

## **COMPREHENSIVE MACHINERY (CM) INSURANCE**

This policy insurance is made between

the *insuring party* .....

and

the *insurer* Atlas Insurance Limited, 63/A, Block-XX, Phase-III (Commercial), Defence Housing Authority, Lahore.

The *insuring party* has submitted to the *insurer* a proposal requesting insurance cover to be provided under one or more *section* of this *policy of insurance* and the proposal has been accepted by the *insurer*. The insurance cover provided by this *policy of insurance* is only in respect of and subject to the wording of those *sections* to which the *schedule* has been completed and which have been signed and dated by the *insurer*

Subject to the *insuring party* having paid the agreed *premium* to the *Insurer* and subject to terms, provisions, conditions, warranties and exclusions contained herein or endorsed hereon the *insurer* shall indemnify the *insured* in the manner and to the extent stated in the following *sections*(s) forming part of this *policy of insurance*.

*Section 1* – Material damage

*Section 2* – Business interruption

The *insuring party* acknowledges that it has ensured and shall continue to ensure that all parties named as *insured* in any *section* of this *policy of insurance* disclosed to it all information required to be provided to the *insurer* and shall at all times comply with any obligations which are placed upon the *insured* by any provision of this *policy of insurance*.

The due observance and fulfillment of the terms of this *policy of insurance* insofar as they relate to anything to be done or complied with by the *insuring party* and the *insured* and the truth of the statements and answers given by or on behalf of the *insured* in the proposals well as any statements in the *schedules* to any *section* of this *policy of insurance* shall be a condition precedent to any liability on the part of the *insurer*.

No alteration of the terms of this *policy of insurance* which may be agreed as between the *insuring party* and the *insurer* shall require the agreement or consent of any other party constituting the *insured* under any *section*.

This *policy of insurance* shall be construed in accordance with the laws of Pakistan

The language of communication under this *policy of insurance* shall be English

In witness whereof the duly authorized agent of the *insurer* signs this agreement of its behalf.

Dated: \_\_\_\_\_

Atlas Insurance limited

This *policy of insurance* shall not be effective unless signed above and dated by the *insurer*. No *section* of this *policy of insurance* shall be effective unless the *schedule* is both signed and dated by the *insurer*.

**Definition applicable to all sections**

The term written in italic used in this *policy of insurance* have the following meaning unless they are defined differently in any *section* hereof or the context so requires.

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|-----------------------------------|---|
| <i>Act of Default</i>             | means a deliberated act regardless of whatever or actual consequence of such an act were anticipated or not or a reckless failure to take the reasonably necessary precautions which a prudent <i>insured</i> would take to prevent loss of damages to the <i>property insured</i> or any deliberate act of material non-disclosure or breach of any warranty or condition of this <i>policy of insurance</i> . |
| <i>Act (s) of God</i>             | means an occurrence due to natural causes, directly and exclusively without human intervention and which could not have been foreseen or if foreseen could not have been resisted by any amount of human care or skill.   |
| <i>Actual value</i>               | mean the cost which in the event of loss or damage to any item or part of the <i>property insured</i> would be necessary to replace it with on all of the same age and capacity and similar make and quality, inclusive of all material, wages, freight, customs, duties and dues.  |
| <i>Additional Insurance Cover</i> | means any additional insurance cover it the <i>insured</i> may decide to take out in any <i>section</i> of this <i>policy of insurance</i> .  |
| <i>Consequential Loss</i>         | means any financial loss of any kind or depreciation whatsoever, including penalties loss of profit, loss of opportunity, loss due to delay, lack of performance or loss of contract  |
| <i>Deductible</i>                 | means the amount to be deducted from any payment otherwise to be made by the <i>insurer</i> to be <i>insured</i> .  |
| <i>Insured</i>                    | means all the parties named as the <i>insured</i> in <i>section</i> of this <i>policy of insurance</i> and if the context so requires any one of them   |
| <i>Insurer</i>                    | means the party named as such in this <i>policy of insurance</i> .  |
| <i>Insurer agent</i>              | means an individual, firm or company appointed by the <i>insurer</i> to act on its behalf   |
| <i>Insured Party(ies)</i>         | means the individual, firm, company, corporation, joint venture specified as an insured in this policy of Insurance.  |
| <i>Insuring Party</i>             | means the individual, firm, company, corporation, joint venture or combination of the above named as such in this <i>policy of insurance</i> that has entered into this <i>policy of insurance</i> on behalf of itself and any other party named as an <i>insured</i> in any <i>section</i> in this <i>policy of insurance</i>  |
| <i>Language of Communication</i>  | means the language of in which communication between the <i>insured</i> and the <i>insurer</i> under this <i>policy of insurance</i> shall take place.  |
| <i>Malfunction</i>                | means the failure of data processing system, software program or built-in microprocessor to function properly or the production of wrong results.   |
| <i>Material change in risk</i>    | means any change in the nature, exposure, location, execution and maintenance of the <i>property insured</i> that a reasonably prudent <i>insurer</i> would consider material to the acceptance of the risk under the terms and conditions of this <i>policy of insurance</i> .   |
| <i>New replacement Value</i>      | means the costs which would be incurred to replace the <i>property insured</i> at the premises with new items of similar kind and quality at any time during the policy period  |
| <i>Period of insurance</i>        | means the period during which cover is provided by this <i>policy of insurance</i> as specified in the <i>schedule</i> .  |

