

### **Erection All Risk – Policy Wording**

WHEREAS the insured named in the Schedule hereto had made to HDFC ERGO General Insurance Company Ltd.(hereinafter referred to as “the Company”), a written proposal by completing a Proposal Form which together with any other statements made in writing by the insured for the purpose of this Policy, is deemed to be incorporated herein.

**NOW THIS POLICY OF INSURANCE WITNESSETH**

that subject to and in consideration of the Insured having paid to the Company, the premium mentioned in the said Schedule and subject to the terms, exclusions, provisions and conditions contained herein or endorsed here on the Company will indemnify the Insured against sudden and unforeseen physical loss of or damage to the property insured in the manner and to the extent hereinafter provided.

**GENERAL EXCLUSIONS -**

The Company will not indemnify the Insured in respect of loss, damage or liability directly or indirectly caused by or arising out of or aggravated by –

- a) War, invasion, act of foreign enemy, hostilities or war like operations (whether war be declared or not), civil war, rebellion, revolution, insurrection, mutiny, civil commotion, military or usurped power, martial law, conspiracy, confiscation, commandeering a group of malicious persons or persons acting on behalf of or in connection with any political organisation, requisition or destruction or damage by order of any government de jure or de facto or by any public, municipal or local authority.
- b) Nuclear reaction, nuclear radiation or radioactive contamination.
- c) Wilful act or wilful negligence of the Insured or of his responsible representative
- d) Cessation of work whether total or partial.
- e) Terrorism Damage Exclusion Warranty:

This Policy excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any act of terrorism regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

For the purpose of this exclusion, an act of terrorism means an act or series of acts, 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), or unlawful associations, recognized under Unlawful Activities (Prevention) Amendment Act, 2008 or any other related and applicable National or State legislation formulated to combat unlawful and terrorist activities in the nation for the time being in force, committed for political, religious, ideological or similar purposes including the intention to influence any Government and/or to put the public or any section of the public in fear for such purposes.

This exclusion also includes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to the above.

In any action, suit or other proceedings where the Company allege that by reason of the provisions of Exclusion (a) above any loss, destruction, damage or liability is not covered by this insurance, the burden of proving that such loss, destruction, damage or liability is covered shall be upon the Insured.

#### **PERIOD OF COVER -**

The liability of the Company shall commence, (notwithstanding any date to the contrary specified in the Schedule) only from the time after the unloading of the property specified in the Schedule from any conveyance at the site specified in the schedule and shall continue until immediately after the first test operation or test loading is concluded (whichever is earlier) but in no case beyond four weeks from the day on which after completion of erection a trial running is made and/or readiness for work is declared by the erectors/contractors, whichever is earlier. If however, a part of a plant or one or several machine/s is/are tested and put into operation the cover and consequently the liability of the Company for that particular part of the plant or machine ceases whereas it continues for the remaining parts which are not yet ready.

In case after the expiry of four weeks of trial running, approval of the plant or any part thereof is not given by the concerned Authorities the cover for the extended period of further trial running can be covered at extra premium to be arranged before hand.

If the actual erection period is shorter than the period indicated in the Schedule, no refund of premium shall be allowed, unless specifically allowed by Insurers.

In the case of second-hand/used property, the insurance hereunder shall however, cease immediately on the commencement of the testing.

At the latest, the insurance shall expire on the date specified in the Schedule but if the work of erection and test operations included in the insurance is not completed within the time specified hereunder, the Company may extend the period of Insurance but the Insured shall pay to the Company additional premium at agreed rates.

#### **GENERAL CONDITIONS -**

1. 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 statements and answers in the questionnaire and proposal made by the Insured shall be a condition precedent to any liability of the Company
2. The Schedule and the Section(s) shall be deemed to be incorporated in and form part of this policy and the expression 'this Policy' wherever used in this contract shall be read as including the Schedule and the Section(s). Any word or expression to which a specific meaning has been attached in any part of this Policy or of the Schedule or of the Section(s) shall bear such meaning wherever it may appear.
3. 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.

4. a) Representatives of the Company shall at any reasonable time have the right to inspect and examine the risk and the Insured shall provide the representatives of the Company with all details and information necessary for the assessment of the risk.
- b) The Insured shall immediately notify the Company in writing of any material change in the risk and cause at his own expense such additional precautions to be taken as circumstances may require and the scope of cover and/or premium shall, if necessary be adjusted accordingly.

No material alteration shall be made or admitted by the Insured whereby the risk is increased unless the continuance of the Insurance be confirmed in writing by the Company.

5. In the event of any occurrence, which might give rise to a claim under this Policy, the Insured shall -
  - a) immediately notify the Company through any mode as stated in the Claims intimation section of Claims process of policy wording.
  - b) take all steps within his power to minimize the extent of the loss or damage
  - c) preserve the parts affected and make them available for inspection by a representative of the Company 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.

The Company shall not in any case be liable for loss, damage or liability of which no notice has been received by the Company within 14 days of its detection.

Upon notification being given to the Company under this condition, the Insured may carry out the repair or replacement of any minor damage not exceeding Rs. 7,500/- . In all other cases a representative of the Company shall have the opportunity of inspecting the loss or damage before any repairs or alterations are affected. If a representative of the Company does not carry out the inspection within a period of time which could be considered as adequate under the circumstances, the Insured is entitled to proceed with the repairs or replacement.

*The liability of the Company under this Policy in respect of any item sustaining damage shall cease if said item is not repaired properly without delay.*

The Insured shall at the expense of the Company do and concur in doing and permit to be done all such acts and things as may be necessary or required by the Company in the interest of any rights or remedies, or of obtaining relief or indemnity from parties (other than those insured under this Policy) to which the Company shall be or would become entitled or subrogated upon their paying for or making good any loss or damage under this Policy, whether such acts and things shall be or become necessary or required before or after the Insured's indemnification by the Company.

#### 6. Arbitration

As a condition precedent to any right of action hereunder, any dispute arising out of the interpretation, performance or breach of this policy, including the formation or validity thereof, shall be submitted for decision to a panel of three arbitrators. Notice requesting arbitration will be in writing and sent certified or registered mail, return receipt requested.

Each party shall choose one arbitrator and the two arbitrators shall, before instituting the hearing, choose an impartial third arbitrator who shall preside the hearing. If either party fails to appoint its arbitrator within thirty (30) days after being requested to do so by the other party, the latter, after ten (10) days notice by certified or registered mail of its intention to do so, may appoint the second arbitrator.

If the two arbitrators are unable to agree upon a third arbitrator within thirty (30) days of their appointment, the arbitrators shall implement the appointment procedure according to the Arbitration Act of India to select the final arbitrator.

All arbitrators shall have at least ten (10) years of insurance or reinsurance experience, be disinterested and active or former officers of insurance or reinsurance companies with knowledge about the lines of business at issue.

Within thirty (30) days after notice of appointment of all arbitrators, the panel shall meet and determine timely periods for briefs, discovery procedure and schedules of hearings.

The panel shall be relieved of all judicial formality and shall not be bound by the strict rules of procedure and evidence. Unless the panel agrees otherwise, arbitration shall take place in India, but the venue may be changed when deemed by the panel to be in the best interest of the arbitration proceeding. Insofar as the arbitration panel looks to the substantive law, it shall follow the laws of India. The decision of any two arbitrators when rendered in writing shall be final and binding. The panel is empowered to grant interim relief as it may deem appropriate.

The panel shall interpret this policy as an honourable engagement rather than as merely a legal obligation and shall make its decision considering the custom and the practice of the applicable insurance and reinsurance business as promptly as possible following the termination of the hearings

8. If a claim is in any respect fraudulent, or if any false declaration is made or used in support thereof, or if any fraudulent means or devices are used by the Insured or anyone acting on his behalf to obtain any benefit under this Policy, or if a claim is made and rejected and no action or suit is commenced within three months after such rejection or, in case of arbitration taking place as provided therein, within three months after the Arbitrator or Arbitrators or Umpire have made their award, all benefit under this Policy shall be forfeited.
  
9. If at the time any claim arises under this Policy there be any other insurance covering the same loss, damage or liability the Company shall not be liable to pay or contribute more than their rateable proportion of any claim for such loss, damage or liability.

## **SECTION 1 - MATERIAL DAMAGE**

The Company hereby agrees with the Insured (subject to the exclusions and conditions contained herein or endorsed hereon) that if, at any time during the period of insurance stated in the said Schedule, or during any further period of extension thereof the property (except packing materials of any kind) or any part thereof described in the said Schedule be lost, damaged or destroyed by any cause, other than those specifically excluded hereunder, in a manner necessitating replacement or repair the Company will pay or make good all such loss or damage up to an amount not exceeding in respect of each of the items specified in the Schedule the sum set opposite thereto and not exceeding in the whole the total sum insured hereby -

The Company will also reimburse the Insured for the cost of clearance and removal of debris following upon any event giving rise to an admissible claim under this policy but not exceeding in all the sum (if any) set opposite thereto in the Schedule.

## **EXCLUSION TO SECTION I -**

The Company, shall not, however, be liable for -

- a) the first amount of the loss arising out of each and every occurrence shown as Excess in the Schedule;
- b) loss discovered only at the time of taking an inventory;
- c) normal wear and tear, gradual deterioration due to atmospheric conditions or otherwise, rust, scratching of painted or polished surfaces or breakage of glass;
- d) loss or damage due to faulty design, defective material or casting, bad workmanship other than faults in erection.

Note - This exclusion shall be limited to the items immediately affected and shall not be deemed to exclude loss or damage to other insured items resulting from such excluded perils;

- e) the cost necessary for rectification or correction of any error during erection unless resulting in physical loss or damage;
- f) loss of or damage to files, drawings, accounts, bills, currency, stamps, deeds, evidence of debt, notes, securities cheques, packing materials such as cases, boxes, crates;
- g) any damage or penalties on account of the Insured's non- fulfillment of the terms of delivery or completion under his Contract of Erection or of any obligations assumed thereunder including consequential loss of any kind or description or for any aesthetic defects or operational deficiencies.

## **PROVISIONS APPLYING TO SECTION I**

### **Memo 1. SUM INSURED**

It is a requirement of this insurance that the Sum of Insurance stated in the Schedule shall not be less than the completely erected value of the property inclusive of freights, customs duty, erection cost and the Insured undertakes to increase or decrease the amount of insurance in the event of any material fluctuation in the level of wages or prices. Provided always that such increase or decrease shall take effect only after the same has been recorded on the Policy by the Company.

If, in the event of the occurrence of a loss, or damage it is found that the Sum Insured representing the completely erected value of the property and/or of particular items involved is less than the amount required to be insured the amount recoverable by the Insured under the Policy shall be reduced in such proportion as the Sum Insured bears to the amount required to be insured.

### **Memo 2. PREMIUM ADJUSTMENT**

The sum insured under the Policy representing the completely erected value of the plant machinery/project shall be adjustable at completion of erection on the basis of the actual values to be declared by the insured in respect of freight and handling charges, customs dues and costs of erection and the difference in premium shall be met with by payment, at the rate agreed to or by the

insured as the case may be. Any increase or decrease in prime cost of Plant and Equipment shall not be the subject matter of premium adjustment.

