

INDUSTRIAL ALL RISKS POLICY NO.

Whereas the Insured named in the Schedule(s) hereto has made to the

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(hereinafter called "the Insurers") a written proposal by completing the Questionnaire(s) 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 the Insured having paid to the Insurers the premium mentioned in the Schedule (s) 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 applying to all Sections

The Insurers will not indemnify the Insured in respect of loss (incl. consequential loss) destruction damage or expense whatsoever directly or indirectly caused by or arising out of or aggravated by :

Exclusions:

1. war, invasion, act of foreign enemy, hostilities or warlike operations (whether war be declared or not) or civil war ;
2. riots, strikes, locked-out workers, malicious acts, looting, mutiny, civil commotion, military rising, insurrection, rebellion, revolution, military or usurped power, confiscation, requisition or nationalization, acts of terrorism. "Terrorism" means the use of violence for political ends and includes any use of violence for the purpose of putting the public or any section of the public in fear
 - 2.1 ionising radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel
 - 2.2 the radioactive toxic explosive or other hazardous properties of any explosive nuclear assembly or nuclear component thereof
3. wilful act or wilful negligence of the Insured or of his representatives
4. total or partial cessation of work

In any action, suit or other proceeding where the Insurers allege that by reason of the provisions of Exclusion 1) and 2) above any loss destruction damage or expense is not covered by this insurance the burden of proving that such loss destruction damage or expense is covered shall be upon the Insured.

General Condition applying to all Sections

1. Definition

The Schedule(s) the Section(s) and the Endorsement(s) and Questionnaire(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(s) the Section(s) and the Endorsement(s) and Questionnaire(s).

Any word or expression to which a specific meaning has been attached in any part of a Section or of the Endorsement or Questionnaire shall bear such meaning wherever it may appear in such Section, Endorsement or Questionnaire.

2. Policy Voidable

This policy shall be voidable in the event of misdescription, misrepresentation or non-disclosure in any material particular.

3. Alteration

3.1 Section I of this policy shall be avoided with respect to any of the Property Insured in regard to which there be any alteration after the commencement of this insurance

3.1.1. by removal or

3.1.2. whereby the risk of loss destruction or damage is increased or

3.1.3. whereby the interest of the Insured ceases except by will or operation of law unless admitted by the Insurer in writing.

3.2. Section II of this policy shall be avoided if after the commencement of this insurance

3.2.1. the Business be wound up or carried on by a liquidator or receiver or permanently discontinued or

3.2.2. the interest of the Insured ceases other than by death or

3.2.3. any alteration be made either in the Business or in the Premises or property therein whereby the risk of loss destruction or damage is increased

unless admitted by the Insurer in writing.

4. Warranties

Every warranty to which this policy is or may be made subject shall from the time the warranty attaches apply and continue to be in force during the whole currency of this policy and non-compliance with any such warranty in so far as it increases the risk of any loss destruction or damage shall be a bar to any claim in respect of such loss destruction or damage.

5. Reasonable Precautions

The Insured shall take all reasonable precautions to prevent loss destruction or damage, e.g. take at his own expense all reasonable precautions, comply with all reasonable recommendations of the Insurers to prevent loss destruction or damage, comply with statutory requirements and manufacturers' recommendations.

6. Right of Inspection

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. Said inspection/examination shall not impose any liability on the Insurers and shall not be taken as guarantee for the Insured of the safety standards of his operations.

7. Claims Procedure

7.1. In the event of any occurrence which might give rise to a claim under this Policy, the Insured shall

- immediately notify the Insurers by telephone or telegram as well as in writing about the nature and extent of loss destruction or damage
- take all steps within his power to minimize the extent of the loss destruction or damage
- preserve the parts affected and make them available for inspection by a representative or surveyor of the Insurers
- furnish all such information and documentary evidence as the Insurers may require
- immediately inform the police authorities in case of loss or damage due to theft or burglary or malicious damage.

