

CONTRACTOR'S ALL RISKS INSURANCE

PROSPECTUS (RETAIL)

INTRODUCTION

Such insurance policies are designed to cover the risk of loss arising out of the construction of civil projects and its installations, including physical damage to the contract works, equipment and machinery, and liability for third-party bodily injury or property damage arising out of these operations.

WHO CAN TAKE THIS INSURANCE?

This is a comprehensive policy suited for Individual(s) who are either owners, handlers and/or contractors and/or sub-contractors and/or financial lenders or any such person having direct involvement in the project and has indemnifiable interest in the same. This insurance also allows multiple partners/parties falling in category stated above to be covered under one single insurance policy.

WHAT THE POLICY COVERS?

This is an 'All Risk' policy covering sudden and unforeseen physical damage to projects under erection insured by any cause or peril not specifically excluded under the policy and resulting during the course of:

- Storage
- Construction
- Commissioning

WHAT THE POLICY DOES NOT COVER?

The policy does not provide coverage for loss or damage resulting from:

- War and Nuclear group of perils
- Wilful Act/ Negligence
- Inventory Losses
- Normal Wear and Tear, Gradual Deterioration, Rust
- Aesthetic Defects, Scratching of Painted or Polished surface, Breakage of Glass
- Loss or Damage due to Faulty Design, Defective Material or Casting and bad Workmanship (limited to items immediately affected)
- Damage or penalties on account of the Insured's non-fulfillment of the terms of delivery or completion under his Contract of construction or of any obligations assumed there under or lack of performance or description or for any aesthetic defects or operational deficiencies;
- Cost of rectification or correction of any error during construction not resulting in physical loss or damage.
- Damage to files, drawings, accounts, bills and currency
- Consequential Losses
- loss of or damage to vehicles licensed for general road use or water borne vessels or Machinery/Equipment mounted or operated or fixed on floating vessels/craft/barges or aircraft.
- Cessation of Work – Partial or Total
- Liability consequent upon injury or damage to property belonging to parties insured in the policy.
- Liability arising out of property in care, custody and control of insured(s).

- Policy deductible- This is the first amount of any claim that insured need to bear
- Terrorism

For complete list of exclusions, refer the policy wordings

WHAT IS THE SUM INSURED?

The sum insured for the insurance should represent the completely constructed value of the property, inclusive of freight, customs duty and construction cost.

WHAT CAN BE ADDITIONALLY COVERED?

EARTHQUAKE (FIRE AND SHOCK)

Loss and/or damage to insured property arising out of Earthquake may be covered under the policy.

UIN: IRDAN152RP0164V02201718/A0166V01201718

CLEARANCE AND REMOVAL OF DEBRIS

Expenses necessarily incurred by the insured in demolishing or removing debris of portions of the property Insured and destroyed or damaged by any peril not excluded from scope of policy.

UIN: IRDAN152RP0164V02201718/A0171V01201718

OWNERS SURROUNDING PROPERTY

The policy extends to cover loss of or damage to property located on or adjacent to the Project Site and belonging to or held in care, custody or control of the principal(s) or the Contractor (s) shall only be covered if occurring directly due to the erection, construction or testing of the items insured under section 1 and happening during the period of cover. This cover does not apply to Construction / Erection Machinery, Plant and Equipment, Temporary Buildings and Temporary site installations.

The policy does not cover loss due to Fire, Lightning, Explosion and Aircraft damage unless specifically mentioned in schedule of policy

UIN: Without FLEXA - IRDAN152RP0164V02201718/A0173V01201718

With FLEXA – IRDAN152RP0164V02201718/A0174V01201718

ESCALATION

Provision to cover for future inflation which may affect the insured property, with maximum limit allowed upto 50% of project value.

UIN: IRDAN152RP0164V02201718/A0170V01201718

COVER OF EXTRA CHARGES FOR OVERTIME, NIGHT WORK, EXPRESS FREIGHT EXCLUDING AIR FREIGHT

The insurer shall indemnify the insured, extra charges for over time, night work, work on public holidays and express freight (including air freight). Provided always that such charges are incurred in connection with any loss of or damage to the insured items recoverable under the policy.

