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## CONTRACTORS' ALL RISKS INSURANCE POLICY



**PEOPLE'S INSURANCE PLC**  
**(Company No. PB 3754 PQ)**  
**No. 07, Havelock Road, Colombo 05.**  
**Tel: (011) 2126126 Fax: (011) 2126042**

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**Whereas the Insured** named in the Schedule hereto has made to the People's Insurance PLC. (hereinafter called the "Insurer") a written proposal by completing a questionnaire 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 witnesses** that, subject to the Insured having paid to the Insurers the premium mentioned in the Schedule and subject to the terms, exclusions, provisions and conditions contained herein or endorsed hereon the Insurers will indemnify the Insured in the manner and to the extent hereinafter provided.

### **General Exclusions**

The Insurers 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, acts of foreign enemies, hostilities or warlike operations (whether war be declared or not), civil war, permanent or temporary dispossession resulting from confiscation, commandeering or requisition by any lawfully constituted authority, mutiny, civil commotion, tribal rising, military rising, insurrection, strike, riot, rebellion, revolution, military or usurped power, martial law or state of siege or any of the events or causes which determine the proclamation or maintenance of martial law or state of siege; or
- b. any act of terrorism.

For the purpose of this exclusion an act of terrorism means an act, including but not limited to the use of force or violence and / or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organization(s) or government(s), committed for political, religious, ideological, or ethnic purposes or reasons including the intention to influence any government and / or to put the public, or any section of the public, in fear

This insurance also excludes loss, damage, cost or expense of whatsoever nature, directly or indirectly caused by resulting from or in connection with any action taken in controlling, prevailing, suppressing or in any way relating to (a) and / or (b) above.

- c. nuclear reaction, nuclear radiation or radioactive contamination;

- d. wilful act or gross negligence of the Insured or his representatives;
- e. cessation of work whether total or partial.

In any action, suit or other proceeding where the Insurers 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.

## **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 Insurers.
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 Insurers to prevent loss, damage or liability and comply with statutory requirements and manufacturers recommendations.
4.
  - a. Representatives of the Insurers shall at any reasonable time have the right to inspect and examine the risk and the Insured shall provide the representatives of the Insurers with all details and information necessary for the assessment of the risk.
  - b. The Insured shall immediately notify the Insurers by telecommunication and 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 is confirmed in writing by the Insurers.
5. In the event of any occurrence which might give rise to a claim under this Policy, the Insured shall
  - a. immediately notify the Insurers by telecommunication as well as in writing giving an indication as to the nature and extent of loss or damage.
  - b. take all reasonable steps within his power to minimize the extent of the loss or damage
  - c. preserve the parts affected and make them available for inspection by a representative or surveyor of the Insurers.

- d. furnish all such information and documentary evidence as the Insurers may require.
- e. inform the police authorities in case of loss or damage due to theft or burglary.

The Insurers shall not in any case be liable for loss, damage or liability of which no notice has been received by the Insurers within 14 days of its occurrence. Upon notification being given to the Insurers under this condition, the Insured may carry out repairs of any minor damage or replace items which have sustained any minor damage: in all other cases a representative of the Insurers shall have the opportunity of inspecting the loss or damage before any repairs or alterations are effected. If a representative of the Insurers does not carry out the inspection within a period of time which could be considered as adequate under the circumstances, the Insured shall be entitled to proceed with the repairs or replacement.

The liability of the Insurers under this Policy in respect of any Insured item shall cease if said item is kept in operation after a claim without being repaired to the satisfaction of the Insurers, or if temporary repairs are carried out without the Insurers consent.

- 6. The Insured shall at the expense of the Insurers do and concur in doing and permit to be done all such acts and things as may be necessary or required by the Insurers 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 Insurers are or would become entitled or which is or would be subrogated to them upon their paying for or making good any loss or damage under this Policy, whether such acts and things are or become necessary or required before or after the Insured's indemnification by the Insurers.
- 7. If any difference arises as to the amount to be paid under this Policy (liability being otherwise admitted) such difference shall be referred to the decision of an arbitrator to be appointed in writing by the parties in difference or if they cannot agree upon a single arbitrator, to the decision of two arbitrators, one to be appointed in writing by each of the parties within one calendar month after having been required in writing so to do by either of the parties, or, in case the arbitrators do not agree, of an Umpire to be appointed in writing by the arbitrators before the latter enter upon the reference. The Umpire shall sit with the arbitrators and preside at their meetings. The making of an award shall be a condition precedent to any right of action against the Insurers.
- 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 herein, 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 is any other insurance covering the same loss, damage or liability the Insurers shall not be liable to pay or contribute more than their rate-able proportion of any claim for such loss, damage or liability.

