

CONTRACTOR'S PLANT AND MACHINERY INSURANCE

PROSPECTUS (RETAIL)

Introduction:

This Policy covers unforeseen and sudden physical damage caused to Contractor's Plant and Machinery (CPM) equipment by major perils whilst in location specified in the Policy. These equipments due to the nature of their usage and operation in hostile terrains & operating conditions are exposed to number of risks apart from damage due to collision, over-turning, fall etc. The Policy offers wide cover which does include accidental damage, damage due to riot and strike, theft, flood etc. The cover can be taken in respect of all equipments which are extensively used by all Contractors in various Project Sites. Equipment's such as Cranes, Road Rollers, Fork Lift, Mobile Mixing Plants, Excavators etc., come under this category.

The policy can be taken by owner of the equipment's and also those who have taken the same on rent provided as per their rental agreement they are responsible for accidental damage.

Scope of the Policy:

The policy covers all types of unforeseen and sudden loss or damage necessitating immediate replacement of parts and/or repairs except for specified exclusions. The coverage includes loss or damage occurring while the machineries are,

- a. Working, or
- b. At Rest, or
- c. Being dismantled for the purpose of cleaning or overhauling within the insured premise, or
- d. Being shifted within the premises for repair/erection, or
- e. Being re-erected in the same premises after cleaning or overhaul.

This is a location specific policy meaning the equipment is covered only whilst the same is used in the insured location.

Under this, broadly, the following types of loss/damage are covered.

- Fire, Lightning
- Riot & Strike
- Explosion
- Burglary, House Breaking, Theft
- Accidental Damage by collision, over-turning, fall from height etc.
- AOG Perils- Flood, Storm, Subsidence, Landslide, Rockslide

It is important to give the complete identification details of the equipment being covered like, Sr. No., Make, Model etc., at the time of the effecting the insurance.

Sum Insured:

The Sum Insured under this shall represent Current New Replacement/Reinstatement Value which means cost of replacing by the New, but identical equipment of the same type, same capacity and same technical

specification. It shall include customs duty, octroi, transportation cost, installation cost (all expenses incurred till the time of erection or equipment being brought to commercial use) etc.

The Sum Insured mentioned in the Policy will be the maximum liability of the Insurance Company during the Policy Period. In case of Partial Loss, subsequent to loss or damage, the Sum Insured is required to be reinstated to Current New Replacement Value.

If these equipments are used along with trailer or any other attachments, the same also shall be covered.

Basis of Indemnity/Payment of Loss:

In the event of any loss or damage the claim will be paid as under.

- Partial Loss - Cost of spare parts and repair costs will be paid for. However, depreciation will be deducted for parts which have limited life. Additional costs such as dismantling cost, transportation, customs duty, erection costs etc. are also paid, to the extent the same are included in the Sum Insured. However, any extra charges incurred for overtime, night-work, work on public holidays, express freight, additional customs duty are paid only if specifically agreed to, in writing on payment of additional premium.
- Total Loss - In the event of Total loss, the company will pay the market value of the machinery after accounting for due depreciation based on number of years of usage or service given.

However, it is to be noted that, if the actual Sum Insured is less than Current New Replacement Value at the time of loss, then the company will pay the loss after accounting for Under-insurance in the same ratio. (Actual Sum Insured/Current New Replacement Value * Assessed Loss)

Exclusions:

Loss or Damage caused by or attributable to following, are not payable-

- Excess or First portion of the claim which is to be borne by the insured in all the claims.
- Electrical or Mechanical breakdown, failure, breakage or derangement, freezing of coolant or other fluid, defective lubrication or lack of oil or coolant. But, if as a consequence of such breakdown or derangement, an accident occurs causing external damage, such consequential damage will be paid for.
- Loss of or damage to replaceable parts and attachment such as bits, drills, knives or other cutting edges, saw blades, dies, moulds, ropes, belts, chains, elevator and conveyor bands, batteries, tyres, connecting wires and cables, flexible pipes, etc.
- Loss of or damage to vehicles designed and licensed for general road use unless these vehicles are exclusively used on construction site.
- Loss or damage whilst in transit, from one location to another location.
- Wear and tear, corrosion, rust, deterioration due to lack of use and normal atmospheric conditions.
- Loss of or damage to plant and/or machinery working underground.
- Loss or damage due to any faults or defects existing at the time of commencement of the Policy.
- Terrorism Activity.
- War and Allied Perils
- Nuclear Activity/Materials
- Wilful Negligence
- Loss or damage for which the Manufacturer or Supplier is responsible

Note: For complete list of exclusions, refer the policy wordings

Additional Covers/ Endorsements:

The following Additional Covers are available which may be taken by Insured based on individual exposure on payment of additional Premium.

