

Guiding Note to Risks and Insurance:

Disclaimer:

These guidelines are provided for information and convenience only and do not supersede any conflicting terms and conditions declared under contract and/or applicable insurance policy/ies.

Besides the Nuclear and Distribution Division (Dx) Projects all other Eskom Projects have generally been divided into two ('A' and 'B') Risks and Insurance Formats:

For Insurance purposes we can assume that Projects are made up of Contracts or Packages.

- A) Project Value Less Than or Equal to R350 million (Incl VAT) – use Format A [provided the Project is not a part of the Eskom 'Floater' Insurance programme listed per item D) below]**
- B) Tx Contract or Package Value Less Than or Equal to R500 million (Incl VAT) - use Format A [provided the Project/Contract is not a part of the Eskom 'Floater' Insurance programme listed per item D) below]**
- C) Dx Contract or Package Value Less Than or Equal to R500 million (Incl VAT) - use Format Dx**
- D) Projects, Contracts or Packages listed as a part of Eskom 'Floater' Insurance programme per schedule below – use Format B. [The 'Floater' generally applies to Projects greater than R350 million (Gx) and greater than R500 million (Tx or Dx). So, if your Project is not listed please contact Eskom Insurance Management Services (EIMS). See web-site for contact details]**
- E) Koeberg Projects less than R100 million (Incl VAT) – use Koeberg Format [If greater than R100 million contact EIMS.]**

Floater Schedule

Project Name
1. Medupi Project
2. Kusile(Bravo) Project
3. Ingula Project
4. Matla C& I Project
5. GAS 1 Project
6. OCGT/GAS1 Tx Project
7. Dhuva-Leseding Tx Project
8. Cape Corridor Tx Project
9. Medupi Tx Project
10. Dedisa Tx Project
11. Southern Grid Ph2 Tx Project
12. Tafelbay Dx Project
13. Ingula Tx
14. Kusile Tx

Risks and Insurance

The *Contractor* provides these insurances from the Insurance Table

- The amount of cover for insurance in respect of loss of or damage to property (except the *works*, Plant and Materials and Equipment) and liability for bodily injury to or death of a person (not an employee of the *Contractor*) arising from or in connection with the *Contractor's* obligation To Provide the Works for any one event is **the amount of cover which the *Contractor* deems necessary in addition¹ to that provided by the *Employer*.**
- The minimum amount of cover for insurance in respect of death of or bodily injury to employees of the *Contractor* arising out of and in the course of their employment in connection with this contract is :
As prescribed by the Compensation for Occupational Injuries and Diseases Act No. 130 of 1993 (COIDA) and the *Contractor's* common law liability for persons falling outside the scope of COIDA with a limit of indemnity of not less than R500 000 (five hundred thousand Rand).
- Loss of or damage to Equipment **for a sum or value sufficient to provide for their replacement at the Site.**
- Loss of or damage to Equipment, arising from "SASRIA"- related incidents ("SASRIA") cover **for a sum or value sufficient to provide for their replacement at the Site.**
- The Contractor should generally give further consideration to providing for these additional insurance concepts: **(Note: not included in Insurance Table below):**
[for Amounts and Periods of Insurance the Contractor deems fit and necessary]

Professional Indemnity: The Insurance provided shall indemnify the Contractor (and/or his professional Consultant) for those sums which the Contractor or his Consultant shall become legally liable to pay as Damages arising from any claim first made against the Contractor/Consultant and reported to their Insurers during the Period of Insurance, directly arising out of any negligent act, error or omission committed or alleged to have been committed by the Contractor/Consultant in the conduct of **professional services** (example: design) in connection with the Contract.
[Also refer website's Professional Services Contract Guidance Notes].

Products Liability: A special General Liability extension for liability arising out of the Manufacturer's/Supplier's/Original Equipment Manufacturer's **defective**:

- production and manufacturing process (workmanship or material), or
- product design, or
- warnings, instructions, usage and maintenance manuals and specifications.

Product Guarantee: Cover for the Product Guarantee, Financial Loss and Products Recall insurance

¹ 'In Addition': Eskom procures on behalf of all Insured on the contract a first limit of liability for the Third Party Extension on the Works Policy. The Contractor/Consultant/Supplier is responsible for the deductible/excess but will also purchase similar or wider cover 'in addition' to this Eskom cover to a Limit they deem fit and necessary. However, this additional cover could indeed be called upon – in the first instance - to indemnify Eskom for loss or damage to Eskom property (property that is NOT the works, plant or materials).