UIN: IRDAN152RP0164V02201718/A0168V01201718

ADDITIONAL CUSTOMS DUTY

This applies to the imported items, if shipped and to be paid additional custom duty at destination due to change of custom duty regulations from time of taking this insurance cover to time of occurrence of loss.

UIN: IRDAN152RP0164V02201718/A0172V01201718

CONTRACTOR'S PLANT AND MACHINERY

Contractor's plant and machinery directly used in the project may also be insured under the scope of policy.

UIN: IRDAN152RP0164V02201718/A0185V01201718

MAINTENANCE VISITS COVER

The insurer's liability during the maintenance period is limited to loss or damage caused by the insured in the course of the operations carried out for the purpose of complying with the obligations under the maintenance provisions of the contract.

UIN: IRDAN152RP0164V02201718/A0177V01201718

EXTENDED MAINTENANCE COVER

In addition to the protection provided under the maintenance visits cover, this cover also includes loss or damage occurring during the maintenance period but caused during the erection period on the construction site.

UIN: IRDAN152RP0164V02201718/A0178V01201718

CONTINUITY OF COVER DURING OPERATIONAL PHASE

It is hereby declared and agreed that the Indemnity provided by this policy is extended to cover the equipments/plants/ buildings, which has been completed and awaiting handing over, for a period of _____ months, from the date of successful completion

UIN: IRDAN152RP0164V02201718/A0184V01201718

COVER FOR OFFSITE STORAGE

Other locations used for storing project materials, job workers premises may also be covered besides the main project site may also be covered under the policy

UIN: IRDAN152RP0164V02201718/A0183V01201718

PROFESSIONAL FEES COVER

Reasonable fees payable to the insured's: accountants, architects, auditors, engineers and other professionals; for producing and certifying any particulars or details contained in the insured's books or documents, or such other proofs, information or evidence required by the company resulting from insured loss payable.

LOSS MINIMISATION COVER

Reasonable loss minimization costs incurred by insured to safeguard and mitigate further damage to his property insured in the policy may be also covered.

VALUABLE DOCUMENTS COVER

This cover provides for cost incurred by insured to get his plans and specifications of the contract work redrawn and/or rewritten following loss or damage to such plans and specifications from loss not excluded under the policy.

UIN: IRDAN152RP0164V02201718/A0179V01201718

TERRORISM DAMAGE COVER

Losses or damage to insured property arising out of terrorism activity may also be covered.

UIN: IRDAN152RP0164V02201718/A0167V01201718

EXTENDED DEFECTIVE CONDITION EXCLUSION DE2

Losses to insured property attributable to defect in design is generally excluded from this insurance however this may be endorsed as additional cover, with extent of damage covered specified in detailed policy wordings.

DESIGN DEFECT (DE3) EXCLUSION

Losses to insured property attributable to defect in design is generally excluded from this insurance however this may be endorsed as additional cover, with extent of damage covered specified in detailed policy wordings.

UIN: IRDAN152RP0164V02201718/A0181V01201718

DESIGN DEFECT (DE4) EXCLUSION

Losses to insured property attributable to defect in design is generally excluded from this insurance however this may be endorsed as additional cover, with extent of damage covered specified in detailed policy wordings.

UIN: IRDAN152RP0164V02201718/A0182V01201718

72 HOURS CLAUSE

This condition provides relief to insured by considering series of natural catastrophe events within 72 consecutive hours as one single event and hence single excess is applied.

50:50 CLAUSE

For those insurance policies which has a marine policy issued in conjunction for transportation of project material and upon any loss not excluded under the policy where it becomes difficult to determine as to the origination of damage, both the policies will respond in equal proportion upto the liability admitted.

INVOLUNTARY BETTERMENT

In the event of replacement property of like kind and quality is not obtainable, new property which is as similar as possible to the damaged property and which is capable of performing the same function, shall be deemed to be new property of like kind and quality and in no event shall this be considered as a betterment to the Insured.