### **Memo 3. BASIS OF LOSS SETTLEMENT**

In the event of any loss or damage the basis of any settlement under this Policy shall be -

- a) in the case of damage which can be repaired, the cost of repairs necessary to restore the items to their condition immediately before the occurrence of the damage less salvage,

**OR**

- b) in the case of a total loss the actual value of the items immediately before the occurrence of the loss less salvage;

However, only to the extent the costs claimed has to be borne by the Insured and to the extent they are included in the Sum Insured and provided always that the provisions and conditions have been complied with.

All damages which can be repaired shall be repaired, but if the cost of repairing any damage equals or exceeds the value of the items immediately before the occurrence of the damage the settlement shall be made on the basis provided for in (b) above.

The cost of any provisional repairs will be borne by the Company if such repairs constitute part of the final repairs and do not increase the total repair expenses.

The cost of any alterations, additions and/or improvements shall not be recoverable under this Policy.

**Extension of Cover –** Any extra charges incurred for overtime, work on holidays, express freight (including air freight), are not covered by this insurance, unless agreed upon at an additional premium.

In the event of loss or damage the insurance shall notwithstanding be maintained in force during the period of insurance for the sum insured, the insured undertaking to pay a pro-rata additional premium of the full amount of each claim for the loss or damage from the date of such loss to the expiry of the period of insurance.

### **Memo 4. CONSTRUCTION PLANT AND MACHINERY**

Loss of or damage to Construction Plant and Machinery excludes loss or damage directly caused by its own explosion or its own mechanical or electrical breakdown or derangement.

### **Memo 5 - SURROUNDING PROPERTY**

Loss or damage to property located on or adjacent to the 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 I and happening during the period of cover, and provided that a separate Sum therefore has been entered in the Schedule under Section I, Item 5 for Principal's specified surrounding property. This cover does not apply to construction/erection machinery, plants and equipment.

## Memo 6 – MAJOR PERILS/ACTS OF GOD CLAIMS

The Major Perils/Acts of God Claims shall mean the claims arising out of -

- a) Earthquake - Fire & Shock
- b) Landslide/Rockslide/Subsidence,
- c) Flood/Inundation,
- d) Storm/Tempest/Hurricane/Typhoon/Cyclone/lightning or other atmospheric disturbances.

## SECTION 2 - THIRD PARTY LIABILITY

The Company will indemnify the Insured against -

- a) Legal liability for accidental loss or damage caused to property of other persons including property held in trust by or under custody of the Insured for which he is responsible excluding any such property used in connection with erection thereon;
- b) Legal liability (liability under contract excepted) for fatal or non-fatal injury to any person other than the Insured's own employees or workman or employees of the owner of the works or premises or other firms connected with any other erection work thereon, or members of the Insured's family or of any of the aforesaid; directly consequent upon or solely due to the erection of any property described in the Schedule.

Provided that the total liability of the Company during the period of Insurance under this clause shall not exceed the limits of Indemnity set opposite thereto in the Schedule.

In respect of a claim for compensation to which the indemnity provided herein applies, the Company will, in addition, indemnify the Insured against -

- a) all cost and expenses of litigation recovered by any claimant from the Insured, and
- b) all costs and expenses incurred with the written consent of the Company.

The exclusion contained in paragraphs (d), (f) & (g) in Section I of this Policy shall apply to this Section also.

## **EXCLUSIONS TO SECTION 2 -**

The Company will not indemnify the Insured in respect of -

1. The Excess stated in the Schedule to be borne by the Insured in any one occurrence related to property damage
2. Expenditure incurred in doing or redoing or making good or repairing or replacing anything covered or coverable under Section I of this Policy;
3. Liability consequent upon -

- a) bodily injury to or illness of employees or workmen of the Contractor(s) or the Principal(s) or any other firm connected with the project which or part of which is insured under Section I, or members of their families;
- b) loss of or damage to property belonging to or held in care, custody or control of the Contractor(s), the Principal(s) or any other firm connected with the project which or part of which is insured under Section I, or an employee or workman of one of the aforesaid;
- c) any accident caused by vehicles licensed for general road use or by waterborne vessels or aircraft;
- d) any agreement by the Insured to pay any sum by way of indemnity or otherwise unless such liability would have attached also in the absence of such agreement.

#### **CONDITIONS APPLYING TO SECTION 2 -**

1. No admission, offer, promise, payment or indemnity shall be made or given by or on behalf of the Insured without the written consent of the Company who shall be entitled if they so desire, to take over and conduct in the name of the Insured the defence or settlement of any claim or to prosecute for their own benefit in the name of the Insured any claim for indemnity or damage or otherwise and shall have full discretion in the conduct of any proceedings or in the settlement of any claim and the Insured shall give all such information and assistance as the Company may require.

The Company may, so far as any accident is concerned, pay to the Insured the limit of indemnity for any one accident, any one period, but deducting therefrom in such case any sum/s already paid as compensation in respect thereof or any lesser sum for which the claim or claims arising from such accident can be settled and the Company shall thereafter be under no further liability in respect of such accident under this section.

#### **Conditions applicable to all sections**

##### **1. Policy cancellation**

The Company may cancel this policy on grounds of misrepresentation, fraud, non disclosure of material facts, non cooperation by the insured or anyone acting on its behalf by giving 15 days notice and by sending an endorsement in this regard at insured's/insured parties' address shown in the schedule of the policy. In such cases the cancellation will be from the date of inception or extension as the Company deem fit on merit of case and no refund will accrue to the insured/insured parties.

This insurance may be terminated at the request of the insured at any time in which case the insurers will refund appropriate premium amount subject to the following conditions.

- i. Claims experience under the policy as on the date of cancellation should be less than 60% of reworked premium.
- ii. The unexpired period is not less than 3 months or 25% of the policy period, whichever is less
- iii. Testing period should not have commenced.

This insurance may also at any time be terminated at the option of the Insurer by 15 days notice to that effect being given to the Insured in which case the Insurers shall be liable to repay on demand a rateable proportion of the premium for the unexpired term from the date of cancellation.

## 2. Condonation of Delay

The Company may condone delay in claim intimation/ document submission on merit, where it is proved that delay in reporting of claim or submission of claim documents, is due to reasons beyond the control of the Insured.

Notwithstanding the above, delay in claim intimation or submission of claim documents due to reasons beyond the control of the Insured shall not be condoned where such claims would have otherwise been rejected even if reported in time.

### CLAIMS PROCESS

#### **Claim Intimation**

In the event of loss of an insured event the Company must be informed through anyone of below means immediately-

- 1.Relationship officer / channel partner
- 2.Contact us- 022 6158 2020/ 022 6234 6234
- 3.E-mail at care@hdfcergo.com

Contact details for the Company are as follows:

#### **HDFC ERGO General Insurance Co. Ltd.**

**Corporate Claims Department  
6th Floor, Leela Business Park,  
Andheri Kurla Road, Andheri(E), Mumbai – 400059  
Contact us- 022 6158 2020/ 022 6234 6234**

While Intimation of claim, Insured has to provide relevant information which includes Policy details and Loss details (viz. Loss Location, .Contact Details, Details of Loss / Accident, Insured's estimate of loss )

Based on the details provided Claim will be registered and Claim No. will be generated and provided to the Insured.

After registration, Claims officer will appoint the Surveyor within 24 hrs.

**In general, primarily, the following basic documentations are required for taking the claim forward:**

- Claim Intimation letter by the insured with respect to the claim or made against them by the third party or circumstances which would give rise to the claim (against the insured) as per the policy.
- Detailed description of the acts in chronological order which has resulted in the loss (details of the quantum of loss to be mentioned and the basis at which it is arrived) giving rise to a claim.
- First Information Report /charge sheet filed by the police
- Internal Investigation report, if any, from the Insured giving an Insight into the loss.
- Newspaper cutting where the incidence of terrorist attack has been reported – ( Wherever Terrorism is opted)
- Any other documents which would be construed as material information to the case.

**Our Claim process:**

- An acknowledgement with respect to the claim intimation is given to the insured, once we are in receipt of any claim intimation from the insured.
- Based on the information submitted in the claim intimation letter, if required, we may procure more information from the insured depending on the facts mentioned therein.Upto the satisfaction of the Company.
- Surveyor / Investigator may be appointed, if required

**The documents generally required for processing of claims are:**

1. Policy/Underwriting documents.
2. Survey Report with Photographs wherever applicable
3. Claim Form, duly completed.
4. Log book / Asset register / Capitalized item list
5. Repair / Replacement invoices with receipt
6. All Applicable valid Certificates
7. Production / Generation / Revenue data
8. Duly certified financial account statements
9. Any other relevant documents required based on type of loss
10. KYC documents are compulsory where settlement amount is over 1 lac

Apart from above Standard documents some other documents may be called for based on the nature of claim. Any other document as may be necessary and appropriately applicable for the claims preferred under the different sections of the policy.

Surveyor shall within 7 days of the claim intimation, inform the insured / claimant of the essential documents. Surveyor shall, submit his final report to the Company within 30 days of final submission of documents by insured. On receipt of the final survey report or the additional survey report, Insurer with in a period of 30 days offer a settlement of the claim to the insured/claimant.

**Grievance Redressal Procedure**

If you have a grievance that you wish us to redress, you may contact us with the details of your grievance through:

- Contact us- 022 6158 2020/ 022 6234 6234
- Emails – [grievance@hdfcergo.com](mailto:grievance@hdfcergo.com)
- Designated Grievance Officer in each branch.*
- Company Website – [www.hdfcergo.com](http://www.hdfcergo.com)
- Courier : Any of our Branch office or corporate office

You may also approach the Complaint & Grievance (C&G) Cell at any of our branches with the details of your grievance during our working hours from Monday to Saturday.

If you are not satisfied with our redressal of your grievance through one of the above methods, you may contact our Head of Customer Service at

**The Complaint & Grievance Cell ,  
HDFC ERGO General Insurance Company Limited  
D-301, 3rd Floor, Eastern Business District ( Magnet Mall), LBS Marg,  
Bhandup (West) Mumbai-400078,**

In case you are not satisfied with the response / resolution given / offered by the C&G cell, then you can write to the Principal Grievance Officer of the Company (underwriter) at the following address

To the Principal Grievance Officer  
HDFC ERGO General Insurance Company Limited  
D-301, 3rd Floor, Eastern Business District ( Magnet Mall), LBS Marg,  
Bhandup (West) Mumbai-400078,  
e-mail: [cgo@hdfcergo.com](mailto:cgo@hdfcergo.com)

## CLAUSES

### **EARTHQUAKE COVER**

In consideration of the payment by the Insured to the Company as specified in the schedule, it is hereby agreed and declared that this Insurance is extended to cover loss or damage (including loss or damage by fire) to any of the property Insured by this policy occasioned by or through or in consequence of earthquake including flood or overflow of the sea, lakes, reservoirs and rivers and/or Landslide / Rockslide resulting therefrom.

Special conditions: -

1 Excess: As mentioned in the policy for Act of God Perils

2 Onus of proof : In the event of the Insured making any claim for loss or damage under this policy the insured must (if so required by the Company) prove that the loss or damage was occasioned by or through or in consequence of earthquake.

### **50: 50 CLAUSE**

In respect of the subject matter Insured hereunder consigned from outside India:

The Insured hereby undertakes to inspect each item of the subject matter Insured upon arrival at the contract site for possible damage sustained during transit.

In the case of packed items which are to be left in their packaging until a latter date the packaging is to be visually inspected for signs of possible damage and where such damage is visible the items are to be unpacked and inspected and any damage discovered reported to the marine insurers.