Upon notification being given to the Insurers under this condition, a representative of the Insurers shall have the opportunity of inspecting the loss destruction 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 is entitled to proceed with the repairs or replacement.

7.2 The Insured shall not be entitled to abandon any property to the Insurers whether taken possession of by the Insurers or not.

7.3 No claim shall be payable under this policy unless the terms of this Condition have been complied with.

7.4 Fraud

If a claim is fraudulent in any respect or if fraudulent means are used by the Insured or by anyone acting on his behalf to obtain any benefit under this policy or if any loss or destruction of or damage to the Property Insured or to property used by the Insured at the Premises for the purpose of the Business is caused by the wilful act or with the connivance of the Insured all benefit under this policy shall be forfeited.

8. Indemnification

- 8.1 The Insurers shall indemnify adjusted losses within 30 (thirty) days after receipt of loss adjuster's final report or equivalent proof of loss
- 8.2 Liability having been admitted, payments on account not exceeding the minimum amount justified by the prevailing circumstances shall be effected
- 8.3 The Insurers shall be entitled to withhold indemnification
- if there are doubts regarding the Insured's right to receive the indemnity, pending receipt by the Insurers of the necessary proof
 - if in connection with the claim an examination by the police or an inquiry under criminal law has been instituted against the Insured, pending completion of such examination or enquiry.

9. Interest Payments

The Insurers shall not be liable to pay interest other than interest for default.

10. Arbitration

If any difference shall arise 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; 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 making of an award shall be a condition precedent to any right of action against the Insurers.

11. Subrogation

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 shall be or would become entitled or subrogated upon their paying for or making good of any loss destruction damage or expense under this Policy, whether such acts and things shall be or become

necessary or required before or after the Insured's indemnification by the Insurers.

12. Other Insurance

If at the time any claim arises under this Policy there is any other insurance covering the same loss destruction or damage the Insurers shall not be liable to pay or contribute more than their rateable proportion of any claim for such loss destruction or damage.

13. Period of Insurance

The period of insurance is one year. Inception and expiry shall both be 12 o'clock noon at the dates entered in the Schedule. The insurance is automatically renewed for a year, unless Insurer or Insured request in writing the termination at the expiry date, giving 30 days notice.

14. Average

The sums insured of each item under Section I and of Section II of this policy (other than those applying solely to fees, rent, removal of debris or private dwelling houses) are declared to be separately subject to Average.

Section I:

If the Property Insured under any item shall at the commencement of any loss damage or destruction hereby insured against be collectively of greater value than the respective sum insured, then the Insured shall be considered as being his own insurer for the difference and shall bear a rateable share of the loss accordingly.

Section II:

The Insurance is limited to loss of Gross Profit due to (a) Reduction in Turnover and (b) Increase in Cost of Working and the amount payable as indemnity thereunder shall be :

- a) in respect of Reduction in Turnover : the sum produced by applying the Rate of Gross Profit to the amount by which the Turnover during the Indemnity Period shall fall short of the Standard Turnover in consequence of loss destruction or damage
- b) in respect of Increase in Cost of Working : the additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the Reduction in Turnover which but for that expenditure would have taken place during the Indemnity Period in consequence of the Incident, but not exceeding the sum produced by applying the Rate of Gross Profit to the amount of the reduction thereby avoided

less any sum saved during the Indemnity Period in respect of such of the charges and expenses of the Business payable out of Gross Profit as may cease or be reduced in consequence of loss destruction or damage

provided that if the sum insured by this item be less than the sum produced by applying

the Rate of Gross Profit to the Annual Turnover (or to a proportionately increased multiple thereof where the Maximum Indemnity Period exceeds twelve months) the amount payable shall be proportionately reduced.

15. Deductibles

This policy does not cover the amounts of the deductibles stated in the Schedule in respect of each and every loss as ascertained after the application of all other terms and conditions of the policy including any condition of Average.