|                            |  |
|----------------------------|--|
| <i>Policy of Insurance</i> | means the proposal, the definitions, the conditions, the exclusions, the <i>schedule</i> and the <i>sections</i> of this <i>policy of insurance</i> .  |
| <i>Premises</i>            | means the location (s) of the <i>property insured</i> .  |
| <i>Premium</i>             | means the <i>premium</i> payable under this <i>policy of insurance</i> calculated in accordance with its terms.  |
| <i>Premium Rate</i>        | means the rate referred to as such in the <i>schedule</i> agreed between the <i>insuring party</i> and the <i>insurer</i> .  |
| <i>Property Insured</i>    | means the <i>property insured</i> as specified in the <i>schedule</i> to this <i>policy of insurance</i>   |
| <i>Proposal</i>            | means the written information submitted to the <i>insurer</i> by the <i>insuring party</i> seeking insurance cover under this <i>policy of insurance</i> .   |
| <i>Representatives</i>     | means the directors, officers or any other individuals that have the authority to exercised administrative or executive control over the execution of a contract or over an operation or business.   |
| <i>Schedule</i>            | means the <i>schedule</i> to the <i>section(s)</i> of this <i>policy of insurance</i> in which reference is made to it.  |
| <i>Section</i>             | means any <i>section</i> of this <i>policy of insurance</i> including the <i>schedule</i> thereto.   |
| <i>Sum(s) Insured</i>      | means the amount of insurance cover specified in the <i>schedule</i> in respect of any particular item of <i>property insured</i> or <i>interest insured</i> or the total amount of insurance cover specified in the <i>schedule</i> as the context may require.   |
| <i>Terrorism</i>           | means an act, including but not limited to the use of force or violence and/or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organization(s) or government(s), committed for political, religious, ideological, or ethnic purposes or reasons including the intention to influence any government and/or to put the public, or any section of the public, in fear |

**Exclusions applicable to all sections**

1 Unless otherwise stated in any *section* of this *policy of insurance*, the *insurer* shall not indemnify the *insured* in respect of any loss or damage resulting from or aggravated by.

1.1 war, invasion, act of foreign enemy (Whether war be declared or not), civil war, rebellion, revolution, insurrection, mutiny, conspiracy, strike, lock out, riot, civil commotion, military or usurped power, confiscation, nationalization, commandeering, requisition or destruction or damage by or under the order of any government de jure or de facto or by any public or local authority.

1.2 The acts of any person or persons acting on behalf of or in connection with any organization with activities directed towards the overthrowing or influencing of any government de jure or de facto by force or violence.

1.3 any act of *terrorism*;

1.4 ionizing radiation or radioactive contamination from any nuclear fuel or nuclear waste or from the combustion of nuclear fuel.

1.5 the radioactive, toxic, explosive or otherwise hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof.

1.6 any weapon of war employing atomic or nuclear fission and / or fusion or any other similar reaction or radioactive force or matter.

1.7 an *act of default* committed by the *insured* or its *representatives*.

In any action, suit or other proceeding in which the *insurer* alleges that by reason of the provisions of exclusions 1.1, 1.2 and 1.3 above any loss or damage is not covered by this *policy of insurance*, the burden of providing that such loss or damage is covered shall be upon the *insured*.

**Conditions applicable to all sections**

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|-----------------------------------|--|
| 1. Payment of Premium             | <p>1.1. Notwithstanding the provisions of clause 3 the payment of the <i>premium</i> by the <i>insuring party</i> is a condition precedent to the <i>insurer's</i> liability towards any <i>insured party</i> under any <i>section</i> of this <i>policy of insurance</i>.</p> <p>1.2. The <i>insurer</i> shall not be liable to indemnify the <i>insured</i> or any <i>insured party</i> in respect of any occurrence happening prior to respect of the <i>premium</i></p>  |
| 2. Reasonable precautions         | <p>2.1. The <i>insured</i> shall take at this own expense all reasonable precautions and comply with all reasonable recommendations made by the <i>insurer</i>, to prevent loss of or damage to the <i>property insured</i> or any liability arising under this <i>policy of insurance</i> and comply with all relevant statutory requirements and manufacturers recommendations.</p>  |
| 3. Multiple <i>insured</i> Clause | <p>3.1 If in any <i>section</i> the <i>insured</i> comprises more than one party each operating as a separate and distinct entity, this <i>policy of insurance</i> shall, unless otherwise provided for in this <i>policy of insurance</i>, apply as if a separate policy had been issued to each of this parties provided always that the <i>insurer's</i> overall liability towards the parties that constitute the <i>insured</i> in any <i>section</i> shall not exceed the sum <i>insured</i> and any limits of indemnity specified in the <i>schedule</i> to that <i>section</i>.</p> <p>3.2. Any payment made by the <i>insurer</i> to any <i>insured party</i> as a result of an occurrence of loss or damage shall reduce, by the amount of that payment, the <i>insurers</i> liability towards all <i>insured parties</i> that constitute the <i>insured</i> arising from that occurrence under this <i>policy of insurance</i>.</p>   |
| 4 Act of default                  | <p>4.1 in the event of an <i>act of default</i> being committed by an <i>insured party</i> or its <i>representatives</i> the <i>insurer</i> shall not be liable to pay any amount to the <i>insured party</i> under this <i>policy of insurance</i></p> <p>4.2 An <i>act of default</i> committed by one <i>insured party</i> or its <i>representatives</i> shall not prejudice the entitlement to indemnity of any other <i>insured party</i> that has not itself (and whose <i>representatives</i> have not) committed an act of default.</p> <p>4.3 In the event of the <i>insurer</i> refusing to indemnify an <i>insured party</i> as a result of any <i>act of default</i> no other <i>insured party</i> shall be entitled to indemnity in respect of the same loss or damage by assuming the rights or obligations of the <i>insured party</i> whose claim for indemnity the <i>insurer</i> has refused or is entitled to refuse.</p> <p>4.4 in the event of an <i>act of default</i> the <i>insurer</i> shall be entitled to claim from the <i>insured party</i> any loss or damage it may have suffered including, without limitation, any sums it may have paid to any other <i>insured party</i> as a result of any loss or damage caused or contributed to by the <i>insured party</i> or its <i>representatives</i> committing an act of default.</p> |
| 5. Subrogation                    | <p>5.1 The <i>insurer</i> shall waive its rights of subrogation against all <i>insured</i> all <i>insured parties</i> provided no <i>act of default</i> committed by any <i>insured party</i> or its <i>representatives</i> has caused any loss or damage to any other <i>insured party</i>.</p> <p>5.2 The <i>insured</i> shall at the <i>insurers</i> expenses do and concur in doing and permit to be done all actions that may be necessary or required by the <i>insurer</i> in the <i>interest</i> of any rights or remedies or for the purpose of obtaining relief or indemnity to which the <i>insurer</i> is or would become entitled or which is or would be subrogated to him upon indemnification or rectification of any loss or damage under this <i>policy of</i></p>   |

*insurance*, regardless of whether such action is or becomes necessary or required before or after the *insured's* indemnification by the *insurer*.