INSURANCES PROVIDED BY ESKOM

FORMAT B:

For all Contracts or Packages within (forming a part of) any of the Floater Projects listed in the above Floater Schedule

- The *Employer* provides these insurances from the Insurance Table

- Insurance against 1 Physical loss of or damage to the *works*, Plant and Materials (including Plant and Materials provided by the *Employer*) and including temporary work required to complete the *works*. An important Exclusion worth noting (refer policy wording for full list of exclusions):**
- [CONTRACT WORKS INSURANCE]**
- All costs rendered necessary by defects of material, workmanship, design plan or specification and should damage occur to any portion of the insured property containing any of the said defects. The cost of replacement or rectification which is hereby excluded is that cost which would have been incurred if the replacement or rectification of the insured property had been put in hand immediately prior to the said damage (it is understood and agreed that any portion of the insured property shall not be regarded as damaged solely by virtue of the existence of any defect of material workmanship, design plan or specification).

- The Cover is •
- **The total of the Prices or the Contract Value**
 - ***Employer's* surrounding property limited to R90 million (ninety million Rand)**

The deductibles are •

Arising from loss of or damage to:	Amount (Rand)
Contract Works and/or Employer's surrounding property	R1 million (one million Rand) In respect of each and every loss

Insurance against [THIRD PARTY] 2 **Liability for loss of or damage to property (except the works, Plant and Materials, and Equipment) and liability for bodily injury to or death of a person (not an employee of the Contractor) arising from or in connection with the Contractor's obligation to Provide the Works.**
 An exclusion worth noting is the cost of making good faulty workmanship materials or design in any part of the property insured. **(Refer policy wording for full list of exclusions)**

The Cover is: • **For any occurrence or series of occurrences arising out of one event but unlimited during the period of insurance:**
R20 million (twenty million Rand)

The deductibles are

In respect of:	Amount (Rand)
Loss of or damage to property	R1 000 000 (one million rand for each and every loss)
Bodily injury to or death of a person	Nil

Insurance against [SASRIA] 3 **Loss of or damage to the works, Plant and Materials, (including Plant and Materials provided by the Employer) arising from "SASRIA" related incidents ("SASRIA" cover).**

The Cover is • **The lesser of the total of the Prices (Contract Value) or R500 000 000 (five hundred million Rand) in the annual aggregate: or, The lesser of the total of the Prices (Contract Value) or R550 000 000 (five hundred and fifty million Rand) in the annual aggregate, if more than one Contractor is involved on the Project.**

The deductibles are • **0.1% of the specific total of the Prices (Contract Value) only in respect of each and every theft loss arising from SASRIA perils, minimum R2 500 (two thousand five hundred Rand) and maximum R25 000 (twenty five thousand Rand)**

If this contract includes conveyance of Plant and Materials from outside the borders of the Republic of South Africa, the following additional insurance (for Air, Sea, Rail and Road freight) commonly known as Marine Insurance is applicable.

IMPORTANT NOTE: If the Marine Insurances are applicable, please refer per website related Format A files and Claims Handling files:

- 1) The Marine Insurance Policy Wording
- 2) The Eskom Shipment Policies and Procedures – note a pre-shipment survey form has to be completed under certain circumstances
- 3) The Marine Claims Handling Procedures – for important shipment actions and claims forms in event of damages to cargo freight via sea, barge, air, road or rail.

- Insurance against [Marine] 4 Loss of or damage to *works*, Plant and Materials whilst being conveyed from sources outside the borders of the Republic of South Africa to the Working Areas.
- The Cover is • The lesser of the total of the Prices (Contract Value) or R1,5 billion (one billion and five hundred million Rand) for any one conveyance. Location insurance is the lesser of the total of the Prices (Contract Value) or R3.0 billion (three billion Rand)
This is subject to the *Contractor's* prior and timely notification per the Eskom Shipment Policies and Procedures [refer web site], of the full details of the shipment, to Eskom Shipping Division and Eskom Insurance Management Services [EIMS] Division.
- eskomshipping@eskom.co.za
- marineinsurance@eskom.co.za
- [Telephone: Mr Wiseman Khoza on 011 800 6286, or Mr Dhevlen Bisetty on 011 800 2714]
- Failure to notify Eskom Shipping and EIMS renders this cover null and void.
- The *Contractor* will contact any of the EIMS representatives or the Eskom Shipping Division until a written acknowledgement is received.
- The deductible is • 10% of loss, minimum R100 000 (one hundred thousand Rand) and maximum R1 000 000 (one million Rand) for each and every loss.