Where the packaging of an item shows no visible signs of damage to such item having been sustained during transit any subsequent damage discovered upon unpacking will be dealt with by the Marine Insurers or the EAR Insurers according to whether it can be clearly established that such damage was caused before or after arrival at the contract site.

Where it is not possible to clearly establish whether the damage to an item was caused before or after arrival at the contract site it is hereby agreed that the cost of such damage shall be shared equally between the Marine Insurers and the EAR Insurers, provided such a clause is included in the Marine Policy also.

### **72 HOURS CLAUSE**

It is agreed that any loss or damage to the Insured Property arising during any one period of seventy two (72) consecutive hours, caused by storm, tempest, flood or earthquake shall be deemed as a single event and therefore it constitute one occurrence with regard to the Excesses provided for herein. For the purpose of the foregoing the commencement of any such seventy two (72) hours period shall be decided at the discretion of the Insured it being understood and agreed, however, that there shall be no overlapping in any two or more such seventy two (72) hours periods in the event of damage occurring over a more extended period of time.

### **ADDITIONAL CUSTOMS DUTY**

In consideration of the insured having paid an additional premium it is hereby declared and agreed that the insured shall also be indemnified during the currency of this policy, towards

Additional Custom Duty as specified in the schedule, which may be incurred by the insured over and above the Custom Duty amount taken into account in arriving at the Sum Insured of the affected item.

Each and every claim payable under this extension shall be subject to an excess of 5% of the admissible Additional Custom Duty incurred and will be in addition to the Excess amount applicable for the affected item under the Policy.

The Indemnity for such Additional Custom Duty will stand reduced after occurrence of the claim unless reinstated by payment of an additional premium prescribed by the Company at the time of settlement of claims.

Subject otherwise to the terms conditions and exceptions of the policy.

#### **AIR FREIGHT**

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

In consideration thereof an additional premium as shown in the schedule is hereby charged.

Limit of indemnity during currency of the Policy shall be the Sum Insured stated in the schedule.

Each and every claim shall be subject to a minimum Excess of 5 % of the admissible Air Freight incurred over and above the excess as applicable under the Policy.

Subject otherwise to terms, conditions and exceptions of the policy.

#### **CROSS LIABILITY COVER**

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 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, provided that the Insurers shall not indemnify the Insured under this Endorsement in respect of liability for

Loss of or damage to items insured or insurable under Section I of the Policy, even if not recoverable due to an excess or any limit.

Fatal or non-fatal injury or illness of employees or workmen who are or could have been insured under Workmen's Compensation and/or Employers Liability Insurance

The Insurers total liability in respect of the insured parties shall not however exceed in the aggregate for any one accident or series of accident arising out of one event the limit of indemnity stated in the schedule.

#### **DESIGN DEFECT COVER – DE 4**

##### **DEFECTIVE PART EXCLUSION:**

This policy excludes loss of or damage to and the cost necessary to replace, rectify or repair:

1. Any component, part or individual item of the Property Insured which is defective in design, plan, specification, materials or workmanship.
2. Property Insured lost or damaged to enable the replacement, repair or rectification of Property Insured excluded by (1) above.

Exclusion (1) above shall not apply to other parts or items of Property Insured which are free from defect but are damaged in consequence thereof.

For the purpose to the Policy and no merely this Exclusion, the Property Insured shall not be regarded as lost or damaged solely by virtue of the existence of any defect in design, plan, specification, materials or workmanship in the Property or any part thereof.

### **DESIGN DEFECT COVER DE3**

#### **LIMITED DEFECTIVE CONDITION EXCLUSION:**

This policy excludes loss of or damage to and the cost necessary to replace, repair or rectify:

1. Property Insured which is in a defective condition due to a defect in design, plan, specification, materials or workmanship of such Property Insured or any part thereof.
2. Property Insured lost or damaged to enable the replacement, repair or rectification of property Insured excluded by (1) above.

Exclusion (1) above shall not apply to other property Insured which is free of the defective condition but is damaged in consequence thereof.

For the purpose of the policy and not merely this Exclusion, the property insured shall not be regarded as lost or damaged solely by virtue of the existence of any defect in design, plan, specification, materials or workmanship in the Property Insured or any part thereof.

### **DESIGN DEFECT COVER DE 2**

#### **Extended Defective Condition Exclusion**

This policy excludes loss of or damage to and the cost necessary to replace, repair or rectify:

1. Property insured which is in a defective condition due to a defect in design, plan, specification, materials or workmanship of such property insured or any part thereof.
2. Property insured which relies for its support or stability on (1) above Property Insured lost or damage to enable the replacement, repair or rectification of
3. Property excluded by (1) and (2) above.

Exclusion (1) and (2) above shall not apply to any other property insured which is free of the defective condition but is damaged in consequence thereof.

For the purpose of the policy not merely this exclusion, the property insured shall not be regarded as lost or damaged solely by virtue of the existence of any defect in design, plant, specification, materials or workmanship in the property insured or any part thereof.

### **DISMANTLING COVER**

It is hereby declared and agreed that the insured having paid the agreed premium, the Company shall provide cover for dismantling of the machines up to the indemnity limits as specified in the schedule.

### **ESCALATION CLAUSE**

It is hereby declared and agreed that the insured having paid the agreed extra premium, Company shall provide for escalation in sum Insured under items of Section I of the Schedule attached to the policy upto, the specified percentage as stated in the schedule, of the original Site Value, the basis of claim settlement shall be the original site value of affected equipment/ property as insured plus increase in cost of such replacement/ reconstruction, if any provided that the increase in the value of such equipment/ property does not exceed ,the specified percentage as per schedule, of the original site value as insured.

It is also hereby declared and agreed that in the event of the claim the Insured would be considered as fully insured upto the Sum Insured inclusive of the specified percentage shown in the schedule, increase as per selected escalation and underinsurance would apply only in the event of the cost of replacement/reconstruction of the affected

equipment/property exceeds the original value as insured inclusive of selected % toward escalation, as specified in the schedule.

It is however understood and agreed that the premium collected against price escalation herein above shall not be subject to refund the premium adjustment clause in the memo 2 of the policy.

It is however understood and agreed that in case of additional chargeable during final adjustment, additional escalation premium will be charged to the insured but in case of any premium refundable during final adjustment no refund shall be allowed against the escalation premium already charged to the Insured.

#### **EXPRESS FREIGHT EXCLUDING AIR FREIGHT**

It is agreed and understood that otherwise subject to the terms, exclusions, provisions and conditions contained in the Policy or endorsed thereon and "Insured having paid the agreed premium" the Insurer shall indemnify the insured, extra charges for Express freight (excluding Air Freight).

Provided always that such extra charges are incurred in connection with any loss of or damage to the insured items recoverable under the Policy.

If the sum(s) insured of the damaged item(s) is/are less than the amount(s) required to be insured, the amount payable under this Endorsement for such extra charges shall be reduced in the same proportion.

#### **EXTENDED MAINTENANCE COVER**

It is agreed and understood that otherwise subject to the terms, exclusions, provisions and conditions contained in the Policy or endorsed thereon and Insured having paid the agreed extra premium this insurance shall be extended for the maintenance period specified hereunder to cover loss of or damage to the contract works.

1. Caused by the insured contractor(s) in the course of the operations carried out for the purpose of complying with the obligations under the maintenance provisions of the contract.
2. Occurring during the maintenance period provided such loss or damage was caused on the site during the erection period before the certificate of completion for the lost or damage section was issued.

Maintenance period: as specified in the schedule

#### **MAINTENANCE VISITS**

In consideration of the payment of an additional premium by the insured (which is included in the Total Premium set forth in the schedule), it is hereby declared and agreed that the indemnity provided by this policy is extended to include maintenance cover for the period as specified in the schedule, provided the policy period has been extended till completion of Testing. However, during the Maintenance Period this Insurance shall cover solely loss of or damage to the contract works caused by the insured contractor(s) in the course of the operations carried out for the purpose of complying with the obligations under the maintenance provisions of the contract.

#### **FREE AUTOMATIC REINSTATEMENT CLAUSE**

Notwithstanding anything contained herein to the contrary it is hereby agreed and understood that 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- if restricted.

It is hereby, declared and agreed that the insured having paid the extra premium that amount insured are always to remain at risk and shall not be reduced, so long as the aggregate of the sum paid an/or payable does not exceed the specified percentage of sum insured as described in the schedule.

### **LOSS MINIMIZATION EXPENSES**

If upon the happening of any peril hereby insured resulting in actual damage to the Insured Property the Insured shall take all steps to minimize further loss or damage arising from the occurrence or accident, expenses necessarily and reasonably incurred by or on behalf of the Insured in an attempt to prevent or minimize such further loss or damage will be Indemnified upto an aggregate limit as specified in the schedule.

### **INSURED OWNERS SURROUNDING PROPERTY WITH FLEXA**

It is hereby declared and agreed that the insured having paid the extra premium 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 I and happening during the period of covers. This cover does not apply to Construction/ Erection Machinery, Plant and Equipment, Temporary Buildings and Temporary site installations.

Limit of indemnity shall be up to the specified percentage of the policy sum insured as described in the schedule

### **INSURED OWNERS SURROUNDING PROPERTY WITHOUT FLEXA RISKS**

It is hereby declared and agreed that the insured having paid the extra premium 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 I and happening during the period of covers. 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.

Limit of indemnity shall be up to the specified percentage of the policy sum insured as described in the schedule

### **INSURED OWNERS SURROUNDING PROPERTY WITH FLEXA RISKS DURING MAINTENANCE PERIOD**

It is hereby declared and agreed that the insured having paid the extra premium 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 I and happening during the period of covers. This cover does not apply to Construction/ Erection Machinery, Plant and Equipment, Temporary Buildings and Temporary site installations.

Limit of indemnity shall be up to the specified percentage of the policy sum insured as described in the schedule.

### **INSURED OWNERS SURROUNDING PROPERTY WITH MAINTENANCE PERIOD COVER**

It is hereby declared and agreed that the insured having paid the agreed premium 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 I 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

### **PROFESSIONAL FEES**

The Indemnity provided by this Policy is extended to include Architects, Surveyors and Consulting Engineers or other Professional Fees necessarily incurred in the reinstatement of the Insured Property consequent upon loss or damage but not for preparing any claim, it being understood that the amount payable for such fees shall not exceed those

authorized under the scale of the appropriate professional body. The liability of the insurers under this endorsement shall in no case exceed the amount specified in the schedule.

**REMOVAL OF DEBRIS**

This policy extended to cover costs and expenses necessarily incurred by the Insured, with the consent of the Insurers in demolishing or removing debris of portions of the property insured by Section I destroyed or damaged by any peril hereby insured against upto an amount not exceeding the limits specified in the schedule.

**THIRD PARTY LIABILITY COVER WITH CROSS LIABILITY EXTENSION WITHIN GEOGRAPHICAL LIMIT OF INDIA**

In consideration of the payment of an extra premium the Company will indemnify the Insured against -

- a) Legal liability for accidental loss or damage caused to property of other persons including property held in trust by or under custody of the Insured for which he is responsible excluding any such property used in connection with erection thereon;
- b) Legal liability (liability under contract excepted) for fatal or non-fatal injury to any person other than the Insured's own employees or workman or employees of the owner of the works or premises or other firms connected with any other erection work thereon, or members of the Insured's family or of any of the aforesaid; directly consequent upon or solely due to the erection of any property described in the Schedule.

