



## CONTRACTOR'S ALL RISKS INSURANCE POLICY

*Please read the conditions and examine the policy carefully that it is in accordance with your intention, if not, return it immediately for endorsement.*

**WHEREAS THE INSURED** named in the Schedule hereto has made to the **UCPB GENERAL INSURANCE COMPANY, INC. (here in after 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 WITNESSETH** that in consideration of the premium mentioned in the Schedule having been paid by the Insured and received by the Insurers and subject to the exclusions, provisions and conditions contained herein or endorsed hereon the Insurer will indemnify the Insured in the manner and to the extent hereinafter provided.

### PERIOD OF COVER

- (a) **CONSTRUCTION PERIOD.** The liability of the Insurer shall commence notwithstanding any date to the contrary specified in the Schedule, with the unloading of the property specified in the Schedule at the Contract Site and shall expire on the date specified in the Schedule.  
The Insurer's liability expires also for parts of the insured contract works taken over or put into service by the Principal prior to the expiry date specified in the Policy whichever shall be earlier.
- (b) **MAINTENANCE PERIOD.** If a maintenance period is specified in the Schedule, the liability of the Insurer during this period shall be limited to any loss or damage caused by the insured Contractor(s) in the course of the operations carried out by him for the purpose of complying with his obligations under the Maintenance Clause of the contract.

**SECTION I. PROPERTY INSURED. (Material Damage).** THE INSURER HEREBY AGREE with the Insured that if at any time during the period of insurance stated in the Schedule, or during any further period of extension thereof, the property or any part thereof described in the Schedule shall suffer any unforeseen loss or damage from any cause, other than those specifically excluded, in a manner necessitating repair or replacement, the Insurers 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 all the total sum expressed in the said Schedule as insured hereby.

The Insurer will also reimburse the Insured for the cost of clearance of the debris of the Insured property following upon any event giving rise to a claim under this Policy but not exceeding in all sum set opposite thereto in the Schedule.

**EXCLUSION TO SECTION I.** The Insurer, shall not, however be liable for: (a) the deductibles stated in the Schedule to be borne by the Insured in any one occurrence other than fire, lightning or explosion; (b) consequential loss of any kind of destruction whatsoever including penalties, losses, due to delay, lack of performance, loss of contract; (c) loss or damage due to faulty design; (d) cost of replacement or rectification of defective material and/or workmanship, but this exclusion shall be limited to the item immediately affected and shall not be deemed to exclude loss or damage 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 waterborne vessels or aircraft; (h) loss of or damage of files, drawings, accounts, bills, currency, stamps, deeds, evidence of debts, notes, securities or cheques; (i) loss discovered only at the time of taking an inventory.

### PROVISIONS APPLYING TO SECTION I.

**MEMO 1. SUM INSURED:** It is a requirement of this Insurance that the amounts of the insurance 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 materials, wages, freight, custom of the duties, dues and materials or items supplied by the Principal;  
2 and 3 the replacement value of construction plant, equipment and construction machinery;

The Insured undertakes to notify the Insurers of any facts effecting a material increase or decrease of the sums insured provided always that such increase or decrease shall take effect only after the same has been recorded on the Policy by the insurer, before the occurrence of any claim hereunder.

If, in the event of loss or damage, it is found that the sum insured is less than the amount required to be insured, then the amount recoverable by the insured under the Policy shall, before taking into account the deductibles stated in the Schedule, be reduced in such proportion as the sum insured bears to the amount required to be insured.

**MEMO 2. 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 any damage which can be repaired the cost of repairs necessary to restore the insured property to its condition immediately before the occurrence of the damage less salvage, or (b) in the case of total loss- the actual value of the insured property immediately before the occurrence of the loss salvage, provided always that the provisions and conditions have been complied with.

The Insurer will make payments only after being satisfied by production of the necessary bills and documents that the repairs have been effected or replacement has been taken place, as the case may be.

All damage which can be repaired shall be repaired, but in the cost or repairing any damage equals or exceeds the value of the insured property 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 Insurer 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.

**MEMO 3. EXTENSION OF COVER:** Extra charges for overtime, night work, work on public holidays, express freight, etc. are covered by this Insurance only if previously and specially agreed upon.