6. Risk Inspections

6.1 The *insurer* or the *insurer's agent* shall have the right to inspect and examine the *property insured* any reasonable time and the *insured* shall provide the *insurer* or the *insurer's agent* with all relevant details and information.

7. Material change

7.1 As soon as is reasonably possible, any party named as the *insured* in any section of this *policy of insurance* shall notify the *insuring party* of any material or cause to be taken at its own expense any additional precautions that may be necessary to prevent loss or damage occurring to the *property insured* as a result of such *material change in risk*.

7.2 The *insuring party* shall immediately notify the *insurer* in writing upon receipt of any notice from the *insured*.

7.3 The *insurer* shall not be liable for any loss of or damage to *property insured* which would not have resulted had there not been a *material change in risk* unless the *insurer* has agreed to the *material change in risk* in which case the scope of cover and *premium* shall, if necessary, be adjusted by the *insurer* to reflect the *material change in risk*.

8. Claims notification and the *Insured's* obligations following an occurrence

8.1 In the event of any occurrence which might give rise to a claim under this *policy of insurance*, the *insured* shall.

8.1.1 notify the *insurer* in writing as soon as reasonably possible, indicating the nature and extent of the loss or damage.

8.1.2 take all such measures as may be reasonable for the purpose of minimizing loss or damage.

8.1.3 ensure that all rights against carriers, bailees or other third parties are properly preserved and exercised.

8.1.4 do and concur in doing and permit to be done all such things as may be practicable to establish the cause and extent of the loss or damage.

8.1.5 preserve all parts affected and make them available for inspection by the *insurer's agent* as long as the *insurer* may require.

8.1.6 inform the police authorities of loss or damage due to fire, theft or burglary or action by any malicious person and render all reasonable assistance to the police authorities.

8.1.7 furnish any information and documentary evidence that the *insurer* may require together with, if required, a statutory declaration of the truth of the claim.

8.2 If the *insured* or anyone acting on its behalf hinders or obstructs the *insurer* in any way or does not comply with any reasonable recommendations the *insurer* may make following the notification of any loss or damage, all benefits claimed under any section of this *policy of insurance* shall be forfeited.

8.3. The *insurer* shall reimburse the *insured* for any charges property and reasonably incurred in pursuance of its duties in relation to clauses 8.1.2 and 8.1.3 above in addition to any loss recoverable under any section of this *policy of insurance*.

8.4. Upon notifying the *insurer* the *insured* may repair any minor damage or replace any parts of the *property insured* that have sustained minor damage. In all other cases the *insurer's agent* shall be given the opportunity to inspect the loss or damage before any repairs are effected and if the *insurer's agent* does not carry out

the inspection within a period of time which could be considered reasonable under the circumstances, the *insured* shall be entitled to proceed with the repair or replacement.

8.5. The *insurer* shall not be liable for loss or damage of which he has not received notification within 14 days of its occurrence.

8.6. The liability of the *insurer* under this *policy of insurance* in respect of any lost or damaged part or parts of the *property insured* shall cease if such part or parts are not repaired or replaced in accordance with the relevant technical standards.

#### 9. Fraudulent Claims

9.1. If an *insured party* makes any claim that is fraudulent or any false declaration or statement in support thereof, this *policy of insurance* between the *insurer* and the *insured party* making such a claim shall become void and the *insurer* shall not be liable to make any payment hereunder to that party.

9.2. For the avoidance of doubt, The *insuring party* shall not be entitled to any return of *premium* In the event that the *Policy of insurance* is treated as void.

#### 10. Disclaimer of Liability

10.1. If the *Insurer* disclaims liability in respect of any claim and if conciliation is not commenced within three months of such a disclaimer, all benefits under this *policy of Insurance* in respect of that claim shall be forfeited.

#### 11. Other Insurances

11.1. if at the time any claim is made under this *policy of insurance* there is any other insurance coverage the same loss or damage the *insurer* shall not be liable to pay more than the rateable proportion of any claim for such loss or damage.

#### 12. Entire agreement

12.1. This policy of insurance shall from the entire agreement between the insurer and the insuring party and any party claiming as an insured and supersedes and replaces all prior communications, representations, warranties, undertakings and agreements between the parties whether oral or written.

#### 13. Dispute Resolution

13.1 if any dispute arises as to the insurer's liability under this policy of insurance either the insured or the insurer may give notice to the other that it wishes the dispute to be referred to conciliation in accordance with and subject to the modification chamber of Commerce (I.C.C) Rules of Conciliation or any modification thereof that is in force at that time.

13.2 if the matter cannot be resolved by conciliation either the insured or the insurer may, within 28 days of either party deciding that the conciliation has failed, require that the matter shall finally be settled under the I.C.C Rules of Arbitration by a panel of 3 (three) arbitrations in accordance with these rules.

13.3 Dispute resolution shall be conducted in the language of communication

#### 14. Termination of Policy

14.1 This policy of insurance may be terminated at the request of the insuring party at any time or at the request of the insurer at any time subject to the insured being given 30 days' notice to that effect, and in either case the insurer shall be liable to repay on demand a rate-able proportion of the premium for the unexpired period from the date of termination loss any reasonable inspection charges the insurer may have incurred for the time this policy of insurance has been in force.