1. Escalation Provision
To ensure that, there is no Under-Insurance at any point of time during the currency of Policy
UIN: IRDAN152RP0003V02201718/A0020V01201718
2. Extra charges for Express Freight, Overtime and Holiday Wages
Incase if the damaged equipments are required to be repaired urgently by incurring these expenses
UIN: IRDAN152RP0003 V02201718/A0021 V01201718
3. Air Freight
Incase if the damaged equipments are required to be repaired urgently for which air freight is paid
UIN: IRDAN152RP0003 V02201718/A0022 V01201718
4. Additional Customs Duty
To cover for additional Customs Duty paid in respect of import of any spare part (as compared to customs duty paid for entire machinery earlier)
UIN: IRDAN152RP0003 V02201718/A0025 V01201718
5. Third Party Injury/Death or Damage
Compensation payable to Third Parties for injury/death or property damage arising out of indemnifiable damage to insured machinery
UIN: IRDAN152RP0003 V02201718/A0024 V01201718
6. Owners Surrounding Property
Damage to property owned by Insured arising out of indemnifiable damage to insured machinery
UIN: IRDAN152RP0003 V02201718/A0023 V01201718
7. Clearance & Removal of Debris
To cover for expenses incurred on Clearance & Removal of Debris following loss or damage
UIN: IRDAN152RP0003 V02201718/A0026 V01201718
8. Floater Cover
If the equipments are used in different project sites during the currency of the policy, the cover will remain valid in all project sites subject to condition that, the addresses of all project sites are given and included in the Policy schedule. However, the loss or damage whilst in transit from one project site to other project site whether as cargo or on it's own power is not covered.
UIN: IRDAN152RP0003 V02201718/A0027 V01201718
9. Waiver of Betterment
In the event of loss or damage to insured item requiring replacement of parts, the company will allow the replacement of next higher version or technically superior part if the part which has suffered damage is not available any more in view of technological advancement.

UIN: IRDAN152RP0003V02201718/A0028 V01201718

10. Omission to Insure additions, alterations

In case of loss or damage to any new equipment or machinery that is not specifically informed or declared to the company, the company shall consider payment of claim in respect of such machinery/equipment subject to maximum limit of 5% of sum insured mentioned in the policy schedule
UIN: IRDAN152RP0003V02201718/A0029 V01201718

11. Non Vitiating Clause / Multiple Insured Clause

In policies, where there are more than one insureds, the actions or inactions (other than fraud) of any one of them will not prejudice rights of other insureds to stake a claim against the company.

12. Omission to Insure/ Inadvertent Omission

In case of loss or damage to any equipment or machinery that is not specifically informed or declared to the company or for which the insured is responsible, the company shall consider payment of claim in respect of such machinery/equipment, subject to maximum limit of 5% of sum insured as may be specifically mentioned in the policy schedule.

UIN: IRDAN152RP0003 V02201718/A0030 V01201718

13. Professional Fee

Under this, subject to prior approval from the company, the additional expenses incurred for Professional advice of Architects, Engineers, Surveyors, etc. are paid for.

UIN: IRDAN152RP0003V02201718/A0031 V01201718

14. Claims Preparation Cost

Under this, subject to prior approval from the company, the expenses incurred in preparing detailed bill, estimate, and Proforma invoice or for obtaining documents in support of cause of claim or quantum of the claim, is paid for.

UIN: IRDAN152RP0003V02201718/A0032 V01201718

15. Cover for mobile and portable equipment outside the premises

Under this, the scope of the policy stands extended to include even such equipments/machineries/instruments which are mobile or portable in nature. The loss or damage occurring outside the insured location also stands covered subject to territorial limits as mentioned in the policy, however the perils or nature of damage remaining the same as in original policy or schedule.

UIN: IRDAN152RP0003V02201718/A0033 V01201718

16. Parts Undamaged Clause

Under this subject to prior approval from the company, the insured is indemnified even in respect of replacement of parts which are undamaged if such replacement is essential to prevent the recurrence of loss and by such replacement there is no technological improvement in terms of functioning, capacity etc.

UIN: IRDAN152RP0003V02201718/A0034 V01201718

17. Claims Investigation Cost

Under this, subject to prior approval from the company, the expenses incurred by the insured in investigating & ascertaining the nature, cause or exact location of loss is also, paid for.