Warranted that the Insured shall not effect insurance in respect of the amounts of the deductibles stated in the Schedule.

16. Sum(s) Insured

The sum(s) insured shall not be reduced by any indemnity payments.

Section I Material Damage

The Insurers hereby agree with the Insured that if at any time during the period of insurance the items or any part thereof entered in the Schedule and whilst at the premise(s) described in such Schedule shall suffer any unforeseen, sudden and accidental physical loss destruction or damage other than those specifically excluded in the General or Special Exclusions in a manner necessitating repair or replacement, the Insurers will indemnify the Insured in respect of such loss destruction 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 at any location specified in the Schedule the sum set opposite thereto (sum insured) 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.

Special Exclusions to Section I

1. The Insurers shall not be liable for loss destruction of or damage to
 - 1.1 property in the course of construction or erection
 - 1.2 property being worked upon and actually arising from the process of manufacture testing repairing cleaning restoring alteration renovation or servicing
 - 1.3 property in transit by road, rail, air or water
 - 1.4 licensed road vehicles, railway locomotives and rolling stock, watercraft, aircraft, spacecraft and the like
 - 1.5 jewellery, precious stones, precious metals, bullion, furs, curiosities, rare books or works of art

- 1.6 standing timber, growing crops, animals, birds, fish
 - 1.7 land (including topsoil backfill drainage or culvert), driveways, pavements, roads, runways, railway lines, dams, reservoirs, surface water, underground water, canals, rigs, wells, pipelines, cables, tunnels, bridges, docks, piers, wharves, mining property underground, offshore property
 - 1.8 property in the possession of customers under Rental Agreements or Hire Purchase, Credit or other Suspensive Sale Agreements
 - 1.9 property which at the time of the happening of loss destruction or damage is insured by or would but for the existence of this policy be insured by any marine policy or policies.
2. The Insurer(s) shall not be liable for loss destruction of or damage to the property insured directly or indirectly caused by or arising out of or aggravated by :
- 2.1 delay, loss of market or other consequential or indirect loss or damage of any kind or description whatsoever
 - 2.2 dishonesty, fraudulent act, trick, device or other false pretence
 - 2.3 disappearance, unexplained or inventory shortage
 - 2.4 joint leakage, failure of welds, cracking, fracturing, collapse or overheating of boilers, economisers, superheaters, pressure vessels or any range of steam and feed piping in connection therewith, mechanical or electrical breakdown or derangement in respect of the particular machine apparatus or equipment in which such breakdown or derangement originates
 - 2.5 all gradually operating causes, including but not limited to wear and tear, rust, corrosion, mildew, mould, fungus, wet or dry rot, gradual deterioration, latent defect, inherent vice, slowly developing deformation or distortion, insects larvae or vermin of any kind, microbes of any kind, unless sudden and unforeseen physical loss destruction or damage ensues, in which case Insurers' liability shall be limited to such ensuing loss damage or destruction.
 - 2.6 pollution or contamination, unless caused by fire, lightning, explosion, aircraft or other aerial devices or articles dropped therefrom, riot, civil commotion, strikers, locked-out workers, persons taking part in labour disturbances, malicious persons (other than thieves), earthquake, storm, flood, escape of water from any tank apparatus or pipe or impact by any road vehicle or animal
 - 2.7 enforcement of any ordinance or law regulating the construction, repair or demolition of any Property Insured hereunder except as provided for in the Public Authorities Memorandum incorporated in this Section
 - 2.8 shrinkage, evaporation, loss of weight, change in flavour, colour, texture or finish, action of light

- 2.9 change in temperature or humidity, failure or inadequate operation of any air-conditioning cooling or heating system due to operating error. The burden of proof that no operating error occurred, shall be upon the Insured
- 2.10 exposure to weather conditions where property is left in the open or not contained in fully enclosed buildings.