## **Section 1 - Material damage**

### **1. Indemnification**

1.1 The insurer shall indemnify the insured for any sudden physical loss of or damage to the property insured which the insured could not reasonably have foreseen and which occurs at the premises at any time during the period of insurance due to any cause not specifically excluded and which results in *property insured* needing to be repaired or replaced.

1.2 The indemnity for each item specified in the *schedule* shall not exceed the amount set apposite thereto or any limit of indemnity that may be applicable.

### **2. Property Insured**

2.1 The *property insured* under this section is all permanent and temporary installations, mechanical, electrical and electronic equipment, building including contents, stock, goods in process, owned, operated, or held in the care, custody or control of the *insured* unless specifically excluded in this section.

### **3. Additional Insurance Cover**

If specified in the *schedule*, the following additional insurance cover will be provided subject to the terms contained herein.

#### **3.1 Capital additions**

3.1.1 The *insurer* shall indemnify the *insured* in respect of loss of or damage to

3.1.1.1. any buildings, machinery and other equipment acquired or operated by or held in the care, custody or control of the *insured* after the inspection of this *policy of insurance* and not included in the *schedule*.

3.1.1.2. any additions or extensions to *property insured* which have been carried out after the inception of this *policy of insurance*.

Collectively referred to as capital additions.

3.1.2. Any increase in the new replacement value as a result of such capital additions shall not exceed the percentage of the total *sum insured* specified in the *schedule*.

3.1.3. This additional insurance cover is also subject to the insuring party advising the *insurer* within three months of the particulars of any such capital additions and the payment of any additional premium the *insurer* may require.

#### **3.2. Expediting Expenses**

3.2.1. the insurer shall indemnify the insured up to the limit of indemnity specified in the schedule in respect of reasonable extra costs for overtime, night work, work on public holidays, express freight ( except airfreight) incurred to rectify loss of or damage to *property insured*.

#### **3.3. Fire-fighting expenses**

3.3.1. the insurer shall indemnify the insured in respect of the fighting expenses necessarily and reasonably incurred by the insured to prevent or minimize the extent of any loss of or damage to the property insured indemnifiable under this policy of insurance including cost of materials expended. Costs incurred in refilling fire-extinguishing appliances and replacing used sprinklers' heads. Wages of personnel specifically engaged for such tasks and all fire-fighting costs claimed against the insured from public authority or public fire brigade provided always that the amount payable under this additional insurance cover shall not exceed the limit of indemnity specified in the *schedule*.

3.3.2 Payment by insurers of any amount under this additional insurance cover shall be subject to the proof of costs incurred as insurers may reasonably require

### **3.4. Hazardous substances**

3.4.1. The insurer shall indemnify the insured in respect of the additional expenses incurred for cleanup, repair, replacement or disposal of any damaged. Contaminated or polluted property insured following an occurrence of loss or damage, subject to the limit of indemnity specified in the schedule.

### **3.5. Professional fees**

3.5.1. The insurer shall indemnify the insured in respect of professional fees and insured but not for preparing claims.

3.5.2. The amount payable for such fees shall not exceed those authorized under the scales of the respective institutions or bodies regulating such charges of the limit of indemnity specified in the schedule, whichever is the lower.

### **3.6. Removal of debris**

3.6.1. The insurer shall indemnify the insured up to the limit of indemnity specified in the schedule in respect of the costs and expenses necessarily incurred to remove and dispose of debris, to dismantle, demolish, shore or prop up property insured in any circumstances giving rise to indemnifiable loss or damage under this section.

### **3.7. Temporary removal**

3.7.1. The insurer shall indemnify the insured in respect of any loss of or damage to property insured (other than stock if insured hereby) temporarily removed for cleaning, renovation, repair or maintenance to any other location whilst in transit thereto or therefrom by road, rail or inland waterway.

## **4. Sum Insured**

4.1. It is a requirement of this policy of insurance that the sum(s) insured specified in the schedule in respect of the property insured shall not be less than the new replacement value of such property.

4.2 In the event of any indemnification under this section the sum insured shall be automatically reinstated.

## **5. Subrogation**

5.1. The *insurer* shall waive its rights of subrogation against all insured parties provided no *act of default* committed by any *insured party* or its *representatives* has caused any loss or damage to any other *insured party*

5.2. If during the period of insurance the sum insured is increased or decreased the premium shall be adjusted accordingly for the remaining period.

## **6. Period of Insurance**

6.1 unless agreed otherwise the period of insurance shall be one year from the inspection date specified in the schedule

6.2 inception and expiry shall both take effect as of 20:00 hours local standard time on the dates specified in the schedule

6.3 the period of insurance shall be renewed automatically for one further year unless the insurer or the insuring party given 30 days written notice of termination such termination to take effect on the expiry date.

## **7. Deductible**

7.1 in respect of each and every occurrence of loss of or damage to items of property insured the insurer shall not be liable for the respective deductible specified in the schedule provided that if more than one item is lost or damaged as a result of any one occurrence. The insured shall not be called upon to bear more than the highest single deductible applicable to any lost or damaged item.



7.2 Any loss of or damage to the property insured under this section arising during any one period of 72 consecutive hours caused by acts of God of the same type covered by this section shall be deemed to have been caused by a single occurrence and shall therefore be subject to one deductible.

7.3 For the purposes of the foregoing the commencement of any such 72 hour period shall be decided upon by and at the discretion of the insured, it being understood and agreed that there shall be no overlapping of any two or more such 72-hour periods in the event of damage occurring over a more extended period of time.

## **8. Exclusions**

The following shall be excluded from the cover provided by this section

### **8.1 Property excluded**

8.1.1 Property in the process of being constructed or erected.

8.1.2 mechanical, electrical and electronic equipment prior to the successful completion of their performance acceptance tests:

8.1.3 goods in process if loss or damage arises from the process of manufacture, testing, repairing, cleaning, restoring, alteration, renovation or servicing.