Provided that the total liability of the Company during the period of Insurance under this clause shall not exceed the limits of Indemnity set opposite thereto in the Schedule.

In respect of a claim for compensation to which the indemnity provided herein applies, the Company will, in addition, indemnify the Insured against -

- a) all cost and expenses of litigation recovered by any claimant from the Insured, and
- b) all costs and expenses incurred with the written consent of the Company.

The exclusion contained in paragraphs (d), (f) & (g) in Section I of this Policy shall apply to this Section also.

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 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, provided the Company shall not indemnify the insured under the Endorsement in respect of liability for -

- i. loss of or damage to items insured or insurable under Section 1 of the policy even if not recoverable due to excess or any limit,
- ii. fatal or non-fatal injury or illness of employees or workmen who are or could have been insured under workmen's compensation and/or employer's liability insurance.
- iii. The insurer's total liability in respect of the insured parties shall not however exceed in aggregate for any on accident or series of accidents arising out of one event the limit of indemnity stated in the Schedule.

**TERRORISM DAMAGE COVER ENDORSEMENT****INSURING CLAUSE**

Subject otherwise to the terms, exclusions, provisions and conditions contained in the Policy and in consideration of the payment by the Insured to the Company of additional premium as stated in the Schedule, it is hereby agreed and declared that notwithstanding anything stated in the 'Terrorism Risk Exclusion' of this Policy to the contrary, this Policy is extended to cover physical loss or physical damage occurring during the period of this Policy caused by an act of terrorism, subject to the exclusions, limits and excess described hereinafter.

For the purpose of this cover, an act of terrorism means an act or series of acts, 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), or unlawful associations, recognized under Unlawful Activities (Prevention) Amendment Act, 2008 or any other related and applicable national or state legislation formulated to combat unlawful and terrorist activities in the nation for the time being in force, committed for political, religious, ideological or similar purposes including the intention to influence any government and/or to put the public or any section of the public in fear for such purposes.

This cover also includes loss, damage, cost or expense directly caused by, resulting from or in connection with any action taken in suppressing, controlling, preventing or minimizing the consequences of an act of terrorism by the duly empowered government or Military Authority.

Provided that If the Insured is eligible for indemnity under any government compensation plan or other similar scheme in respect of the damage described above, this Policy shall be excess of any recovery due from such plan or scheme.

For the purpose of the aforesaid inclusion clause, "Military Authority" shall mean armed forces, para military forces, police or any other authority constituted by the government for maintaining law and order.

#### **LOSSES EXCLUDED**

This cover shall not indemnify loss of or damage to property caused by any or all of the following:-

1. loss by seizure or legal or illegal occupation;
2. loss or damage caused by:
  - (i) voluntary abandonment or vacation,
  - (ii) confiscation, commandeering, nationalisation, requisition, detention, embargo, quarantine, or any result of any order of public or government authority, which deprives the Insured of the use or value of its property;
3. loss or damage arising from acts of contraband or illegal transportation or illegal trade;
4. loss or damage directly or indirectly arising from or in consequence of the seepage and or discharge of pollutants or contaminants, which pollutants and contaminants shall include but not be limited to any solid, liquid, gaseous or thermal irritant, contaminant or toxic or hazardous substance or any substance the presence, existence or release of which endangers or threatens to endanger the health, safety or welfare of persons or the environment;
5. loss or damage arising directly or indirectly from or in consequence of chemical or biological emission, release, discharge, dispersal or escape or chemical or biological exposure of any kind;
6. loss or damage arising directly or indirectly from or in consequence of asbestos emission, release, discharge, dispersal or escape or asbestos exposure of any kind;
7. any fine, levy, duty, interest or penalty or cost or compensation/damages and/or other assessment which is incurred by the Insured or which is imposed by any court, government agency, public or civil authority or any other person;
8. loss or damage by electronic means including but not limited to computer hacking or the introduction of any form of computer virus or corrupting or unauthorised instructions or code or the use of any electromagnetic weapon. This exclusion shall not operate to exclude losses (which would otherwise be covered under this Policy) arising from the use of any computer, computer system or computer software programme or any

other electronic system in the launch and/or guidance system and/or firing mechanism of any weapon or missile;

9. loss or damage caused by vandals or other persons acting maliciously or by way of protest or strikes, labour unrest, riots or civil commotion;
10. loss or increased cost occasioned by any public or government or local or civil authority's enforcement of any ordinance or law regulating the reconstruction, repair or demolition of any property insured hereunder;
11. any consequential loss or damage, loss of use, delay or loss of markets, loss of income, depreciation, reduction in functionality, or increased cost of working;
12. Loss or damage caused by factors including but not limited to cessation, fluctuation or variation in, or insufficiency of, water, gas or electricity supplies and telecommunications or any type of service;
13. loss or increased cost as a result of threat or hoax;
14. loss or damage caused by or arising out of burglary, house - breaking, looting, theft, larceny or any such attempt or any omission of any kind of any person (whether or not such act is committed in the course of a disturbance of public peace) in any action taken in respect of an act of terrorism;
15. loss or damage caused by mysterious disappearance or unexplained loss;
16. loss or damage directly or indirectly caused by mould, mildew, fungus, spores or other micro-organism of any type, nature or description, including but not limited to any substance whose presence poses an actual or potential threat to human health;
17. total or partial cessation of work or the retardation or interruption or cessation of any process or operations or omissions of any kind.

#### **LIMIT OF INDEMNITY**

The limit of indemnity under this cover shall not exceed the Total Sum Insured given in the Policy Schedule or INR 20,000,000,000 whichever is lower. In respect of several insurance policies within the same compound/location with one or different insurers, the maximum aggregate loss payable per compound/location by any one or all insurers shall be INR 20,000,000,000. If the actual aggregate loss suffered at one compound/location is more than INR 20,000,000,000 the amounts payable towards individual policies shall be reduced in proportion to the sum insured of the policies.

#### **EXCESS\***

Shops & Residential Risks: 1% of the claim amount for each and every claim subject to Minimum of INR 10,000 and Maximum of INR 500,000

Non-Industrial Risks: 1% of the claim amount for each and every claim subject to Minimum of INR 25,000 and Maximum of INR 1,000,000

Industrial Risks: 5% of the claim amount for each and every claim subject to Minimum of INR 100,000 and Maximum of INR 25,00,000 \*Whichever is applicable

#### **ADD ON COVERS**

It is further declared and agreed that the limit of indemnity including the claim on add on cover(s) shall not exceed total sum insured plus separate sublimit opted for add on cover(s) or INR 20,000,000,000 whichever is lower . In respect of several insurance policies with in the same compound /location, the maximum aggregate loss payable per compound/location by any one or all insurers shall be INR 20,000,000,000.

#### **MID TERM COVER**

In case the coverage under this endorsement is granted during the currency of the policy, no claims will be payable for loss or damage to property caused by an act of terrorism occurring during the first 15 (fifteen) days from the date of granting such cover.

**SANCTION, LIMITATION AND EXCLUSION CLAUSE**

No (re)insurer shall be deemed to provide cover and no (re)insurer shall be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose that (re)insurer to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America.

**CANCELLATION CLAUSE**

Notwithstanding the cancellation provisions relating to the basic insurance policy on which this endorsement is issued, there shall be no refund of premium allowed for cancellation of the Terrorism risk insurance during the period of insurance except where such cancellation is done along with the cancellation of the basic insurance. Where a policy is cancelled and rewritten mid-term purely for the purpose of coinciding with the accounting year of the insured, pro-rate refund of the cancelled policy premium will be allowed.

If the cancellation is for any other purpose, refund of premium will only be allowed after charging short term scale rates.

Note: The definitions, terms and conditions of main Policy save as modified or endorsed herein shall apply.

**VALUABLE DOCUMENTS COVER**

Subject otherwise to the terms, exclusions, provisions and conditions contained in the policy, the indemnity granted by section 1 of this policy shall, in addition extend to indemnify the insured in respect of costs necessarily and reasonably incurred in rewriting or redrawing plans or specifications of the contract works insured hereunder, when such plans or specification are lost or damaged by any cause not excluded by this section and the insured needs to have them redrawn or rewritten in order to complete the project or to enable payment to be made for works already carried out.

The liability of the insurers shall not exceed in the aggregate during the policy period the sum insured set forth in the schedule.

**WAIVER OF CONTRIBUTION CLAUSE**

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 hereby waive contribution clause operating among one or more policies taken by the Principal and or contractors and or subcontractors 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. However, this clause does not apply to contribution which would apply to insurance effected between Principal and other parties not forming part of the project.

**WAIVER OF SUBROGATION CLAUSE**

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 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.

**THIRD PARTY LIABILITY COVER WITH CROSS LIABILITY EXTENSION WITHIN GEOGRAPHICAL LIMIT OF INDIA DURING MAINTENANCE**

In consideration of the payment of an additional premium the Company will indemnify the Insured against -

a) Legal liability for accidental loss or damage caused to property of other persons including property held in trust by or under custody of the Insured for which he is responsible excluding any such property used in connection with erection thereon;

b) Legal liability (liability under contract excepted) for fatal or non-fatal injury to any person other than the Insured's own employees or workman or employees of the owner of the works or premises or other firms connected with any other erection work thereon, or members of the Insured's family or of any of the aforesaid; directly consequent upon or solely due to the erection of any property described in the Schedule.

Provided that the total liability of the Company during the period of Insurance under this clause shall not exceed the limits of Indemnity set opposite thereto in the Schedule.

In respect of a claim for compensation to which the indemnity provided herein applies, the Company will, in addition, indemnify the Insured against -

- a) all cost and expenses of litigation recovered by any claimant from the Insured, and
- b) all costs and expenses incurred with the written consent of the Company.

The exclusion contained in paragraphs (d), (f) & (g) in Section I of this Policy shall apply to this Section also.

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 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, provided the Company shall not indemnify the insured under the Endorsement in respect of liability for -

I.loss of or damage to items insured or insurable under Section 1 of the policy even if not recoverable due to excess or any limit,

II.fatal or non-fatal injury or illness of employees or workmen who are or could have been insured under workmen's compensation and/or employer's liability insurance.

III.The Insurer's total liability in respect of the insured parties shall not however exceed in the aggregate for any one accident or series of accidents arising out of one event the limit of indemnity stated in the 'Schedule'.

#### **EXPEDITING COSTS INCLUDING AIR-FREIGHT AND EXPRESS FREIGHT**

It is agreed and understood that otherwise subject to the terms, exclusions, provisions and conditions contained in the Policy or endorsed thereon and "Insured having paid the agreed premium" the Insurer shall indemnify the insured, extra charges for Overtime, Night Work, Work on Public Holidays and Express freight (including Air Freight).

Provided always that such extra charges are incurred in connection with any loss of or damage to the insured items recoverable under the Policy.

If the sum(s) insured of the damaged item(s) is/are less than the amount(s) required to be insured, the amount payable under this Endorsement for such extra charges shall be reduced in the same proportion.

Provided always that the amount payable shall not exceed the specified percentage of loss amount as stated in the schedule per any one occurrence and that the indemnity in respect of Air Freight shall be subject to an additional excess of 5% of the Air Freight incurred per claim.

N.B.: To be deleted, where cover is up to 30% of net claims as it is without extra premium.