## 10. Premium Payment Warranty

10.1 Notwithstanding anything herein contained but subject to clause 10.2 and 10.3 hereof, it is hereby agreed and declared that the full premium due and payable in respect of this insurance is required to be settled to the Company on or before the premium due date specified in the Schedule of this Policy, Renewal Certificate, Endorsement or Cover Note (Which shall be a date not exceeding (60) days from the date of Inception of the Policy) and in the absence of any such premium due date, the full settlement of the premium is required to be made or effected on or before the expiry of the Sixtieth (60) day from the date of inception of this Policy, Renewal Certificate, Endorsement or Cover Note (hereinafter referred to as the “due date”)

For the purpose of this warranty the “due date” shall be recognized from the date of inception or commencement of the coverage.

10.2 It is also declared and agreed that the settlement of the full premium on or before the due date shall operate as a condition precedent to the Company’s liability or an obligation to settle claim under this Policy, Renewal Certificate, Endorsement, or Cover Note.

In the event of any claim arising between date of commencement of this insurance and the “due date” for the settlement of premium, the Company may defer any decision on liability or postpone the settlement of any such claim until full settlement of the premium is effected on or before the “due date”.

10.3 It is also declared and agreed that where the full premium payable hereunder remains outstanding as at the closure of business of the insurer on the “due date” then the cover under this insurance and any obligations assumed or imputed under this insurance shall stand to be cancelled, ceased and revoked immediately.

However, such cancellation will not prejudice the rights of the Company to Invoke any legal defense or to recover the full or any part of the defaulted premium attributable to the expired period of the Insurance.

### **Period of Cover**

The liability of the Insurers shall commence, notwithstanding any date to the contrary specified in the Schedule, directly upon commencement of work or after the unloading of the items entered in the Schedule at the site. The Insurers’ liability expires for parts of the Insured contract works taken over or put into service.

At the latest the insurance shall expire on the date specified in the Schedule. Any extensions of the Period of Insurance are subject to the prior written consent of the Insurers.

## **Section 1 – Material Damage**

### **Scope of cover**

The Insurers hereby agree with the Insured that if at any time during the period of cover the items or any part thereof entered in the Schedule shall suffer any unforeseen and sudden physical loss or damage from any cause other than those specifically excluded, in a manner necessitating repair or replacement, the Insurers will indemnify the Insured in respect of such loss or damage, as hereinafter provided, by payment in cash, replacement or repair (at the Insurers' option) 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 any one event the limit of indemnity where applicable and not exceeding in all the total sum expressed in the schedule as Insured hereby.

The Insurers will also reimburse the Insured for the cost of clearance of debris following upon any event giving rise to a claim under this Policy provided a separate sum therefor has been entered in the Schedule.

### **Special Exclusions to Section 1**

The Insurers shall not, however, be liable for

- a) the deductible stated in the Schedule to be borne by the Insured in any one occurrence;
- b) consequential loss of any kind or description whatsoever including penalties, losses due to delay, lack of performance, loss of contract;
- c) loss or damage due to faulty design;
- d) the cost of replacement, repair or rectification of defective material and/or workmanship, but this exclusion shall be limited to the items immediately affected and shall not be deemed to exclude loss of or damage to correctly executed items resulting from an accident due to such defective material and/or workmanship;
- e) wear and tear, corrosion, oxidation, deterioration due to lack of use and normal atmospheric conditions;
- f) mechanical and/or electrical breakdown or derangement of construction plant, equipment and construction machinery;
- g) loss of or damage to vehicles licensed for general road use or water borne vessels or aircraft;
- h) loss of or damage to files, drawings, accounts, bills, currency, stamps, deeds, evidences of debt, notes, securities, cheques;
- i) loss or damage discovered only at the time of taking an inventory.

## **Provisions Applying to Section 1**

### **Sums Insured**

It is a requirement of this insurance that the sums Insured stated in the Schedule shall not be less than

for item 1 : the full value of the contract works at the completion of the construction , inclusive of all materials, wages, freight, customs duties, dues, and materials or items supplied by the Principal;

for items 2 and 3: the replacement value of construction plant, equipment and construction machinery;  
which shall mean the cost of replacement of the Insured items by new items of the same kind and same capacity;

and the Insured undertakes to increase or decrease the amounts of insurance in the event of any material fluctuation in 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 Insurers.