**SECTION II. THIRD PARTY LIABILITY:** The Insurer will indemnify the Insured against all sums which the Insured shall become legally liable to pay as damages consequent upon: (a) accidental bodily injury or illness (whether fatal or not) to third parties; (b) accidental loss or damage to property belonging to third parties occurring in direct connection with the performance of the contract insured by this Policy and happening on or in the immediate vicinity of the Contract Site during the Period of Insurance. In respect of a claim for compensation to which the indemnity provided herein applies, the Insurer 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 Insurer.

The liability of the Insurer under this section shall not exceed the limits of indemnity stated in the Schedule (Section III).

**EXCLUSION TO SECTION II.** The Insurer will not indemnify the Insured in respect of: 1, Expenditure incurred in doing or redoing or making good or repairing or replacing any work or property covered or recoverable under Section I of this Policy; 2. Damage to any property or land or building caused by subsidence, collapse, 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; 3. Liability consequent upon: (a) bodily injury to or illness of employees or workmen of the Contractor(s) or the Principal or any other firm connected with the contract work or members of their families; (b) loss of or damage of property belonging to or held in care, custody or control of the Contractor(s), the Principal or any other firm connected with the contract work or an employee or workman of anyone of the aforesaid; (c) Any accident caused by vehicles licensed for general road used or by waterborne vessels or aircraft; (d) any agreement by the Insured to pay any sum by way or otherwise unless such liability would have attached in the absence of such agreement.

#### **SPECIAL CONDITIONS APPLYING TO SECTION II.**

1. No admission, offer, promises, payment or indemnity shall be made or given by or on behalf of the Insured without any 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 defense or settlement of any claim or to prosecute for their own benefit in the mane 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.

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

## **GENERAL EXCLUSIONS**

The Insurer will not indemnify the Insured in respect of loss, damage or liability directly or indirectly caused by or arising out of: (a) war, invasion, act of foreign enemy, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, mutiny, riot, strike, lock-out, civil commotion, military or usurped power or malicious persons acting on behalf of on in connection with any political organization, confiscation, commandeering, requisition or destruction of or damage to property by order of the government de jure or de facto or by any public authority; (b) nuclear reaction, nuclear radiation or radioactive contamination; (c) willful act of the Insured; (d) cessation of work whether total or partial.

In any action, suit or other proceeding where the Insurer allege that by reason of the provisions of Execution (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 shall be a condition precedent to any liability of the Insurers to make any payment under this Policy.
2. This Policy together with its Schedule and applicable Specifications shall be read as one document and any word or expression to which a specific meaning has been attached herein shall bear such meaning wherever it may appear. The term "insured" refers to the Contractor.
3. The Insured shall give notice to the Insurer of any insurance of insurances already affected, or which may subsequently be effected, covering any of the property hereby insured, and unless such notice be given and the particulars of such insurance or insurances be stated in or endorsed on this Policy by or in behalf of the insurer before the occurrence of any loss or damage, all benefits under this Policy shall be forfeited.
4. The Insured shall take all reasonable precautions to prevent loss, damage or liability and to comply with sound engineering practice, statutory requirements and manufacturer's recommendations and maintain in efficient condition all contract works, construction plant, equipment and construction machinery insured by the Policy.
5. The Insured shall immediately notify the Insurer in writing of any material change in the risk insured hereunder, the scope of cover and/or premium shall, if necessary, be adjusted accordingly.
6. Representatives of the Insurer shall at any reasonable time have access to the site or premises and to all pertinent data, documents, drawings, etc. and shall have right to respect any property insured.
7. In the event of any occurrence which might give rise to a claim under this Policy, the insured shall: (a) immediately notify the Insurer by telephone or telegram as well as in writing; (b) take all steps within his power to minimize the extent of the loss or damages; (c) preserve the damage parts and make them available for inspection by a representative or surveyor of the insurer; (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, burglary or sabotage.  
The insurer shall not in any case be liable for loss, damage or liability of which no notice has been received by the insurer within 14 days of its occurrence.  
Upon notification being given to the insurer under this condition, the Insured may carry out the repairs or replacement of any minor damage; in all other cases as representative of the Insurers shall have the opportunity of inspecting the loss or damage before any repairs or alterations are effected. Nothing herein shall prevent the insured from taking such steps as absolutely necessary for the security and continuation of the contract work. If a representative of the insurer 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.
8. The Insured shall at the expense of the Insurers do not occur in doing and permit to be done all such acts and things as may be necessary or required by the Insurer in the interest of any rights or remedies, or obtaining relief or indemnity from parties (other than those insured under this Policy) to which the Insurers 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 Insurer.
9. All difference arising out of this Policy with respect to the amount of liability shall be referred to the decision of an Arbitrator to be appointed in writing by the parties in difference of 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 entering upon the reference. The Umpire shall sit with the Arbitrators and preside at their meetings. The Arbitrators and the Umpire shall be qualified Engineers. The making of an award shall be condition precedent to any right of action against the Insurer.
10. If a claim is 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 is made and rejected no action or suit is commenced within twelve months after such rejection or, in case of arbitration taking place as provided here in, within twelve months after the Arbitrator or Arbitrators or Umpire have made their award, all benefit under this Policy shall be forfeited.
11. If at the time any claim arises under the Policy there be any other insurance covering the same loss, damage or liability the Insurer shall not be liable to pay or contribute more than their ratable proportion of any claim such loss or damage.