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#### **COVER OF EXTRA CHARGES FOR OVERTIME, NIGHT WORK, AND WORK ON PUBLIC HOLIDAYS, EXPRESS FREIGHT INCLUDING AIR FREIGHT**

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It is agreed and understood that otherwise subject to the terms, exclusions, provisions and conditions contained in the Policy or endorsed thereon and "Insured having paid the agreed premium" the Insurer shall indemnify the insured, extra charges for Overtime, Night Work, Work on Public Holidays and Express freight (including Air Freight). Provided always that such extra charges and incurred in connection with any loss of or damage to the insured items recoverable under the Policy.

If the sum(s) insured of the damaged item(s) is/are less than the amount(s) required to be insured, the amount payable under this Endorsement for such extra charges shall be reduced in the same proportion. Provided always that the amount payable shall not exceed the limits of indemnity/liability as stated in the schedule.

#### **CONTINUITY OF COVER DURING OPERATIONAL PHASE FOR UNIT/PLANT TESTED BUT AWAITING INTEGRAL TESTING**

It is hereby declared and agreed that the insured having paid the agreed premium, the Company shall provide cover during operational phase for unit/plant tested but awaiting integral testing up to the period as specified in the schedule.

#### **CONSTRUCTION MACHINERY PLANTS AND EQUIPMENTS**

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 cover under Section I of the Policy shall be extended to include loss of or damage to the construction/erection machinery mentioned in the attached list of machines, excluding however

1. loss or damage due to 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 shall be indemnifiable,
2. loss of or damage to vehicles licensed for general road use or waterborne vessels or aircraft.

The sums insured on construction/erection machines shall be their replacement values, which shall mean the cost of replacement of each insured item by a new item of the same kind and the same capacity.

#### **COVER FOR OFFSITE STORAGE/FABRICATION/FABRICATORS WORKSHOP**

It is agreed and understood that, notwithstanding the terms, exclusions, provisions and conditions of the policy or any Endorsements agreed upon and subject to the insured having paid the agreed premium, Section I of the policy shall be extended to cover loss of or damage to property insured including property being manufactured, processed or stored at the manufacturer's distributors or suppliers premises in offsite storage within the territorial limits as stated.

#### **TESTING OF SECOND HAND MACHINERY**

It is hereby declared and agreed that this Policy shall indemnify loss or damage to the second hand machinery arising out of the perils insured under the policy.

In consideration thereof an additional premium, as indicated in the schedule, is charged hereby.

Further, the basis of valuation for the Sum Insured of second hand machinery shall be the purchase price i.e. the landed cost at factory site.

Subdivided as under:

HDFC ERGO General Insurance Company Limited . CIN: U66030MH2007PLC177117. Registered & Corporate Office: 6th Floor, Leela Business Park, Andheri-Kurla Road, Andheri (East), Mumbai – 400 059. Customer Service Address:D-301, 3rd Floor, Eastern Business District (Magnet Mall), LBS Marg, Bhandup (West), Mumbai - 400 078. Customer Service No: 022 6158 2020/ 022 6234 6234 | care@hdfcergo.com | www.hdfcergo.com. IRDAI Reg. No.146 | CPI - HE/CL/Engineering/19-20/185

- a) Invoice cost
- b) Freight, Insurance, Handling, clearing & Transportation charges up to the factory site, and
- c) Custom Duty

In the event of loss or damage to part of the plant/machinery necessitating repairs or replacement, the sum recoverable shall not exceed the cost of replacement or repairs of such part or parts less salvage provided the liability of the Company does not exceed the insured value i.e. purchase price of the complete second hand machine.

It is further being agreed and understood that the cost of replacement of the part should be interpreted as cost of second-hand part only and not the cost of new part in case of second-hand machine.

Subject otherwise to terms, conditions and exceptions of the Policy.

#### **PREMIUM INSTALMENT CLAUSE**

Article A – The premium payable under the policy should be paid as described in the schedule.

Article B –

If the insured should fail to pay the premium in installment up to the date of payment provided in the preceding article, the Insurer shall not be liable for any loss or damage caused between such date and the date of receipt of the premium.

Article C –

If in the event of occurrence of loss or damage caused by the perils against which the Insurer is liable and the amount of indemnity payable (when the amount of indemnity is paid once or more, the aggregate sum of those) exceeds the sum of the premium in installments already received, the Insured notwithstanding the provisions of Article A of this clause, shall pay immediately the next installment premium (When the sum of the next premium installment and the already received premium is still less than the amount of indemnity mentioned above, the continued premium installment shall be paid). Hereinafter a similar procedure shall be followed.

Article D –

In the even of additional premium due under this policy due to any material fluctuations in the cost of Insured items, under the contract of this Special clause, the Insured shall pay such additional premium at the time and date and in the same proportion of the installments. And in the event of return premium due, the Company shall return it at the date of last payment.

Subject otherwise to the terms, conditions and exceptions of the policy.

#### **COINSURANCE CLAUSE**

1. It is hereby declared and agreed that insurers named hereunder severally agree and accept the following for the proportion set against its name:

- 1.1. In event of any claim being admissible by the insurer towards the liability, to pay or make good to the insured the value of the property at the time of the happening of its loss or destruction or the amount of such damage thereto as provided for under the policy and or
- 1.2. To indemnify the insured against liability at law or damage to any property or injuries to persons as provided for under the policy

2 **Co-insurance Schedule:**

SN	Name of the Insurer	Share (%)
	(Lead Insurer)	

	(Co-insurer)	

### 3. Conditions forming part of this clause

It is hereby agreed and understood that:

- 3.1 The Insured in exercise of his option has after having understood the implications, selected the above named lead Insurer and the named Co-insurers vide sr. Nos. of the co-Insurance schedule as in point no. 2 under the policy.
- 3.2 The duties of insured would devolve upon the authorized intermediary licensed by IRDA (referred to as authorised representative here after) where the insured appoints such authorized intermediary to transact on his behalf with the insurer/s.
- 3.3 It shall be the responsibility of the insured or his authorised representative licensed by IRDA to decide on the panel of co-insurers and their respective shares of the risk herein as set out in co-insurance share under paragraph 2 above and communicate the same to all such participating co-insurers, prior to assumption of risk.
- 3.4 The lead Insurer shall finalise the terms and conditions applicable to the risk in the form of an underwriting slip with a unique code to be handed over to the Insured/Authorised intermediary.
- 3.5 It shall be the responsibility of the insured or his authorized representative to ensure that all insurers listed in the co-insurance schedule under paragraph 2 above, are fully aware of the terms and conditions of this policy and shall secure their unqualified acceptance of such terms and conditions prior to issuance of cover and inclusion of names of insurers in this co-insurance arrangement.
- 3.6 During the currency of the policy, if there are any material changes in risk or as changes in original terms and conditions such as variation in Sum Insured, changes in premium charged, extension of policy period, etc., the same shall be communicated by the insured or his authorised representative giving sufficient advance notice of 7 days to the leader as well as all other participating co-insurers listed in the co-insurance schedule under paragraph 2 above and procure confirmation thereon. The endorsement to this effect shall be executed by the lead insurer under advice to all other participating co-insurers.
- 3.7 The liability of the insurers shall in no case exceed in respect of each item of the sum expressed in the set schedule to be insured thereon or in the all, the total sum insured hereby or sums as may be substituted thereof by endorsement.
- 3.8 In the event of any of the insurers, chosen by the Insured as per paragraph 3.1 above and listed in the co-insurance schedule, withdrawing from participation in this Policy at any time during its currency after giving due notice of 14 days, the insured shall arrange for an alternative insurer to take up the full share of risk vacated by the existing insurer. In the event of insured failing to do so,

the insured shall be considered as his own insurer for such share of risk or part thereof which is not taken up by such alternative co-insurer.

- 3.9 In the event of a claim under this policy, the insured shall give notice of its occurrence to the Lead Insurer with a copy to all the insurers as listed in clause 2 above.
  - 3.10 Upon receipt of such notification of claim, all claim related activities including appointment of surveyors, etc shall be done by the lead insurer who shall decide the admissibility as well as quantum of the claim and the co-insurers shall abide by the same.
  - 3.11 In the event of any claim being value of more than 5 crores the lead insurer can immediately demand and the following co-insurer shall pay the cash call of their proportionate share of loss.
  - 3.12 In all other cases, where the Lead Insurer pays 100% of the assessed loss, the following co-insurer/s shall remit their share of the loss to the Lead Insurers within a maximum period of 21 days from the date on which the Lead Insurer makes the demand.

Lead Insurer's declaration that the Claim and the amount there of was in accordance with terms and conditions of the Policy issued shall be considered sufficient by the co-insurers for the purpose of remitting their share of the loss to the Lead Insurer.

- 3.13 The co-insurers forming part of this agreement shall be entitled to demand and obtain from the Lead Insurer/Intermediaries copies of all policies, endorsements or other claim related documents relevant to this co-insurance clause.

In witness, whereof, this policy has been signed by HDFC ERGO General Insurance Company Ltd. (Lead Insurer) for itself and as authorized agents for other participating insurers named herein

Subject otherwise to the terms, exceptions, conditions and limitations of this policy.

## **WARRANTY CONCERNING UNDERGROUND CABLES AND PIPES**

It is agreed and understood that otherwise subject to the terms, exclusions, provisions and conditions contained in the policy or endorsed thereon, the insurers shall only indemnify the Insured in respect of loss of or damage to existing underground cables and/or pipes or other underground facilities if, prior to the commencement of works, the Insured has enquired with the relevant authorities about the exact position of such cables, pipes or other underground facilities.

The indemnity shall in any case be restricted to the repair costs of such cables, pipes or other underground facilities, any consequential damage being excluded from the cover.

## CIVIL ENGINEERING WORKS

It is hereby declared and agreed, subject to the exceptions contained herein, or endorsed hereon, that this Policy is extended to cover the risks of loss or damage to property brought on to the Site of Erection for the performance of the erection contract, details of which are stated as under --

1. All permanent Civil Engineering Works such as buildings, foundations earthwork including materials for the constructions thereon,
  2. All temporary works such as buildings, sheds

PROVIDED that the following exclusions shall apply -

- a) loss or damage directly caused by defective workmanship material, or design or wear and tear,
- b) loss or damage directly caused by mechanical breakdown or derangement,
- c) loss or damage directly caused by deterioration due to lack of use or obsolescence,
- d) any loss of property either by disappearance or by shortage if such disappearance or shortage alone is revealed during and after an inventory is made,
- e) Cessation of work whether total or partial,
- f) loss, destruction or damage of accounts, bills, currency stamps, deeds, evidence of debt, money, notes or securities.

The exclusions of loss or damage caused by (a), (b) and (c) above shall be limited to the machine structure or work immediately affected and shall not extend to other work or the property lost or damaged in consequence of the defect, wear & tear, breakdown, derangement or deterioration, subject to the Condition that:-

The Insured shall take all reasonable precautions in the selection of labour and to maintain in efficient condition all tools and equipments used in connection with performance of this erection contract.

Provided that all the conditions of this Policy shall apply in all respects to the Insurance granted by this extension save in so far as the same are expressly varied hereby and any reference to loss or damage in the conditions of the Policy shall be deemed to include the perils hereby insured against.

#### **ENDORSEMENTS FOR FIRE/EXPLOSION CLAIMS AND FIRE FIGHTING**

1. Applicable for all risks including hydrocarbon-processing risks. [Complying with only minimum Requirements of i.e. 11A I (I to XII)].

