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It is agreed and understood that otherwise subject to the terms, exclusions, provisions and conditions contained in the Policy or endorsed thereon, the following shall apply to this insurance:

In the event of an indemnifiable accident occurring to a component or components in the hot gas path which have a life expectancy appreciably shorter than that of the gas turbine, the amount indemnifiable in respect of the items thus affected shall be depreciated. The amount payable shall be calculated by taking

- the expired life (EL) in equivalent working hours of the component at the time of occurrence, and
- the normal life expectancy (NLE) in hours of the component according to the latest specification issued by the manufacturer

and then applying them in the relationship  $(1 - EL/NLE)$  to the total replacement costs of the component.

Should the normal life expectancy for any component or components indicated by the manufacturer be found to be in conflict with the operational and/or claims experience, an agreement on more realistic component life expectancies shall be reached between the Insured and the Insurers and shall supersede such advices of the manufacturer.