8.1.4 motor vehicles licensed for public roads, railway locomotives, rolling stock floating equipment, ships, vessels, aircraft, spacecraft.

8.1.5. money, stamps, deeds, evidence of debt or title works of art, rare books, jewellery, precious metals, precious stones and gems securities, valuable documents;

8.1.6. land, Including topsoil, backfill, drainage and culverts, roads, runways, railway lines, dams, reservoirs, water, canals, drilling rigs, wells, pipelines, transmission and distribution lines, tunnels, bridges, docks, piers, wharves, any property underground, offshore property.

8.1.7. flora and fauna,

8.1.8 all property on the premises of nuclear power stations.

8.1.9. nuclear reactors, reactor buildings and plant and equipment therein on any premises other than nuclear power stations;

8.1.10. all property on any premises (including but not limited to the premises referred to above) used or having been Used for

8.1.10.1. the generation of nuclear energy or

8.1.10.2. the production, use or storage of nuclear material.

8.1.11. property of the insured which has been transferred in to the possession of others, under leasing or rental agreements, hire purchase, credit or other suspensive sale agreements.

### **8.2. Perils excluded**

The insurer shall not be liable for loss or damage resulting from

8.2.1. any faults or defects existing at the time of commencement of this policy of insurance of which the insured or his representatives were or ought reasonably to have been aware, Irrespective of whether such faults or defects were known to insurer or not;

8.2.2. release, discharge, or dispersal of toxic or hazardous substances, contaminants or pollutants, proximate or remote. except as specified under items 3.4 of this section.

8.2.3. lack of incoming supplies including but not "limited to electricity fuel water, gas, steam or refrigerant.

The insurer shall not be liable for

8.2.4. loss or damage for which a manufacturer, supplier, contractor or repairer is responsible either by law or ordinance or under any contract or agreement;

8.2.5. any increase in the cost of replacement or repair due to enforcement of any ordinance or law;

8.2.6. wear and tear rust, corrosion, erosion, cavitations, boiler scale incrustation deterioration, setting, gradual cracking, gradually developing deformation or distortion, gradual deterioration due, to atmospheric conditions or due to other causes,

but this exclusion shall be limited to the items immediately affected and shall not exclude liability for loss or damage to other parts of the property insured as a consequence thereof;

8.2.7. loss or disappearance which is discovered only during an inventory or stocktaking or which is not traceable to a specific occurrence of loss or damage otherwise indemnifiable under this section;

8.2.8 shrinkage, evaporation, loss of weight, consequences of exposure to light change in flavor, color, texture or finish affecting raw material, goods in process or finished goods unless such change in condition is a direct consequence of an occurrence of loss or damage otherwise indemnifiable under this section;

8.2.9. loss or damage attributable to extremes or changes of temperature or humidity or to non-existing, non-functionable or inadequate heating, air conditioning or cooling equipment including operating error, condensation excessive moisture, dampness, seepage, disease, deterioration, decay mildew mold fungus, wet or dry rot, insect larvae or vermin of any kind, infestation unless such loss or damage is a result of an occurrence of loss or damage otherwise indemnifiable under this section;

8.2.10. any *malfunction* of hardware, software or embedded chips as well as any loss, damage, destruction, distortion, erasure, corruption or alteration of electronic data (including but not limited to computer virus, worms, Trojan Horses); but this shall not exclude liability for loss of or damage to other parts of the *property insured* as a consequence thereof;

8.2.11. costs arising from false or unauthorized programming, punching, labeling or inserting, inadvertent cancelling of information or discarding of data media and from loss of information caused by magnetic fields

8.2.12. costs of maintenance. upgrade or improvement, normal upkeep;

8.2.13. Consequential loss or any costs to reduce it;

8.2.14. loss of or damage to hired equipment for which the lessor is responsible either by law or ordinance or under any contract or agreement;

8.2.15. any costs rendered necessary to replace, repair or rectify property insured which is defective due to any fault, defect. Due to any fault, defect, error or omission in design, plan, specification, material, manufacture or workmanship' but should property insured – other than mechanical electrical and electronic equipment -containing any such defect become lost or damaged, the cost excluded

are those which the insured would have incurred to replace, repair or rectify the original defect if such defect had been discovered before the occurrence of loss or damage.

Mechanical, electrical and electronic equipment shall be considered covered for losses resulting from any of the causes mentioned in this clause

**9. Conditions for loss settlement**

9.1 In the event of any loss or damage the basis of loss settlement under this section shall be as follows:

9.1.1. for stock, good in process, finished goods, raw materials and supplies the costs required to replace the damaged material at the same premises by material of a similar kind and quality to that immediately before the loss;

9.1.2 for plans, drawings, records, data and programs for electronic and electromechanical data-processing equipment the cost of reproducing the same from duplicates or from originals;

9.1.3. for mechanical, electrical and electronic requirement older than 5 years to be calculated from the date of manufacture and for mobile equipment for any age;

9.1.3.1 for damage which can be repaired the costs necessarily incurred to restore the damaged item to its former state of serviceability plus the cost of dismantling and re-erection incurred for the purpose of effecting the repairs as well as ordinary freight to and from a repair shop, customs duties and dues, if any, to the extent that such expenses have been included in the sum insured. If the repairs are carried out at a workshop owned by the insured, the insurer shall pay the cost of materials and wages incurred for the purpose of the repairs plus a reasonable percentage to cover overhead charges.

No deduction shall be made for depreciation in respect of parts replaced.

9.1.3.2 If the cost of repairs equals or exceeds the actual value of the damaged property immediately before the occurrence of loss or damage, that property shall be regarded as a total loss.

9.1.3.3 in the event of a total loss the insurer shall pay the actual value of the property immediately before the occurrence including charges for ordinary freight cost of erection and customs duties, if any provided such expenses have been included in the sum insured.