Notwithstanding the conditions, provisions and other endorsements of the Policy, it is agreed and understood that the Company shall indemnify the Insured in respect of any loss or damage caused by Fire/Explosion only if the following requirements are fulfilled.

- a) One portable fire extinguisher of Soda Acid or water type for every 300 sq. m of storage/erection site area or small bore hose reels as per Section 4 of F.P. Manual shall be provided. The location of fire extinguishers shall be conspicuously marked by clearly visible signs. Checking and maintenances at regular intervals shall be recorded.
- b) Trained fire fighting squad shall be maintained for the site.
- c) Watch and Ward facility shall be provided round the clock at the site.
- d) One fire engine of 400 GPM x 100 PSI shall always be stationed at site.

Note – Not applicable to policy with Sum Insured upto Rs.50 crores

e) Materials and equipments stored in buildings (sheds) or in open area shall be divided into sub-units with the value, which shall not exceed 10 % of the sum insured or Rs. 50 Crores whichever is less. Wherever value of single equipment stored exceeds this limit, its value, shall be taken as the limit. The sub-units in open area shall be separated from each other by a distance of at least 15 meters.

In case of storage buildings, firewalls of 9" thickness carried up to roof shall be erected without any wall openings between the sub-units.

f) Packing materials, scaffolding etc. combustible materials and liquids and explosive substances should be stored at a 30 M safe distance from other buildings, plants and stores.

- g) Utmost attention should be paid to good house keeping such as -
- i. Orderly storage;
  - ii. Periodic removal of combustible packing material, either by burning on site at a safe distance of 100 M away or removal from the site;
  - iii. Clean - up of site at-least once a week.
- h) Open flame work (welding, cutting etc.) requires utmost caution. All combustible materials lying about must be removed or covered.
- i) Grass and/or any other vegetation in and around the site are regularly removed.
- j) 'No smoking' rules must be enforced in areas exposed to fire (stores etc.) and in the vicinity of hazardous operations.
- k) Living quarters should be well separated (100 M away) from construction site.
- It is further agreed and understood that the Company shall not be liable for up to the deductibles specified in the schedule in respect of each and every claim on account of Fire/Explosion.*
2. Applicable for all risks including hydrocarbon-processing risks (wherever discount for fire fighting facilities are granted) -
- Notwithstanding the conditions, provisions and other endorsements of this Policy, it is agreed and understood that the Company shall indemnify the Insured in respect of any loss or damage caused by Fire/Explosion only if the following requirements are fulfilled.*
- a) One portable fire extinguisher of Soda Acid or water type for every 300 sq. m storage/erection site area or small bore hose reels as per Section 4 of F.P. Manual shall be provided. The location of fire extinguishers shall be conspicuously marked by clearly visible signs. Checking and maintenance at regular intervals shall be recorded.
  - b) One fire engine or two trailer pumps of 400 GPM x 100 PSI shall be provided for every 10,000 sq. m of largest storage site with maximum of two fire engines or 4 trailer pumps. In case of Trailer pumps vehicular arrangements shall be available for towing them.
  - c) Static water tanks of atleast 10,000 gallons capacity shall be provided, which shall be so placed that no part of storage/erection site lies beyond 100 M of at-least 2 tanks (50 M in case of storeyed structures).  
 OR  
*Alternatively a temporary hydrant system with atleast 4" dia hydrant shall be laid which shall always be pressurized to 1.0 KSC from where Fire Engines/Trailer pumps can draw their supply from a double hydrant (DH). Each DH may be taken as equivalent to a static water tank described above. Pumping capacity of the general water supply shall not be less than the aggregate pumping capacity of trailer pumps and/or fire engine. Storage of general water supply shall be in excess of 1,00,000 liters.*
  - d) 36 hoses, 15 M long and 18 nozzles shall be provided to ensure that all parts of the contract works can be reached with water.
  - e) Trained fighting squad consisting of at least 8 persons per shift shall be maintained at the site.
  - f) Plans giving detailed proposal shall be submitted for prior approval of the committee. The risk shall be inspected by TAC Engineers before sanctioning of above discount.
  - g) Watch and Ward facility shall be provided round the clock at the site.

- h) Materials and equipments stored in buildings (sheds) in open area shall be divided into sub-units with the value, which shall not exceed 10% of the sum insured or Rs. 50 Crores whichever is less. Wherever value of a single equipment stored exceeds this limit, its value, shall be taken as the limit. The sub-units in open area shall be separated from each other by a distance of at-least 15 metres.  
In case of storage buildings, firewalls of 9" thickness carried upto roof shall be erected without any wall openings between the sub-units.
- i) Packing materials, scaffolding etc. combustible materials and liquids and explosive substances should be stored at a 30 M safe distance from other buildings, plants and stores.
- j) Utmost attention should be paid to good house keeping such as -
  - i. Orderly storage;
  - ii. Periodic removal of combustible packing material, either by burning on site at a safe distance of 100 M away or removal from the site;
  - iii. Clean - up of site at-least once a week.
- k) Open flame work (welding, cutting etc.) requires utmost caution. All combustible materials lying around must be removed or covered.
- l) Grass and/or any other vegetation in and around the site are regularly removed.
- m) 'No smoking' rules must be enforced in areas exposed to fire (stores etc.) and in the vicinity of hazardous operations.
- n) Living quarters should be well separated (100 M away) from construction site.

*It is further agreed and understood that the Company shall not be liable for the testing period deductible specified in the schedule for each and every claim on account of Fire/Explosion.*

#### **ENDORSEMENT FOR TEST RUN DEFINITION IN RESPECT OF THERMAL POWER STATION**

Notwithstanding anything stated herein to the contrary it is hereby declared and agreed that entire Power Station machinery insured hereunder are deemed to have commenced their first test operation or test loading from the date of synchronization of the Turbo Generator set with the grid system/bus bar provided the date of synchronization is within 72 hours from the date of introduction of steam into turbine and shall continue till the Turbo Generator Set is operated at full load for a continuous period of 72 hours or until expiry of testing period granted under the policy whichever is earlier. If, however, the date of synchronization exceeds 72 hours from the date of introduction of steam of the first trial operation, test loading is deemed to have commenced from the date of introduction of steam into the turbine of the Turbo Generator set.

If the trial operation/test loading is not completed within the time specified hereunder the Company may extend the period of testing on receipt of additional premium at agreed rates but in no case the total test period available under the policy shall exceed 6 months.

#### **ENDORSEMENT FOR TEST RUN DEFINITION FOR GAS TURBINES IN RESPECT OF COMBINED CYCLE POWER PLANT**

Notwithstanding anything stated herein to the contrary, it is hereby declared and agreed that the Gas turbine insured hereunder is deemed to have commenced its first operation or test loading when the fuel is introduced in the combustion chamber of the Gas turbine unit.

#### **HYDROCARBON ENDORSEMENT FOR TESTING & COMMISSIONING**

Article 1 -

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It is warranted that the insured shall give previous notice in writing to the Company of the date of the initial start - up operation for testing of plant.

Commencing date of the initial start-up operation referred to in the preceding paragraph shall mean the date of the first introduction of feed stock or initially filled mixture of oil or Hydrocarbon for cleaning or purging or Naphtha Fuel for burning into the plant, whichever date is earlier. However the operation carried out for cleaning and purging in each individual unit will be considered a part of erection work provided such cleaning and purging work does not exceed a period of two weeks in each unit. It is however understood and agreed that during any operation whatever cleaning, purging, testing or commissioning, where hydrocarbons or Hydrogen are involved the deductible excess shall be 5 % of claim amount subject to minimum of Rs. 5,00,000/-.

Article 2 -

As from the introduction of hydrocarbon/feedstock into the plant, the Company shall not be liable for the loss or damage to -

- a) Catalysts unless specifically covered by separate endorsement;
- b) Reforming units due to overheating or cracking of any tubes.

Note- Any consequential damage to the neighboring items of plant or machinery indirectly due to cracking or overheating of tubes in reforming units is however identifiable under the

policy.

- c) The insured plant due to overheating or cracking following an exothermic reaction.
- d) The insured plant due to non-observation of prescribed techniques or cutting out of safety devices and/or any liability resulting there from.

The Insurers shall only indemnify the Insured for loss or damage resulting directly or indirectly from fire and/or explosion if adequate fire fighting facilities for the insured plant are installed and rendered serviceable immediately after the completion of the rough structure of the building and before any machinery is stored and/or installed therein.

All machinery and equipments shall be stored in such a manner that the value of items stored per storing unit shall not exceed the values specified in the schedule and that such individual storing unit shall be separated by fireproof walls.

Should the value per storage unit exceed the amount specified in the schedule then in the event of a claim, the liability of the Company shall be in the same proportion as the loss amount bears to the total value of items stored in the concerned individual storage unit as defined above.

Following article is to be included after excluding 2(a) above, in case the Insured desires cover for catalyst during testing period -

Article 3 -

Catalyst value as specified in the schedule are specifically covered during Hot Testing Period for any loss or damage caused by an indemnifiable loss or damage to the insured plant and/or equipment.

Each and every claim shall be subject to an excess/deductible franchise of 5 % of the value of catalysts in the system subject to a minimum of Rs.2,50,000/- which is the Hot Testing period Excess/Deductible Franchise.

#### **ENDORSEMENT CONCERNING STORAGE**

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It is agreed and understood that otherwise subject to the terms, exclusions, provisions and conditions contained in the policy or endorsed thereon, the 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 limit specified in the schedule.

The individual storage units shall be either at least 50 m apart or separated by fireproof walls.

#### **ENDORSEMENT REGARDING SAFETY MEASURES**

It is agreed and understood that otherwise subject to the terms, exclusions, provisions and conditions contained in the policy or endorsed thereon, the Insurers shall only indemnify the Insured for loss, damage or liability directly or indirectly caused by flood and inundation if adequate safety measures have been taken during planning and execution of the project.

Adequate safety measures in this context shall mean that the average monthly rainfall, flood and inundation hazard as known from statistics of the competent meteorological offices for the respective month and location has been taken into account.

#### **ENDORSEMENT REGARDING DAMAGE TO CROPS, FORESTS ETC.**

It is agreed and understood that otherwise subject to the terms, exclusions, provisions and conditions contained in the policy or endorsed thereon, the Insurers shall not indemnify the Insured for loss, damage or liability directly or indirectly caused to crops, forests and/or any cultures during the execution of the contract works.

#### **SPECIAL CONDITIONS FOR OPEN TRENCHES DURING LAYING OF PIPELINES DUCTS AND CABLES**

It is agreed and understood that otherwise subject to the terms, exclusions, provisions and conditions contained in the policy or endorsed thereon, the Insurers will indemnify the Insured for any loss or damage due to storm, rainfall, flood, inundation such as sanding, silting up, mudding up, erosion, collapse and floating up of pipes, ducts or cables, sustained by completely or partly excavated open trenches and/or items laid therein, up to a maximum length, as specified in the schedule, in respect of open trench only one loss event.

The Insured shall make sure that plugging facilities are available near the pipe ends for emergency purposes and that pipe ends exposed to flooding are plugged before any interruption during idle work periods such as nights and holidays.