If, in the event of loss or damage, it is found that the sums insured are less than the amounts required to be Insured, then the amount recoverable by the Insured under this Policy shall be reduced in such proportion as the sums Insured bear to the amounts required to be Insured. Every object and cost item is subject to this condition separately.

### **Basis of the 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 had to be borne by the Insured and to the extent they are included in the sums Insured and provided always that the provisions and conditions have been complied with.

The Insurers shall make payments only after being satisfied by production of the necessary bills and documents that the repairs have been effected or replacement has taken place, as the case may be. All damage 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 shall be borne by the Insurers if such repairs constitute part of the final repairs and do not increase the total cost of repair expenses.

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

### **Extension of Cover**

Extra charges for overtime, night-work, work on public holidays, express freight are covered by this insurance only if previously and specially agreed upon in writing.

## **Section 2 – Third Party Liability**

The Insurers will indemnify the Insured up to but not exceeding the amounts specified in the Schedule against such sums which the Insured shall become legally liable to pay as damages consequent upon

- a) accidental bodily injury to or illness of third parties (whether fatal or not)
- b) accidental loss of or damage to property belonging to third parties.

occurring in direct connection with the construction or erection of the items Insured under Section 1 and happening on or in the immediate vicinity of the site during the Period of Cover.

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

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

provided always that the liability of the Insurers under this section shall not exceed the limits of indemnity stated in the Schedule.

### **Special Exclusions to Section 2**

The Insurers will not indemnify the Insured in respect of

- a) the deductible stated in the Schedule to be borne by the Insured in any one occurrence;
- b) the expenditure incurred in doing or redoing or making good or repairing or replacing anything covered or coverable under Section 1 of this Policy;
- c) damage to any property or land or building caused by vibration or by the removal or weakening of support or injury or damage to any person or property occasioned by or resulting from any such damage (unless especially agreed upon by endorsement);
- d) 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 1, 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 1, 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.

### **Special Conditions Applying to Section 2**

- a) 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 Insurers 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 damages 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 Insurers may require.
- b) The Insurers may so far as any accident is concerned pay to the Insured the limit of indemnity for any one accident (but deducting therefrom in such case any sum or sums 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 Insurers shall thereafter be under no further liability in respect of such accident under this Section.

### **Complaints Procedure**

We are committed to serve you with passion and willing to receive your feedback. If you are not satisfied with our services, you can lodge a complaint by below methods;

- By telephone - Customer Care Officer - 011 2126136
- By email - [pilassist@peoplesinsurance.lk](mailto:pilassist@peoplesinsurance.lk)
- By WhatsApp - 0716230048
- By fax - 011 2126109
- By post - Customer Care Officer, People's Insurance PLC, No. 07, Havelock Road, Colombo 05
- Via online - Complaint Submission Form is available on our website [www.peoplesinsurance.lk](http://www.peoplesinsurance.lk) → Please click on the "Complaints" tab
- By visiting

Below information to be provided when lodging a complaint;

- Complaint in brief
- Your name and contact details
- References: Policy No. / Vehicle No. / Claim No.
- Any supporting documents

The Trilingual Complaints Handling Procedure can be downloaded from our website - [www.peoplesinsurance.lk](http://www.peoplesinsurance.lk) → Please click on the "Complaints" tab



## **Dispute Resolution**

If you are not satisfied with the resolution given by us for a complaint lodged, you have the option to use following Alternative Dispute Resolution (ADR) mechanisms.

I. Address your concerns to: Insurance Ombudsman of Sri Lanka  
No. 143A, Vajira Road, Colombo 05  
[info@insuranceombudsman.lk](mailto:info@insuranceombudsman.lk)  
011 2505542 / 011 250 5041

### **II. Arbitration**

As per the Arbitration Clause in the Policy Wording

III. Address your concerns to: Director Investigations  
  
Insurance Regulatory Commission of Sri Lanka  
Level 11, East Tower, World Trade Centre  
Colombo 01  
011 2396184-9 / 011 2335167  
[investigation@ircsl.gov.lk](mailto:investigation@ircsl.gov.lk) / [info@ircsl.gov.lk](mailto:info@ircsl.gov.lk)