UIN: IRDAN152RP0164V02201718/A0199V01201718

PAIR AND SET CLAUSE

In the event of Damage by an insured peril against any article or articles of Property Insured which are a part of a pair or set, the amount of Damage to such article or articles shall be, at the Insured's option:

- I. the reasonable and fair proportion of the total value of the pair or set, giving consideration to the importance of said article or articles, but in no event shall such loss or damage be construed to mean total loss of the pair or set; or
- II. the full value of the pair or set provided that the Insured surrenders the remaining articles of the pair or set to the Company

UIN: IRDAN152RP0164V02201718/A0198V01201718

LEASED EQUIPMENT RENTAL COSTS

Company shall cover the Insured for their necessary continuing rental charges on leased equipment damaged by an Insured event

UIN: IRDAN152RP0164V02201718/A0197V01201718

INCOMPATIBILITY OF UNDAMAGED MACHINERY

Insurance under Section I is extended to cover the cost of

1. modification of an equipment already erected and/or to be erected under project as per insured contract(s) provisions or
2. the replacement restoration or recompilation of an equipment already erected and/or to be erected under project as per insured contract(s) provisions

UIN: IRDAN152RP0164V02201718/A0196V01201718

ERRORS & OMISSIONS TO INSURE

Insured shall not be prejudiced in any manner by any unintentional and/or inadvertent:

1. Delay and/or omission and/or Failure to advise inclusion of assets or details which but for such delay or omission or failure would have been covered by this policy; and/or
2. Inaccuracy and/or error in description; and/or
3. Failure to notify material changes as required; and/or
4. Error in the name

UIN: IRDAN152RP0164V02201718/A0191V01201718

CLAIM PREPARATION COSTS

Costs and expenses necessarily and reasonably incurred by the Insured following loss or damage to the Property Insured to extract and compile information required by the Company from the Insured's own records for the purpose of preparing a claim under the Policy but excluding legal, investigation and research fees/expenses incurred for the purpose of contesting any issue over the Company's liability under the Policy.

UIN: IRDAN152RP0164V02201718/A0190V01201718

PROJECT AMENDMENTS

This insurance shall also cover any alteration in any material plan or otherwise regarding construction methods or procedures or any other information contained in or omitted from any underwriting information supplied to the Company shall not prejudice this Policy

INLAND TRANSIT

This Section will indemnify the Insured, up to the Sum Insured specified in the Schedule, in respect of insured Loss, while Insured Property is being transported on any vehicle (including loading and unloading) to the Project Site or to temporary offsite facilities

UIN: IRDAN152RP0164V02201718/A0187V01201718

SOUND/UNDAMAGED PROPERTY DESTRUCTION

In the event of total or partial damage or destruction to the property insured hereunder the destruction of undamaged property forming part of the contract works necessary for the replacement and reinstatement of the damaged property is covered so long as there is no change to original design.

UIN: IRDAN152RP0164V02201718/A0189V01201718

EMPLOYEES' PERSONAL EFFECTS AND TOOLS

The Policy is extended to include loss or damage to personal effects and tools of the employees, project manager engaged in this contract

UIN: IRDAN152RP0164V02201718/A0188V01201718

COVER FOR EXTERNAL DEBRIS

Policy extends to cover costs and expenses necessarily incurred by the Insured with the consent of the Company in demolishing or removing external debris accumulated within the territorial limits of the Policy, by any sudden event that could not reasonably be ascertained by the Insured or if ascertained the insured could not have prevented the damage by reasonable amount of care/measures upto an amount not exceeding 75% of the claim amount subject to a maximum limit of indemnity per any one occurrence and in the aggregate stated in the Schedule

UIN: IRDAN152RP0164V02201718/A0195V01201718

LOCAL AUTHORITIES CLAUSE

This Clause extends to include such additional cost of reinstatement of the destroyed or damaged property hereby insured as may be incurred by the Insured solely by reason of the necessity to comply with the Building or other Regulations under or framed in pursuance of any act of Parliament or with Bye-laws of any Municipal or Local authority

CESSATION OF WORK

Exclusion (d) under General Exclusions to the Policy shall be replaced by the following wordings:
“d) any partial or total cessation of work exceeding 180 days of which the Company has not been notified”

UIN: IRDAN152RP0164V02201718/A0186V01201718

AUTOMATIC REINSTATEMENT UPTO 10%

It is hereby agreed and understood the amounts insured are always to remain at risk and shall not be reduced following loss or damage insured hereunder so long as the aggregate of the sums paid and/or payable does not exceed 10% of the completely erected value.

