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MERCHANT PLANT

SCENARIO I: FACT SHEET TWO

What if it wasn't a competitor's spare which was utilised, but one owned by the Insured as a hospital spare? This was in a bad state of repair and was only good for three years operation.

The Insured install it in on day 30. Cost of installation, say £1 million.

They arrange for a swop, installing the repaired rotor during a planned outage on another part of the plant at a total cost of £1 million in 2013.

The planned outage in 2013 is not extended due to this work.

1. How would you pay for the costs – PD or ICOW?
2. The swop over is outside the maximum indemnity period – what is the impact?
3. The plant is running after the 24 month MIP has expired, with the temporary equipment in it. Should there be any apportionment of ICOW?
4. Can wordings be improved, or is this one that should be considered on a case by case basis?

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CHARTERED LOSS ADJUSTERS