UIN: IRDAN152RP0003V02201718/A0035 V01201718

18. Transit Cover

Under this, the loss or damage as specified in the Policy Schedule occurring whilst, the machinery/equipment is in transit stands covered.

UIN: IRDAN152RP0003 V02201718/A0036 V01201718

19. Terrorism Damage Inclusion Endorsement

Terrorism cover can be provided by way of this endorsement

UIN: IRDAN152RP0003V02201718/A0037 V01201718

20. Additional Rates for Earthquake (Fire & Shock) Perils:

Earthquake cover can be provided by way of add on cover

UIN: IRDAN152RP0003V02201718/A0038 V01201718

21. Deletion of Exception 'K' of the Policy

Exception 'K' under the Policy regarding Contractor's Plant and or Machinery working underground, stands deleted

UIN: IRDAN152RP0003V02201718/A0039 V01201718

22. Contractor's Plant & Machinery Equipments mounted on Floating Vessel / Craft:

The Contractor's Plant, Machinery & Equipments mounted on floating vessel/craft and used for the purpose of contract work can be covered.

UIN: IRDAN152RP0003V02201718/A0040V01201718

23. Dismantling of CPM Equipment and shifting to a new location

Equipment covered under the CPM policy at a location are dismantled and shifted to new/other site and re-erected there at, can be covered

UIN: IRDAN152RP0003V02201718/A0041V01201718

24. Merry Go Round Systems

Locomotives and Bottom Discharge Wagons - Contractors Plant and Machinery Insurance cover for Merry-go-Round arrangement (in respect of locomotives and wagons only) may be granted as an extension of CPM Policy.

UIN: IRDAN152RP0003V02201718/A0042V01201718

25. Machinery Breakdown Cover

Contractors Plant and Machinery Insurance Cover can be extended to cover Mechanical Breakdown cover for the equipment/Machinery.

UIN: IRDAN152RP0003V02201718/A0043V01201718

Policy Excess:

The Policy is subject to excess which means first portion of any claim has to be borne by insured before the claim becomes payable by Insurance Company. The Excess depends upon the Sum Insured and Nature of Loss/Peril causing the damage.

Conditions:

The following are the important conditions which the insured should be clearly aware of.

- In the event of any loss or damage, the insured shall take all reasonable steps to minimize the loss and also report to Police in case of Theft or loss due to riot. Insured shall ensure to produce adequate evidence for proving the quantum of loss and cause of loss.
- In the event of any loss, the insured shall inform the insurer forthwith and also give the detailed estimate for insurer to survey the loss.
- In the event of change in ownership of equipment by sale (other than through will or law), the same needs to be informed to the insurance company for necessary approval
- At the time of claim if there are more than one policy covering the same equipment, then the claim will be paid in the ratio of Sum Insured, by respective Insurance Companies except in case multiple policies involving bank or other lending or financing entity as mentioned under Clause 15 of the Policy wordings.
- The Policy will be void in case of any Material change in risk, Modification to insured risk and Change in operating condition by which the risk increases

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 the term of the policy is upto one year and 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.

Claims 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 or email as well as in writing, giving an indication as to the nature and extent of loss or damage.
- b) take all reasonable steps within his power to minimize the extent of the loss or damage or liability;
- c) preserve the damaged or defective parts and make them available for inspection by an official or surveyor of the Company;
- d) furnish all such information and documentary evidence as the company may require.

The Company shall not be liable for any loss or damage of which no notice and completed claims form have been received by the Company within Fourteen days of its occurrence.

Obligations of the Insured:

- a) The Insured shall take all reasonable steps to maintain the insured property in efficient working order and to ensure that no item is habitually or intentionally overloaded. The Insured shall fully observe the manufacturer's instructions for operating, inspection and overhaul, as well as government, statutory, municipal and all other binding regulations in force concerning the operation and maintenance of the insured plant and machinery;
- b) The Company's officials and/or their representatives shall at all reasonable times have the right to inspect and examine any property insured hereunder and the Insured shall provide the officials of the Company with all details and information necessary for the assessment of the risk.

- c) In the event of any;
- i) Material change in the original risk,
 - ii) Alteration, modification or addition to an insured item,
 - iii) Departure from prescribed operating condition, whereby the risk of loss or damage increases.
 - iv) Change in the Insured's interest (such as discontinuation or liquidation of the business or being placed in receivership) taking place.

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.