UIN:IRDAN152RP0164V02201718/A0175V01201718

AUTOMATIC REINSTATEMENT ABOVE 10%

It is hereby declared and agreed that the insured having paid an additional premium (which is included in the Total premium set forth in the schedule), the amount insured are always to remain at risk and shall not be reduced, so long as the aggregate of the sum paid and / or payable does not exceed ----- % of the sum insured.

UIN:IRDAN152RP0164V02201718/A0175V01201718

AIR FREIGHT EXTRA

It is hereby declared and agreed that the policy shall also indemnify towards Air Freight incurred by the Insured in connection with the indemnifiable loss under the Policy.

UIN:IRDAN152RP0164V02201718/A0169V01201718

TEMPORARY ACCESS ROADS

Irrespective of the periods of Insurance specified in the Policy, the Insurer will indemnify the Insured only for unforeseen accidental loss or damage to temporary access roads insured under the Policy if such loss or damage occurs prior to such roads being completed or taken into use for their purpose by the contractors, whichever takes place first.

THIRD PARTY LIABILITY WITH OR WITHOUT CROSS LIABILITY EXTENSION WITHIN GEOGRAPHICAL LIMITS OF INDIA

It is agreed and understood that otherwise subject to the terms, exclusions, provisions and conditions contained in the policy or endorsed thereon and subject to the insured having paid the agreed extra premium the Third Party Liability Cover of the policy shall apply to the insured parties named in the schedule as if a separate policy had been issued to each party.

UIN:IRDAN152RP0164V02201718/A0176V01201718

ENDORSEMENT CONCERNING STORAGE

The insurers shall only indemnify the insured for loss of or damage to the insured items during storage up to a value per storage unit not exceeding the equivalent of Rs. ----- . The individual storage units shall be either at least 50 m apart or separated by fireproof walls.

COVER OF LEAK SEARCH COSTS WHEN LAYING PIPELINES

The policy can be extended to include the following items under this policy

- (a) Leak search costs following a hydrostatic test
(Including the cost of leasing special apparatus cost of operation and transport of such apparatus)
- (b) Earthwork on a trench not damaged in itself such earthwork becoming necessary in search for and repairs of leaks, e.g. excavation, uncovering of the pipeline, backfilling.

WAIVER OF SUBROGATION

It is hereby agreed and understood that otherwise subject to the terms, exclusions, provisions and conditions contained in the policy or endorsed thereon, the insurers shall waive all their rights of subrogation or action which they may have or acquire against the assured and any person, firm or the assured or corporation having an association or affiliation at the time of loss with the assured through ownership or management subject to having been insured under this policy.

WAIVER OF CONTRIBUTION

It is hereby agreed and understood that otherwise subject to the terms exclusions, provisions and conditions contained in the Policy or endorsed thereon, the Company shall waive all their rights on any other insurance effected by on or behalf of the insured from contributing rateably to the loss or damage in whole or in part , provided the liability of the Company hereunder shall be limited to such proportion of the loss or damage as the Limit of Indemnity herein bears to the actual value at risk.

It is further agreed that the said waiver of contribution shall be restricted between Principal and the Contractor and should not be waived for others.

BREAKAGE OF GLASS COVER

This Policy can be extended to cover loss due to breakage of glass and exclusion C of Material damage section stands altered to "Normal wear and tear, gradual deterioration due to atmospheric conditions or lack of use or obsolescence or otherwise, rust, scratching of painted or polished surfaces".

UIN:IRDAN152RP0164V02201718/A0180V01201718

MULTIPLE INSURED CLAUSE

Notwithstanding anything to the contrary contained in this Policy, if in any Section, the Insured comprises of more than one party each operating as a separate and distinct entity, this Policy of Insurance shall, unless otherwise provided for in this Policy of Insurance, apply as if a separate policy had been issued to each of these parties provided always that the Company's overall liability towards the parties that constitute the Insured in any Section shall not exceed the Sum Insured and any limits of indemnity specified in the Schedule for that Section. Any payment made by the Company to any insured party as a result of an occurrence of loss or damage shall reduce, by the amount of that payment, the Company's liability towards all insured parties that constitute the Insured arising from that occurrence under this Policy of Insurance.