12. This Policy may be cancelled by the Insurer with a pro rata refund of premium corresponding to the unexpired Period of Insurance. Such cancellation shall be done with prior written notice, mailed or delivered to the Insured at the address shown in the Policy, stipulating any of the following as the basis for cancellation: (a) non-payment of premium; (b) conviction of a crime arising out of acts or omissions increasing the hazard insured against; (c) discovery of fraud or material misrepresentation; (d) discovery or willful or reckless acts or omissions increasing the hazard insured against; (e) physical changes in the property insured which result in the property becoming uninsurable; or (f) a determination by the Commissioner that the continuation of the Policy would violate or would place the insurers in violation of the Insurance Code.

This Policy may also be cancelled at the instance of the Insured and in such event the insurers shall be entitled to the customary short rate premium for the time the policy was in force.

## **CANCELLATION**

This Policy shall not be cancelled by or on behalf of the Company except in accordance with the provisions of Sections 64 and 65 of the Insurance Code. In the event of such cancellation, the Company shall refund the paid premium less the earned portion thereof to the Insured. Likewise, this Policy may be cancelled on the short rate basis set forth in the Short Rate Cancellation Table at the request of the Insured.

## **SHORT PERIOD RATE SCALE**

It is hereby declared and agreed that, in the event that this Policy is surrendered by the Insured for cancellation, the Company shall retain a portion of the annual premium in accordance with the following scale for the time the Policy has been in force:

1 month or less	- 20%	4 months	- 50%	7 months	- 75%	10 months	- 90%
2 months	- 30%	5 months	- 60%	8 months	- 80%	11 months	- 95%
3 months	- 40%	6 months	- 70%	9 months	- 85%		

## **CIVIL CODE ARTICLE 1250 WAIVER CLAUSE**

IT IS HEREBY DECLARED AND AGREED that the provision of Article 1250 of the Civil Code of the Philippines (Republic Act No. 386) which reads: "In case of an extraordinary inflation or deflation of the currency stipulated should supervene, the value of the currency at the time of the establishment of the obligation shall be the basis of payment..." shall not apply in determining the extent of liability under the provisions of this Policy.

## **NUCLEAR EXCLUSION CLAUSE**

1. This Policy does not cover:-

- (a) Loss or destruction of, or damage to any property whatsoever or any loss or expense whatsoever resulting or arising therefrom or any consequential loss.
- (b) Any legal liability of whatsoever nature, directly or indirectly caused by, or contributed to by, or arising from, ionizing radiations or contamination by radioactivity from any nuclear fuel, or from any nuclear waste from the combustion of nuclear fuel. For the purpose of this exclusion only combustion shall include any self-sustaining process of nuclear fission.

2. The indemnity provided by this Policy shall not apply to nor include any loss, destruction, damage or legal liability directly or indirectly caused by or contributed to, by, or arising from, nuclear weapons material.

## **IMPORTANT NOTICE**

The Insurance Commissioner, with offices in Manila is the Government Official in charge of the enforcement of all laws relating to insurance and has supervision over insurance companies. He is ready at all times to render assistance in settling any controversy between Insurance Company and a policy holder relating to insurance matters.

Do not fail to notify the Company of every event which results in a claim under this Policy however small, immediately on occurrence. In communications with the Company, always give the number of Policy.

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Authorized Signature