INSURANCE TABLE (for Guidance Purposes Only)

Insurance against	Party Responsible	Minimum amount of cover
<p>Loss of or damage to the <i>works</i>, Plant and Materials (including <i>Employer's</i> surrounding property)</p> <p>[Refer Applicable Contract Works 'Format B' Insurance Policy for Details]</p>	<p>Provided by the <i>Employer</i>. The <i>Contractor</i> is always responsible for the deductibles (including Acts of God perils, for example), unless a co-insured or the Employer is deemed directly negligent.</p>	<p>The replacement cost, including the amount stated in the Contract for the replacement of any Plant and Materials provided by the <i>Employer</i> and the limit of indemnity stated in the Policy for the <i>Employer's</i> surrounding property in the care, custody and control of the Contractor</p>
<p>Loss of or damage to the <i>works</i>, Plant and Materials for goods/cargo in transit (shipping).</p> <p>[Refer Applicable Marine Insurance Policy for Details]</p>	<p>Provided by the <i>Employer</i>. The <i>Contractor</i> is always responsible for the deductibles (including Acts of God perils, for example), unless a co-insured or the Employer is deemed directly negligent.</p>	<p>The limits stated in the Marine Insurance Policy</p>
<p>Liability for loss of or damage to property (other than the <i>works</i>, Plant and Materials and Equipment) and liability for bodily injury to or death of a person (not an employee of the <i>Contractor</i>) arising from or in connection with the <i>Contractor's</i> obligation To Provide the Works.</p> <p>[Refer Applicable Contract Works 'Format B' Section II Insurance Policy for Details]</p>	<p>Provided by the <i>Employer</i>. The <i>Contractor</i> is responsible for the deductibles. The Contractor is responsible for loss or damage to the Employer's property (other than the <i>works</i>, Plant and Materials).</p>	<p>The amount stated in the Policy for any one event with "cross liability" so that the insurance applies to the Parties separately.</p>
<p>Loss of or damage to the <i>works</i>, Plant and Materials, (including Plant and Materials provided by the <i>Employer</i>) arising from "SASRIA" - related incidents ("SASRIA" cover)</p> <p>[Refer Applicable SASRIA Insurance Policy for Details]</p>	<p>Provided by the <i>Employer</i>. The <i>Contractor</i> is always responsible for the deductibles, unless a co-insured or the Employer is deemed directly negligent.</p>	<p>The "SASRIA" limits stated in the Policy.</p>
<p>Loss of or damage to Equipment</p>	<p>Provided by the <i>Contractor</i></p>	<p>For a sum sufficient to provide for their replacement at the Site.</p>
<p>Loss of or damage to Equipment, arising from "SASRIA" related incidents ("SASRIA cover").</p>	<p>Provided by the <i>Contractor</i></p>	<p>For a sum sufficient to provide for their replacement at the Site.</p>
<p>Liability for loss of or damage to property (other than the <i>works</i>, Plant and Materials) and liability for bodily injury to or death of a person (not an employee of the <i>Contractor</i>) arising from or in connection with the <i>Contractor's</i> obligation to Provide the Works</p>	<p>Provided by the <i>Contractor</i> The Employer and Sub Contractors to be listed as co-insured.</p>	<p>Whatever the <i>Contractor</i> deems necessary in addition to that provided by the <i>Employer</i> for any one event with "cross liability" so that the insurance applies to the Parties involved in the contract separately.</p>

		<p>However, given that the Contractor/Consultant/Supplier is responsible for deductibles/excesses and could be called upon – in the first instance - to indemnify Eskom for loss or damage to Eskom property (property that is NOT the works, plant or materials), the cover limit amount should not be less than:</p> <p>For any one occurrence or series of occurrences arising out of one event but unlimited during the period of insurance:</p> <ul style="list-style-type: none"> • Gx projects R15million, • Tx projects R7.5million, • Dx projects R1million.
<p>Liability for death of or bodily injury to employees of the <i>Contractor</i> arising out of and in the course of their employment in connection with this contract.</p>	<p>Provided by the <i>Contractor</i></p>	<p>The amount required by the applicable law and the amount stated in the Contract for any one event. (Also refer above note on COIDA)</p>