#### **COVER OF LEAK SEARCH COSTS WHEN LAYING PIPELINES**

It is agreed and understood that otherwise subject to the terms, exclusions, provisions and conditions contained in the policy or endorsed thereon, the Insurers shall indemnify the Insured also for the following items under this policy-

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

Provided that -

the leak has been caused by an identifiable event or is attributable to faulty execution on the site, and 100 % of the welding seams have been X-rayed and any deficiencies discovered thereby have been removed properly.

Limits of indemnity: as stated in schedule

Costs caused by faulty repair of welding seams shall be excluded from the cover.

### **SPECIAL CONDITIONS CONCERNING FIRE FIGHTING FACILITIES**

It is Agreed and Understood that otherwise subject to the terms, exclusions, provisions and conditions contained in the Policy or endorsed thereon, the Insurers shall only indemnify the Insured for loss or damage resulting directly or indirectly from fire and/or explosion if the following requirements are fulfilled:-

Adequate fire-fighting equipment and extinguishing agents of sufficient capacity must always be available at the site and ready for immediate use.

Sufficient number of workmen must be fully trained in the use of such equipment and must be available for immediate intervention at all times.

If storage of material for the construction or erection of the contract works is necessary at site or any other location within India, storage must be subdivided into storage units not exceeding the equivalent value, as indicated in the schedule. The individual storage units must either be at least 10 meters apart or separated by fire-proof walls.

All inflammable materials (such as shuttering material not fitted for concreting, litter, etc. ) and especially all inflammable liquids and gases must be stored at a sufficiently large distance from the property under construction or erection and any hot work like welding etc.

Provided further that in respect of storages of Indian sourced materials at locations other than the site, the amount payable shall not exceed the specified amount in the schedule, at any one location.

Welding, soldering or the use of an open flame in the vicinity of combustible material is permitted only if at least one workman suitably equipped with extinguishers and well trained in fire-fighting facilities designed for the operation of the plant must be installed and serviceable.

### **INLAND TRANSIT**

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 and the same having been realized by the Insurers, Section 1 of this insurance shall be extended to cover loss of or damage to the insured property whilst in transit to the contract site other than on waterways or by air within the territorial limits of India or other places as specified in the schedule, provided that the maximum amount payable under this Endorsement does not exceed the limits stated in the schedule.

Total Value of Property, Deductible, Extra Premium as mentioned in the schedule.

### **INNOCENT NON DISCLOSURE/BREACH OF POLICY CONDITIONS**

The Insurer will not avoid this Insurance on account of non disclosure, misdescription or misrepresentation of facts or breach of policy conditions where the same have been proved to be innocent and free of any fraudulent conduct or intent to deceive.

It is understood that any deliberate act omission statement misstatement or breach of policy conditions on the part of any individual Insured which may vitiate any claim or render the insurance void shall have such effect only as to the respective rights and respective interest of that particular Insured and shall not prejudice the respective rights and respective interests of any other Insured under this Policy.

### **STRUCTURES IN EARTHQUAKE ZONES**

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It is agreed and understood that otherwise subject to the terms, exclusions, provisions and conditions contained in the Policy or endorsed thereon, the Insurers shall only indemnify the Insured for loss, damage or liability arising out of earthquake if the Insured proves that the earthquake risk was taken into account in design according to the official building codes valid for the site and that the qualities of material and workmanship and the dimensions on which the calculations were based were adhered to.

**SERIAL LOSSES**

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 and the same having been realized by the Insurers, the following clause shall apply to this insurance:

Loss or damage due to faulty design, defective material or casting, bad workmanship other than faults in erection arising out of the same cause to machines or equipment of the same type or design shall be indemnified after applying the Policy deductible for each loss according to the following scale:

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.

(The percentages have to be fixed in accordance with the conditions of each individual component, eg depending on the number of items at risk.)

**MANUFACTURERS RISK (22220)**

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 and the same having been realized by the Insurers, item d) under "Special Exclusions to Section I" shall be replaced by the following wording:

"d) all costs related to repair and/or replacement of parts and/or items directly affected by faulty design, defective material or casting, bad workmanship other than faults in erection, which the Insured would have incurred for rectifying the original fault had such fault been discovered before the loss occurred;"

This Endorsement does, however, not apply to parts and items of civil engineering sections.

**DECONTAMINATION**

It is agreed and understood that otherwise subject to the terms, exclusions and conditions contained in the Policy or endorsed thereon, and subject to the Insured having paid the agreed extra premium and the same having been realized by the Insurers, this insurance shall be extended to cover the extra cost for decontaminating items which have become radioactive in the normal course of operation and which have been affected by an indemnifiable loss under the Policy.

This cost of decontamination includes eg

1. expenditure incurred before it becomes possible to repair the damage proper, eg costs for decontaminating components exposed to ionizing radiation within the course of normal operation;
2. expenditure incurred in order to make the damaged item(s) accessible, eg for removing and replacing shields and protective walls;

3. expenditure incurred for the purpose of protecting the personnel repairing the damage, eg for protective clothing, work breaks, or limitation of the exposure to radiation, etc;
4. additional expenditure incurred because the damaged item(s) cannot be repaired and must be replaced owing to contamination which arose during normal operation;
5. expenditure for such tests, checks and acceptance surveys as are obligatory after a loss has been repaired;
6. expenditure for removing and disposing of radioactive debris.

The total indemnity payable under this Endorsement shall, however, not exceed the amount of for any one accident.

The specified limit shall not apply, however, to the cost of conventional repair of the affected item(s) covered under Section I of the Policy.

#### **HORIZONTAL DIRECTIONAL DRILLING OF PIPELINE ROUTES**

It is agreed and understood that otherwise subject to the terms, exclusions, conditions and provisions contained in the Policy or endorsed thereon and subject to the Insured having paid the agreed extra premium and the same having been realized by the Insurers, 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.

It is further agreed and understood that the Insurers shall not indemnify the Insured for losses or damage caused by or resulting from

- missing the target point of the drilling, deviations from the scheduled direction;
- loss of or change in the drilling mud (eg bentonite);
- damage to the outer insulation of pipeline in the area of horizontal directional drilling.

The sum insured, indemnity limits, deductibles shall be as stated in the schedule.

In the event of a loss, the sum insured shall be reduced by the amount paid as indemnity. Reinstatement of the sum insured may be necessary. In the event of a loss, on payment of additional premium to the Insurer , the Insured may opt to reinstate the sum insured.

#### **LOSS OR DAMAGE DUE TO STRIKE, RIOT AND CIVIL COMMOTION (SRCC)**

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 and the same having been realized by the Insurers, this Policy shall be extended to cover loss or damage due to strike, riot and civil commotion which for the purpose of this Endorsement shall mean (subject always to the special conditions hereinafter contained) loss of or damage to the property insured directly caused by

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 lockout or not) not being an occurrence mentioned in item 2 of the special conditions hereof,
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,
3. the wilful act of any striker or locked-out worker performed in furtherance of a strike or in resistance to a lockout,

4. 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,

Provided that it is hereby further expressly agreed and declared that

1. all the terms, exclusions, provisions and conditions of the Policy shall apply in all respects to the insurance granted by this extension save in so far as the same are expressly varied by the following special conditions, and any reference to loss or damage in the wording of the Policy shall be deemed to include the perils hereby insured against,

2. the following special conditions shall apply only to the insurance granted by this extension, and the wording of the Policy shall apply in all respects to the insurance granted by the Policy as if this Endorsement had not been made thereon.

#### Special Conditions

1. This insurance shall not cover

- a) loss or damage resulting from total or partial cessation of work or the retarding, interruption or cessation of any process or operation,
- b) loss or damage occasioned by permanent or temporary dispossession resulting from confiscation, commandeering or requisition by any lawfully constituted authority,
- c) loss or damage occasioned by permanent or temporary dispossession of any building resulting from the unlawful occupation by any person of such building,
- d) consequential loss or liability of any kind or description, any payments over and above the indemnity for the material damage as provided herein,

Provided nevertheless that the Insurers are not relieved under b) or c) above of any liability to the Insured in respect of physical damage to the property insured occurring before dispossession or during temporary dispossession.

2. This insurance shall not cover any loss or damage occasioned by or through or in consequence, directly or indirectly, of any of the following occurrences, namely

- a) war, invasion, act of foreign enemy, hostilities or warlike operations (whether war be declared or not), civil war,
- b) mutiny, civil commotion assuming the proportion of or amounting to a popular rising, military rising, insurrection, rebellion, revolution, military or usurped power,
- c) any act of any person acting on behalf of or in connection with any organization with activities directed toward the overthrow by force of the government de jure or de facto or to the influencing of it by terrorism or violence.

In any action, suit or other proceeding, where the Insurers allege that by reason of the provisions of this condition any loss or damage is not covered by this insurance, the burden of proving that such loss or damage is covered shall be upon the Insured.

3. This insurance may at any time be terminated by the Insurers on notice to that effect being given by registered post at the Insured's last known address, in which case the Insurers shall be liable to repay a rateable proportion of the premium for the unexpired term from the date of termination.

4. The limit of indemnity any one occurrence as stated below shall be understood to limit the indemnity for all loss or damage covered by this Endorsement during a consecutive period of 168 hours.

The aggregate liability of the Insurers during the period of cover of this Policy shall be limited by twice the limit of indemnity any one occurrence.

Limit of indemnity: any one occurrence – As mentioned in the schedule

Deductible: any one occurrence - As mentioned in the schedule

Extra premium: As mentioned in the schedule

#### **EXCLUSION OF HORIZONTAL DIRECTIONAL DRILLING**

It is agreed and understood that otherwise subject to the terms, exclusions, conditions and provisions in the Policy or endorsed thereon, the Insurers will not indemnify the Insured for losses, damage or liabilities which have been caused

- or result directly or indirectly from horizontal directional drilling;
- Regarding the pipelines themselves in the area of routes created by horizontal directional drilling.

#### **SUSPENSION OF TESTING**

If the trial operation/test loading is not completed within the time specified hereunder, the Company may extend the period of testing on receipt of additional premium to be specified by the Company.

The intermittent suspension of testing period exceeding 7 days can be considered as erection period, only if they are due to :

Fortuitous accident happening anywhere at site

Or

Situation beyond the control of the insured

Subject otherwise to the same terms, conditions, exceptions and limitations of the Policy

#### **FIRE FIGHTING**

This policy includes the cost of refilling any fire extinguishment appliances or systems and replacing used sprinkler head, fire brigade charges and other extinguishing expenses for which the Insured may be assessed all reasonably incurred by the Insured following damage by a peril not otherwise excluded or deployment thereof to prevent damage by a peril not otherwise excluded or accidental discharge of the systems or call out.

The total liability of the Company under this clause during the currency of the policy shall not exceed the limit of indemnity as stated in the schedule.

#### **PUBLIC AUTHORITIES**

Cover under this policy extends to include additional costs as may be necessarily incurred in re-insertion or compliance with the Building or other Regulations, bye-laws or requirements of any Government Department or Municipal or Local Authority the Portion or portions of the property Insured destroyed or damaged, provided that the amount recoverable shall not include the additional cost incurred in complying with any of the aforesaid regulations or requirements with which the insured has been required to comply prior to the happening of the destruction or damage.

The total liability of the Company under this clause during the currency of the policy shall not exceed the limit of indemnity as stated in the schedule.

