item, the sum recoverable shall not exceed the manufacturer's last list price for the year of manufacture of the lost or damaged part(s), uplifted for inflation. Inflation shall be determined by reference to the Retail Price Index, or other officially published data of the country of manufacture of the insured machine or manufactured item, up to a maximum total uplift of 25%.

if no such manufacturer's list price is available, the total liability shall in no event exceed the amount insured of the machine or manufactured item.

JC 2008/023
01/12/2008