9.1.3.4. The insurer shall also pay any reasonable cost to dismantle damaged equipment.

9.1.4. for all other property the new replacement value or the cost of restoring the property to a condition equal to but no better or more extensive than its condition when new, whichever is the lower.

9.2. If, in the event of loss or damage, it is found that the sum insured is less than the amount required to be insured, then the amount recoverable by the insured under this section shall be reduced in such proportion as the sum insured bears to the amount required to be insured.

9.3. The costs of any alterations, additions, improvements or overhauls shall not be recoverable under this *policy of insurance*.

9.4 The cost of any provisional repairs shall be borne by the insurer. If such repairs constitute part of the final repairs and do not increase the total cost of repairs.

9.5. The amount payable by the insurer in accordance with the above mentioned provisions shall be reduced by the value of any salvage.

**10. Preventive maintenance**

10.1. It is a condition of this policy of insurance that any plant, machinery or equipment forming property insured is maintained in accordance with the

recommendations of the suppliers or manufacturers of such plant, machinery or equipment.

10.2. Such maintenance shall include safety checks, preventive maintenance, rectification of loss or damage or faults arising from normal operation or wear and tear as well as from ageing, and shall also include the repair or replacement of components, modules or parts.

## **Section 2 - Business interruption**

### **1. Indemnification**

1.1 The insurer shall indemnify the Insured for a loss of the interest insured unless specifically excluded. If at any time during the period of insurance the property insured under the operational material damage section suffers loss or damage indemnifiable under the operational material damage section or which would have been indemnifiable under the operational material damage section but for the application of a deductible, thereby causing an interruption of or interference with the business Insured.

1.2. The indemnity for the loss of interest Insured shall be in respect of:

1.2.1. gross profit the loss actually sustained during the indemnity period resulting from a reduction in turnover including any increased cost of working or

1.2.2 specified standing charges, the amount actually not earned during the indemnity period resulting from a reduction in turnover including any increased cost of working

1.3. The indemnity shall not exceed the sum insured for the maximum indemnity period.

### **2. Sum Insured**

2.1. The sum insured shall be

2.1.1. the annual gross profit specified in the schedule or

2.1.2. the annual specified standing charges

2.2. Should the indemnity period exceed twelve months, the gross profit or the specified standing charges shall be the pro rata amount for that period.

### **3. Period of insurance**

3.1. The period of insurance shall be the period specified in the schedule.

3.2. Should at any time after the commencement of this policy of insurance

3.2.1. the business be wound up or carried on by a liquidator or receiver or administrator or be permanently discontinued,

3.2.2. the insured's interest cease otherwise than by death,

then the cover under this section shall cease on the respective date unless specifically agreed by the insurer in writing.

### **4. Indemnity period**

4.1. The indemnity period shall be the period during which the interest insured is affected by an interruption of or interference with the business insured beginning on the date of the occurrence of loss or damage and not exceeding the maximum indemnity period specified in the schedule.

### **5. Premium**

5.1. A deposit premium shall be paid at the inception of this policy of insurance and shall be calculated by multiplying the sum insured by the premium rate.

5.2. If the insured declares at the latest six months after the expiry of any period of insurance that the gross profit earned during the accounting period of twelve months most closely concurrent with any period of insurance, as certified by the insured's auditors, was less than the sum insured thereon, a pro rata return of

premium not exceeding one-third of the premium paid on such sum insured for such period of Insurance shall be made In respect of the difference.

5.3. If any loss or damage has occurred giving rise to any payment under this section then the amount of any such payment shall be added to the gross profit as certified by the insured's auditors and any return of premium shall be based on the difference between such sum and the sum insured.

**6. Time excess and monetary deductible**

6.1. In anyone occurrence of loss or damage the Insurer shall not be liable for the amount obtained by multiplying the average daily value of the loss of interest insured sustained during the indemnity period by the number of days specified in the schedule as the time excess or for the amount of any monetary deductible specified in the schedule, whichever is higher.

**7. Exclusions**

The following shall be excluded from the cover provided by this section:

7.1. loss of interest Insured due to an Interruption of or interference with the business insured resulting from

7.1.1. loss or damage covered under the operational material damage section by way of endorsement, unless expressly specified as covered in the schedule;

7.1.2. earthquake, volcanic eruption or tsunami, unless expressly specified as covered in the schedule;

7.1.3. any restrictions imposed by public authority;

7.1.4. consequential loss which occurs after the date when the Items lost, destroyed or damaged are in operating condition again and the business insured could have been resumed;

7.1.5. loss or damage due to abnormal conditions directly or Indirectly resulting from testing, Intentional overloading or experiments;

7.1.6. shortage, destruction, deterioration of or damage to raw materials, semi-finished or finished products or other materials required for proper operation, even if the consequence of material damage to an item indicated in the list of properly insured is Involved, unless agreed by endorsement;

7.1.7. erasure, loss, distortion or corruption of Information on computer systems or other records or software programs unless resulting from an occurrence of loss or damage indemnifiable under the operational material damage section.

7.2. The insurer shall not be liable for the amount of any fines or damages for breach of contract, for late or non-completion of orders, or for penalties of whatever nature.

**8. Claims notification and the Insured's special obligations following an occurrence of loss or damage**

8.1. The Insured shall be obliged to keep for the period of Insurance complete records of the business Insured, including without limitation - inventories, production and balance sheets for the three preceding years. All records shall be held In safe keeping and as a precaution against their being simultaneously destroyed, the Insured shall keep separate sets of such records.