NON VITIATION CLAUSE

Notwithstanding anything to the contrary contained in this Policy, as the various parties comprising the Insured operate as separate and distinct entities, the rights of each of the parties in all respects shall (notwithstanding anything contained or implied herein to the contrary) be treated as though each of the parties had separate policies for their respective rights and interests and the rights and indemnities of any of the parties who are not guilty of any fraud, misrepresentation, non-disclosure or breach of condition or warranty shall not be prejudiced or affected by any fraud, misrepresentation, non-disclosure or breach of condition or warranty by any of the other parties comprising the Insured.

AGREED BANK CLAUSE

Policies in which a Bank/Financial Institution has interest shall be issued in the name of Bank/Financial Institution and owner or mortgagor and shall contain a suitable clause to protect their interest.

SERIAL LOSSES

Notwithstanding anything to the contrary contained in this Policy, It is noted and agreed that loss or damage due to faulty design (if covered by endorsement), defective material and/or workmanship arising out of the same cause to structures, parts of structures, machines or equipment of the same type shall be indemnified according to the following scale after applying the Policy deductible for each loss:

100% of the first 2 losses

80% of the 3rd loss

60% of the 4th loss

50% of the 5th loss

Further losses shall not be indemnified.

CONDITIONS FOR HORIZONTAL DIRECTIONAL DRILLING OF PIPELINE ROUTES BELOW RIVERS, RAILWAY EMBANKMENTS, STREETS, ETC.

The Insurers will indemnify the Insured up to the sum insured or limit of indemnity indicated below for damage arising during horizontal directional drilling operations below rivers, railway embankments, motorways, etc. only if a soil analysis (soil samples, test borings, sieve analyses, etc.) required for proper drilling operations in accordance with latest technical standards has been carried out prior to the commencement of work and if the contractor is familiar with the drilling technique.

PRIMARY INSURANCE CLAUSE

Company hereby agrees that the insurance of this Policy shall be primary without right of contribution of any other insurance carried by or on behalf of the named Insured's with respect to their respective interests in the insured property.

LOSS PAYEE CLAUSE

It is agreed and declared that loss is payable to the Insured or as directed by the Insured, which shall include such party who has an insured interest in the subject matter insured at the time of loss or damage.

APPRAISEMENT CLAUSE

It is hereby understood and agreed that subject otherwise to the terms, exclusions, provisions and conditions contained herein the Policy or endorsed thereon, no special inventory or appraisal of the undamaged property hereby insured shall be required, if the aggregate claim for any one insured loss or damage does not exceed _____ (limit as stated in the Schedule) by the item or items effected.

LEG 3/96 MODEL 'IMPROVEMENTS' DEFECTS EXCLUSION

The Company shall not be liable in respect of: All costs rendered necessary by defects of material workmanship design plan or specification and should damage occur to any portion of the property insured (Contract Works) containing any of the said defects the cost of replacement or rectification which is hereby excluded is that cost incurred to improve the original material workmanship design plan or specification.

For the purpose of this Policy and not merely this exclusion 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.

UIN:IRDAN152RP0164V02201718/A0192V01201718

LEG 3/06 MODEL 'IMPROVEMENTS' DEFECTS EXCLUSION

The Company shall not be liable for: All costs rendered necessary by defects of material workmanship design plan or specification and should damage (which for the purposes of this exclusion shall include any patent detrimental change in physical condition of the Insured Property) occur to any portion of the property insured containing any of the said defects the cost of replacement or rectification which is hereby excluded is that cost incurred to improve the original material workmanship design plan or specification.

For the purpose of the Policy and not merely this exclusion it is understood that any portion of the property insured shall not be regarded as damaged solely by virtue of the existence of any defect of material workmanship design plan or specification.