#### **WORK STOPPAGE**

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Notwithstanding anything contained herein to the contrary, it is hereby agreed and declared that should the work insured or any part thereof be entirely stopped by any cause whatsoever and the Insured give notice thereof, the cover under the Policy shall continue without interruption, provided that the Insured shall take reasonable precautions to protect the Work from physical loss or damage during the period of cessation.

The period covered by this Policy shall be prolonged without additional premium for a similar period, up to a maximum period of six months, with any further extension of this period to be agreed by the Insurer/s.

#### **TEST RUN DEFINITION FOR GAS TURBINE**

Notwithstanding anything stated herein to the contrary, its is hereby agreed and declared that the Gas Turbine insured hereunder is deemed to have commenced its first test operation or test loading when fuel is introduced into the Combustion Chamber of the Gas Turbine unit and shall continue until its readiness for commercial operation is declared by the authorities concerned or is taken over by the principal whichever is earlier but shall not exceed the maximum testing period as stated in the Schedule attached to Section I.

#### **TEST RUN DEFINITION FOR STEAM TURBINE**

Notwithstanding anything contained herein to the contrary it is hereby agreed and declared that the Steam Turbine machinery in the Combined Cycle Power Station insured hereunder are deemed to have commenced its first test operation of test loading from the date of introduction of steam into the steam turbine and shall continue until the commencement of commercial operation of the Combined Cycle Power Plant but shall not exceed the maximum period of testing as stated in the Schedule attached to Section I.

#### **DECLARATION CLAUSE**

Special Conditions applicable in respect of multiple projects covered under a single CAR/EAR Policy on declaration basis:

1. The insured agrees to declare to the Company, all the projects taken up for execution by the former during the period specified in the schedule, for coverage under the Policy save such projects where the Principal or Principal's Contractor concerned with whom the former has contracted to execute the projects in question has chosen to arrange such insurance themselves.
2. The Insured agrees to pay to the Company a deposit premium under the Policy which shall be sufficient to ensure coverage of projects declared by the former to the latter.
3. As and when a project is taken up for execution by the Insured, the project shall be declared to the Company for coverage under the Policy, which shall not in case be later than the commencement of the project.
4. The declaration shall contain the brief details of the project like the nature and type of the project, expected duration of the project including testing/trial run if any, location of the project, value of project including its break up into material cost, labour, etc., so as to enable the Company to determine the premium applicable for the individual project.
5. Upon receipt of a declaration of a project as provided in Clause No.3 and 4 above, the Company shall compute the necessary premium for insurance coverage of the project as applicable at the time of declaration of the project. The said premium will be debited to the deposit premium.
6. As and when the deposit is likely to be exhausted, the Company shall intimate the Insured upon which the latter shall replenish the deposit premium account to ensure continuous coverage of projects covered under the Policy.
7. In the event of deposit premium being fully exhausted, the policy shall remain suspended until further remittance of premium sufficient to cover the projects declared.

8. Notwithstanding the provisions above, if the Insured makes a bonafide mistake in not declaring a project for coverage under the Policy due to oversight, despite the project having commenced, the same shall be automatically held covered by the Company under Policy as if a declaration has been made, subject to declaration having been made by the Insured, as soon as such omission has been discovered, but not later than three months of commencement of the project.
9. On completion of individual projects declared under this Policy, the Insured shall declare to the Company, such completion of the project along with the actual value of the Project along with the actual time taken for its execution based on which the Company shall make adjustment of premium as per normal period tariff rates against the deposit premium. The actual value of the Project shall be as per the billing made by the Insured against the Principal for whom the project has been executed.
10. In event of an admissible claim under the Policy, the value of all declared and and/or on going projects originally declared is lesser than the actual value that ought to have been declared, the latter shall be considered as the Sum Insured (declared for all projects) for the purpose of assessment loss provided the difference between the two does not exceed 15%, subject to adjustment of additional premium payable on account of the above against the deposit premium. In the event of the difference being in excess of 15% claim shall be settled on the basis of the original project value declared subject to terms and conditions of the Policy.
11. In the event of duration of individual projects being 13 months or more, the debit of premium to deposit premium account shall as per installment provision customary to Erection All Risks/Contractor's All Risks Policies
12. On expiry of the Policy, it shall be open to either Party, to continue the coverage by renewing the Policy or not.
13. In the event of the Policy not being renewed, the Company shall retain such premium out of the deposit premium account as is necessary to maintain coverage of Projects which have been declared under the Policy but not yet completed. The balance premium if any, in excess of the amount required for continuity of the coverage under the Policy shall be refunded by the Company to the Insured. Conversely, if there is additional premium required by the Company to maintain coverage for un-expired projects, the same shall be paid to them by the Insured.
14. In the event of Policy being renewed, the Company shall carry forward the balance available, if any, in the deposit premium account to the renewal policy period and the coverage shall continue as per Clauses 1 to 14 as hereinbefore provided.

#### **MARINE OFF SHORE WORKS**

It is agreed and understood that otherwise subject to the terms, exclusions, provisions and conditions contained in the Policy or endorsed thereon, the Insurers shall only indemnify the Insured for loss, damage or liability caused to marine off-shore property not exceeding the specified percentage of SI as stated in the schedule to the extent that such works are incidental to the main project works being executed on land.

#### **COFFER DAM**

It is understood and agreed that Damage to either the Temporary Upstream Cofferdam and/or the Downstream Cofferdam is expressly excluded.

Notwithstanding the above it is also understood and agreed that the Concrete Upstream Cofferdam is designed to seasonally overtop.

The insurance by this policy provides for Damage to Insured Property arising as a result of such overtopping provided that

- (a) From the time construction works in the river have commenced, both the Upstream Concrete Cofferdam and the Main Dam have achieved periodic structural integrity before such overtopping is allowed to take place

(b) All works to achieve such periodic structural integrity have been completed and any surplus materials for incorporation therein together with any plant, machinery and/or temporary works have been removed from the river course.

(c) Costs incurred for the removal of debris (other than that being debris of damaged works) are excluded Subject otherwise to the terms conditions and exclusions of this Policy.

#### **PREEEXISTING DAMAGE EXCLUSION WARRANTY (APPLICABLE WHERE THE POLICY INCEPTS FROM A DATE AFTER COMMENCEMENT OF THE WORK)**

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Excluding any losses/damages occurring prior to inception of the cover and or arising out of faulty workmanship, faulty materials and or faulty design which occurred prior to inception of the over.

#### **Non Vitiating Clause**

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(i) It is noted and agreed that if the Insured described in the Annexure comprises more than one insured party each operating as a separate and distinct entity, then (save as provided in this Clause) cover hereunder shall apply in the same manner and to the same extent as if individual policies had been issued to each such insured party provided that the total liability of the Insurers to all of the insured parties collectively shall not exceed the sums insured and limits of indemnity including any inner limits set by memorandum or endorsement stated in the policy.

(ii) It is understood and agreed that any payment or payments by Insurers to any one or more such insured parties shall reduce to the extent of that payment Insurers' liability to all such parties arising from any one event giving rise to a claim under this policy and (if applicable) in the aggregate.

(iii) It is further understood that the insured parties will at all times preserve the various contractual rights and agreements entered into by the insured parties and the contractual remedies of such parties in the event of loss or damage.

(iv) It is further understood and agreed that Insurers shall be entitled to avoid liability to or (as may be appropriate) claim damages from any one of the insured parties in circumstances of fraud, material misrepresentation, material non-disclosure, resulting in a breach of any warranty or condition of this policy each referred to in this clause as a Vitiating Act.

(v) It is however agreed that (save as provided in this Multiple Insureds Clause) a Vitiating Act committed by one insured party shall not prejudice the right to indemnity of any other insured party who has an insurable interest and who has not committed a Vitiating Act.

(vi) Insurers hereby agree to waive all rights of subrogation which they may have or acquire against any insured party except where the rights of subrogation or recourse are acquired in consequence of or otherwise following a Vitiating Act in which circumstances Insurers may enforce such rights notwithstanding the continuing or former status of the vitiating party as an Insured.

(vii) In the event of any Vitiating Act committed by any one or more insured parties Insured, the Lenders shall not be entitled to any indemnity under this policy for more than their pro rata share of interest as against the entire asset value under charge for each and every claim for or arising out of each and every event of loss or damage in respect of which Insurers are otherwise no longer liable to indemnify any other one or more insured parties by reason a Vitiating Act or Acts.

#### **Put to Use Cover**

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It is agreed and understood that otherwise subject to the terms, exclusions, provisions and conditions contained in the Policy or endorsed thereon and "Insured having paid the agreed premium" the Insurer shall indemnify the insured under section I in respect of accidental physical loss or accidental physical damage to any part of the permanent works occurring during the construction period but after being taken over or taken into use of such portion of the permanent works by one of the insured parties.

The cover hereunder ceases upon termination of the construction period.

#### **Dewatering expenses**

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It is agreed and understood that otherwise subject to the terms, exclusions, provisions and conditions contained in the Policy or endorsed thereon and "Insured having paid the agreed premium" the Insurer shall indemnify the insured the expenses incurred towards dewatering & Slush removal from any pit/ section within the project site which are inundated partially or fully by water by insurable event to recommence project work or to render the pit/section safe.

Limit – INR 10 Lacs AOA/AOY

#### **LEG 1/96**

The Insurer(s) shall not be liable for  
Loss or damage due to defects of material workmanship design plan or specification

#### **LEG 2/96**

The Insurer(s) shall not be liable for  
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

#### **LEG 3/96**

The Insurer(s) shall not be liable for  
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 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

#### **LEG 3/06**

The Insurer(s) 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 the physical condition of the Insured Property) 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 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 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.

#### **Pro rata extension clause**

It is agreed and understood that upon payment of prorata additional premium, the policy can be extended upto 25% of the original policy period subject to maximum of 6 months provided the request for extension is received before the expiry date of the policy.

#### **VIBRATION, REMOVAL OR WEAKING OF SUPPORT**

HDFC ERGO General Insurance Company Limited . CIN: U66030MH2007PLC177117. Registered & Corporate Office: 6th Floor, Leela Business Park, Andheri-Kurla Road, Andheri (East), Mumbai – 400 059.Customer Service Address:D-301, 3rd Floor, Eastern Business District (Magnet Mall), LBS Marg, Bhandup (West), Mumbai - 400 078. Customer Service No: 022 6158 2020/ 022 6234 6234 | care@hdfcergo.com | www.hdfcergo.com. IRDAI Reg. No.146 | CPI - HE/CL/Engineering/19-20/185

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 and the same having been realized by the Insurers, Section 2 of this insurance shall be extended to cover liability consequent upon loss or damage caused by vibration or by the removal or weakening of support.

Provided always that

1. the Insurers indemnify the Insured in respect of liability for loss or damage to any property or land or building only if such loss or damage results in the total or partial collapse,
2. the Insurers indemnify the Insured in respect of liability for loss or damage to any property or land or building only if prior to the commencement of construction its condition is sound and the necessary loss prevention measures have been taken,
3. if required, the Insured, before commencement of construction and at his own expense, prepares a report on the condition of any endangered property or land or building.

The Insurers shall not indemnify the Insured in respect of liability for

1. loss or damage which is foreseeable having regard to the nature of the construction work or the manner of its execution,
2. superficial damage which neither impairs the stability of the property, land or buildings nor endangers their users,
3. the costs of loss prevention or minimization measures which become necessary during the period of insurance. Limit of indemnity (any one occurrence), Total limit of indemnity, Deductible and Extra premium as mentioned in schedule.