8.2. In the event of any occurrence of loss or damage which might cause an Interruption of or interference with the business insured

8.2.1. the Insured shall immediately notify the Insurer and send it written confirmation thereof within forty-eight hours of the occurrence;

8.2.2. the Insurer and the insurer's agents shall have unlimited access to the premises to establish the possible cause and extent of the loss or damage, its effect

on the "interest insured, to examine the possibilities for minimizing the interruption of or Interference with the business Insured, and if necessary to make reasonable recommendations for the avoidance or minimization of such Interruption or Interference;

8.2.3. the insurer and the Insurer's agents shall have the right to enter any building where the loss has happened and may take possession of or require that any of the damaged property insured be rendered to them and may keep possession of and deal with such damaged property insured for all reasonable purposes and In any reasonable manner. This condition shall be evidence of the leave and licence of the Insured to the Insurer so to do.

8.3. If the insured or anyone acting on his behalf hinders or obstructs the Insurer in any way or does not comply with any recommendations the Insurer may make pursuant to clause 8.2.2 above, all benefits under this section shall be forfeited.

8.4. In the event of a claim being made under this section, the insured shall at his own expense deliver to the insurer not later than thirty days after the Interruption of or Interference with the business insured or within such further periods as the insurer may allow in writing a written statement setting forth particulars of the claim.

8.5. The Insured shall at his own expense produce and furnish to the insurer such books of account and other business books or other evidence as may reasonably be required by the insurer for the purpose of Investigating or verifying the claim together with, If required a statutory declaration of the truth of the claim and of any matters connected therewith.

## **9. Conditions for loss settlement**

In the ,event of an interruption of or interference with the business insured the basis of loss settlement under this section shall be as follows:

### **9.1 Loss of gross profit**

9.1.1. In respect of loss of gross profit the insurer shall pay the amount of obtained by multiplying the rate of gross profit by the amount by which the actual turnover during the indemnity period falls short of the turnover which would have been achieved had the loss or damaged not occurred.

9.1.2. If the annual sum insured hereunder is less than the amount obtained by multiplying the rate of gross profit by the annual turnover or, if the indemnity period exceed 12 months, the turnover calculated for equivalent period the amount payable shall be reduced proportionally.

### **9.2. Specified standing charges**

9.2.1. In respect of specified standing charges, the insurer shall pay the amount obtained by multiplying the percentage by which the actual turnover during indemnity period falls short of the turnover which would have been achieved had the interruption of or interference with the business insured not occurred by the amount of specified standing charges incurred during the interruption or interference.

9.2.2. If the sum insured hereunder is less than amount obtained by the annual turnover gross profit by the annual turnover or if the indemnity period exceeds 12 months for the pro rata turnover for that amount payable shall be reduced proportionately.

### **9.3 Increased cost of working**

9.3.1. In respect of increased cost of working, the insurer shall pay the additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding



or diminishing the reduction in turnover which would have occurred during the Indemnity period.

9.3.2. The indemnity shall not exceed the amount loss of insured thereby avoided.

9.4. Calculation of role of gross profit and annual turnover.

9.4.1. In calculating the rate of gross profit and turnover the aspects shall be taken into consideration:

9.4.1.1. the trend of business insured.

9.4.1.2. the results of the business insured during the financial year preceding the date of the loss or damage or, in the event of the loss damage occurring during the first year of commercial operation, turnover during the following financial year.

9.4.1.3 any circumstances affecting the business insured either before or after the loss or damage or which would have affected the business insured had the loss or damages not occurred.

9.4.1.4. any benefits from deferred sales from increased sales or from increased production and or profits as a consequences of an interference or interruption with the business insured which the insured may receive during a period of six months immediately following the re-commissioning of insured plant and or machinery after a loss or damages.

9.4.1.5. Allowance for the time spent on any overhaul inspections or modification carried out during the period the business was affected by any interference or interruption.

9.4.1.6. Any money paid or payable in respect goods which are sold and service which are rendered elsewhere than at the premises for the benefits of the insured or by another party acting on his behalf;

9.4.1.7. any amount saved during the indemnity period in respect of any charges and expenses of the business payable out of the gross profit that may cease or be reduced in consequence of loss or damage.

9.4.2 The final figures shall represent as closely as may be deemed reasonable the results which the business insured would have achieved had the interruption of or interference with the business insured not occurred.

## **Payment of indemnity**

10.1 Subject to clause 10.3 below shall pay the insured any amount due under this section this month after final determination of the amount due

10.2 The insured may one month after the insurer has been duly notified of the loss of interest insured and has acknowledged its liability claim as advance payments the minimum amounts insurer agree are payable

10.3 The insurer shall be entitled to postpone payment beyond the period set out in 10.1 above if

10.3.1. there are doubts as to the insured right to receive payment, in which case payment shall not become due until such time as the necessary proof is furnished by the insured for the insurer accept liability:

10.3.2. as a result of any loss or damages or any interference with or interruption of the business insured, police or criminal investigations have been initiated against the insured in which case payments will not become due until the completion of such investigation provided always that if the insured is convicted of any offence in

respect of any claims for indemnity under this policy of insurance, the insurance cover under the this section will be void

10.4. The insurer shall not be liable to pay interest on indemnity withheld other than interest for default

## 11. Definitions

|                                   |  |
|-----------------------------------|--|
| <b>Annual turnover</b>            | means the turn over which had the interruption of or interference with the business insured not covered would have been achieved during the 12 months proceedings either the date when the business insured is no longer effected or when the indemnity period ends whichever is earlier.  |
| <b>Business Insured</b>           | means the commercial operation of the property insured specified in the schedule of this sections.   |
| <b>Debt Services Charges</b>      | means the amount of the annual payments of interest and if specified the principal on borrowing due by the insured.  |
| <b>Gross Profit</b>               | means by which the value of the turnover and the value of the closing stock exceed the value of the opening and closing stock shall be calculated in accordance with the insured normal accounting method, due provisions being made for depreciation.   |
| <b>Increased cost working</b>     | Additional expenditure necessary and reasonably for the sole purpose or avoiding or diminishing the loss of insured which without such expenditure, would have taken place.  |
| <b>Interest Insured</b>           | Means either the gross profit including any increased cost of working or the specified standing charges including any increased cost of working.   |
| <b>Monetary deductible</b>        | Means the amount to be deducted from any payments otherwise to be made by the insurer.   |
| <b>Maximum Indemnity Period</b>   | means the maximum period(s) stated in the schedule in respect of which cover is afforded for the interest insured by the operational business interruption.  |
| <b>Rate of Gross Profit</b>       | means the percentage of gross profit which had the interference or interruption with the business insured not occurred have been earned on the annual turnover.  |
| <b>Specified Standing charges</b> | means any fixed costs specified in the schedule which continue payable in full during the indemnity period.  |
| <b>Specified working expenses</b> | Means any costs incurred for the acquisition of goods, raw materials or auxiliaries as well as for supplies unless required for the upkeep of operations and any costs for Packaging, carriage, freight, intermediate storage turnover tax, purchase tax, license fees and royalties, insofar as such costs are dependent on turnover. |
| <b>Turnover</b>                   | means the amount of money (less discounts allowed) paid or payable to the insured for goods, products or services sold, delivered or rendered in the course of the business insured.   |