UIN:IRDAN152RP0164V02201718/A0193V01201718

LEG 2/96 MODEL "CONSEQUENCES "DEFECTS WORDING

The Company shall not be liable in respect of:

All costs rendered necessary by defects of material workmanship design plan 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 replacement or rectification of the Insured Property had been put in hand immediately prior to the said damage.

For the purpose of this policy and not merely this exclusion 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.

UIN:IRDAN152RP0164V02201718/A0194V01201718

WHAT SHOULD BE DEDUCTIBLE?

The first amount which the insured needs to bear on each and every loss which he claims, is known as policy deductible.

The deductible in EAR insurance applies to the nature of loss and is subdivided into Storage and Erection loss, Act of God (AOG) loss, Testing period loss, Fire and Explosion loss and is more specified in the policy schedule.

DUTY OF DISCLOSURE:

We rely on information that you provide while accepting your proposal for insurance cover .If that information is not accurate, we can reduce or deny any claim you may make or cancel your policy. We never want to have to do that, so you must answer honestly, correctly and completely the questions asked.

CANCELLATION:

The insured can cancel the policy at any time during the term, without assigning any reason, by giving notice in writing to the Company. The Company shall-

- Refund proportion premium for unexpired policy period, if there is no claim(s) made during the policy period.

The Company can cancel the policy only on the grounds of established fraud, by giving minimum notice of 7 days to the insured.

CLAIM PROCESS:

In the event of any occurrence, which might give rise to a claim under this Policy, the Insured shall –

- a) Immediately notify the Company by Telephone or Telegram as well as in writing giving an indication as to the nature and extent of loss or damage;
- b) take all steps within his power to minimise the extent of the loss or damage;
- c) preserve the parts affected and make them available for inspection by a representative or Surveyor deputed by the company;
- d) furnish all such information and documentary evidence as the Company may require;
- e) inform the police authorities in case of loss or damage due to theft or burglary

OBLIGATIONS OF INSURED:

- a) The due observance and fulfillment of the terms of this Policy in so far as they relate to anything to be done or complied with by the Insured and the truth of the statement and answers in the questionnaire and proposal made by the Insured shall be a condition precedent to any liability of the company.
- b) The Insured shall at his own expense take all reasonable precautions and comply with all reasonable recommendations of the Company to prevent loss, damage or liability and comply with statutory requirements and manufacturers' recommendations

GRIEVANCE:

For resolution of any query or grievance, Insured may contact the respective branch office of the Company or may call toll free number 1800 266 4545 or may write an e- mail at care@zurichkotak.com

In case the Insured is not satisfied with the response, Insured may contact the Grievance Officer of the Company at grievanceofficer@zurichkotak.com . In case if the Insured is not satisfied with the solution the Grievance Officer has provided, Insured can write to seniorgrievanceofficer@zurichkotak.com / chiefgrievanceofficer@zurichkotak.com

However, if the resolution provided by us is not satisfactory you may approach Insurance Regulatory and Development Authority of India (IRDAI) through the Bima Bharosa Portal: <https://bimabharosa.irdai.gov.in>

You may also approach Insurance Ombudsman, subject to vested jurisdiction, for the redressal of grievance. The details of the Insurance Ombudsman/ complete Grievance Redressal Process is also available at Company's website: www.zurichkotak.com

The updated details of Insurance Ombudsman offices are also available on the website of Council for Insurance Ombudsman: www.cioins.co.in/Ombudsman

NOTE:

For detailed Coverage, Exclusions, Conditions etc., it is recommended to go through the Specimen copy of the Policy Wording which can be collected from any of our branch or downloaded from company web site.

**STATUTORY WARNING - PROHIBITION OF REBATES
(Under Section 41 of Insurance Act 1938)**

- 1) No person shall allow or offer to allow, either directly or indirectly as an inducement to any person to take out or renew or continue an insurance in respect of any kind of risk relating to lives or property, in India, any rebate of the whole or part of the commission payable or any rebate of the premium shown on the Policy, nor shall any person taking out or renewing or continuing a Policy accept any rebate, except such rebate as may be allowed in accordance with the published prospectuses or tables of the Insurer.
- 2) Any person making default in complying with the provisions of this section shall be liable for a penalty which may extend to ten lakh rupees