

**PROSPECTUS
(Commercial)**

CONTRACTOR'S PLANT AND MACHINERY INSURANCE

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 deprecation 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

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 - To ensure that, there is no Under-Insurance at any point of time during the currency of Policy
2. Extra charges for Express Freight, Overtime and Holiday Wages - In case if the damaged equipments are required to be repaired urgently by incurring these expenses

3. Air Freight - In case if the damaged equipments are required to be repaired urgently for which air freight is paid
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)
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
6. Owners Surrounding Property - Damage to property owned by Insured arising out of indemnifiable damage to insured machinery
7. Clearance & Removal of Debris – To cover for expenses incurred on Clearance & Removal of Debris following loss or damage
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.
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.
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
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.
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.
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.
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.
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.
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.
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.
19. Terrorism Damage Inclusion Endorsement – Terrorism cover can be provided by way of this endorsement

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.
- The policy may be cancelled by insured after giving written notice, in which case, the premium will be retained on Short Period Basis.
- 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

Grievances

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 is available at Annexure I of Policy wordings.

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 Ombudsmen: 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.