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**CM insurance – Endorsement 1300****Special insurance cover: strike, riot and civil commotion**

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This endorsement forms part of section 1 and is subject otherwise to the terms, provisions, conditions and exclusions contained in the policy of insurance or endorsed thereon

**1. Indemnification**

1.1. The insurer shall indemnify the insured in respect of loss of or damage to property insured resulting from strike, lock-out, riot and civil commotion.

1.2. The limit of indemnity for any one occurrence of loss or damage provided by this endorsement shall not exceed the limit specified below.

1.3. The aggregate limit of indemnity during the period of insurance of this endorsement shall not exceed twice the limit of indemnity for any one occurrence.

**2. Deductible**

2.1. In respect of each and every occurrence of loss or damage, the insurer shall not be liable for the deductible specified below

2.2. All loss of or damage to property insured arising during any one period of 168 consecutive hours shall be deemed to have been caused by a single occurrence and shall be subject to one deductible

**3. Cancellation**

3.1. This special extension of cover may at any time be cancelled by the insurer through notice to that effect being given by registered post at the insuring party's last known address.

**4. Definitions**

4.1. Strike, lock-out, riot and civil commotion shall mean:

4.1.1. the act of any person taking part together with others in any disturbance of the public peace (whether in connection with a strike or lock-out or not), otherwise not being an occurrence excluded in clause 1.2 and 1.3 under "Exclusions applicable to all sections" of this policy of insurance,

4.1.2. the action of any lawfully constituted authority in suppressing or attempting to suppress any such disturbance or in minimizing the consequences of any such disturbance.

4.1.3. the action of any lawfully constituted authority in preventing or attempting to prevent any such act or in minimizing the consequences of any such act

4.1.4. the wilful act of any striker or locked-out worker performed in furtherance of a strike or in resistance to a lock-out

**Limit of indemnity:** Rs.352,044,033/- each and every loss and in annual aggregate

**Deductible:** Rs. 50,000/- on each and every loss.

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**CM insurance - Endorsement 1301**  
**Special insurance cover: extra costs for airfreight**

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- This endorsement forms part of *section 1* and is subject otherwise to the terms, provisions, condition and exclusion contained in the *policy of insurance* or endorsed thereon
1. Indemnification
- 1.1. The *insurer* shall indemnify the *insured* in respect of reasonable extra costs for airfreight incurred to rectify loss or damage to property *insured*.
- 1.2. The indemnify provided by this endorsement shall not exceed during the period of insurance the aggregate limit of indemnify specific below.
2. Deductible
- 2.1. In respect of each and every *occurrence* of loss or damage the *insurer* shall not be liable for the *deductible* specified in policy schedule
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**CM insurance - Endorsement 1304**  
**Special insurance cover: Earthquake**

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- This endorsement form part of *section 2* and is subject otherwise to the terms, provisions, conditions and exclusion contained in the *policy of insurance* or endorsed thereon.
1. Indemnification
- 1.1. The “Operational business interruption section” shall be extended to cover a loss of *interest insured* resulting from an interruption of or interference with the *business insured* directly caused by a physical loss or damage as insured under section 1 and attributable to earthquake, volcanic eruption and tsunami up to the limit specified in the *schedule(s)*.
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**CM insurance: Endorsement 1365**  
**Special conditions: rewinding of electric machines (e.g. motors, generators, transformers)**

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- This endorsement forms part of *section 1* and is subject otherwise to the terms, provisions, conditions and exclusions contained in the *policy of insurance* or endorsed thereon.
- Condition
- 1.1. In the event of partial damage to electric machine that necessitate the rewinding of electric coils and/or replating (the amount indemnifiable I respect of pure work of rewinding and replating shall be depreciated at an annual rate to be determined at the time of the loss, this rate being not less than 5 % per annum, but not more than 60 % in total
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Business Interruption Indemnity Period 12 months

B/I: the indemnity and the time access only commences from the time that actual excess and repair work at the site is possible

**INSTITUTE RADIOACTIVE CONTAMINATION, CHEMICAL,  
BIOLOGICAL, BIO-CHEMICAL AND ELECTROMAGNETIC WEAPONS EXCLUSION CLAUSE**

This clause shall be paramount and shall override anything contained in this insurance inconsistent therewith.

- 1 In no case shall this insurance cover loss damage liability or expense directly or indirectly caused by or contributed to by or arising from
  - 1.1 ionising radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel.
  - 1.2 the radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof
  - 1.3 any weapon or device employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter
  - 1.4 the radioactive, toxic, explosive or other hazardous or contaminating properties of any radioactive matter. The exclusion in this sub-clause does not extend to radioactive isotopes, other than nuclear fuel, when such isotopes are being prepared, carried, stored, or used for commercial, agricultural, medical, scientific or other similar peaceful purposes.
  - 1.5 Any chemical, biological, bio-chemical, or electromagnetic weapon.

CL 370  
10/11/03