3. The Insurers shall not be liable for the costs

- 3.1 of rectifying defective materials, faulty workmanship or design
- 3.2 of normal upkeep, normal making good, maintenance
- 3.3 arising from false or unauthorised programming, punching, labelling or inserting, inadvertent cancelling of information or discarding of data media and from loss of information caused by magnetic fields.

Special Conditions to Section I

1. Sums Insured :

It is a requirement of this Insurance that the sums insured stated in the Schedule shall not be less than the cost of reinstatement as if such property were reinstated on the first day of the Period of Insurance which shall mean the cost of replacement of the insured items by new items in a condition equal to but not better or more extensive than its condition when new.

2. Basis of Loss Settlement :

In the event of any loss destruction or damage the indemnification under this section shall be calculated on the basis of the reinstatement or replacement of the property lost destroyed or damaged, subject to the following provisions:

2.1 Reinstatement or replacement shall mean:

- (1) where property is lost or destroyed, the rebuilding of any buildings or the replacement of any other property by similar property, in either case in a condition equal to but not better or more extensive than its condition when new
- (2) where property is damaged, the repair of the damage and the restoration of the damaged portion of the property to a condition substantially the same as but not better or more extensive than its condition when new.

2.2 Special Provisions:

- (1) The work of reinstatement (which may be carried out upon another site and in any manner suitable to the requirements of the Insured subject to the liability of the Insurers not being thereby increased) must be commenced and carried out with reasonable despatch otherwise no payment beyond the amount which would have been payable under the policy if this special provisions had not been incorporated herein shall be made
- (2) Where any property is lost destroyed or damaged in part only the liability of the Insurers shall not exceed the sum representing the cost which the Insurers could have been called upon to pay for reinstatement if such property had been wholly destroyed
- (3). If at the time of reinstatement the sum representing the cost which would have been incurred in the reinstatement if the whole property covered by such item had been destroyed exceeds the sum insured thereon at the commencement of any destruction of or damage then the Insured shall be considered as being his own insurer for the difference between the sum insured and the sum representing the cost of reinstatement of the whole of the property and shall bear a rateable proportion of the loss accordingly
- (4). Until the cost of reinstatement or replacement shall have been actually incurred the amount payable under each of the items shall be calculated on the basis of the actual cash value of such items immediately before the loss destruction or damage with due allowance for depreciation for age use and condition.

3. First Loss Insurance

3.1 The items mentioned hereinafter are covered on a First Loss Basis, subject to amounts per item entered in the Schedule

- Money and stamps
- Employees Pedal Cycles and other Personal Effects.
- Documents, Manuscripts and Business Books: only the value of materials as stationery together with the cost of clerical labour expended in writing up and not the value of the information to the Insured.
- Computer Systems records: the value of materials together with the cost of clerical labour and computer time expended in reproducing such records (excluding any expense in connection with the production of information to be recorded therein), but not for the value of the information contained therein to the Insured.
- Patterns, Models, Moulds, Plans and Designs: an amount not exceeding the cost of the labour and materials expended in reinstatement.

3.2 Debris Removal

This policy covers the necessary expense for removal of debris of insured property from the described premises as a result of physical loss destruction or damage insured against under this policy.

The Insurers' total liability for debris removal is limited to the amount entered in the Schedule.

4. Capital Additions

The insurance by this policy shall, subject to its terms and conditions, extend to cover:

- any newly acquired buildings, machinery and other equipment in so far as the same are not otherwise insured, and
- alterations, additions and improvements to building, machinery and other equipment during the current period of insurance at any of the premises hereby insured, provided that:
 - 1). at any one location this increase shall not exceed 5 % of the total sum insured on such item;
 - 2). the Insured advise the Insurers within three months of the particulars of any such capital additions and pay such additional premiums as the Insurers may require

SECTION II - BUSINESS INTERRUPTION

The Insurers agree that if during the period of insurance the business carried on by the Insured at the premises specified in the Schedule is interrupted or interfered with in consequence of loss destruction or damage indemnifiable under Section I, then the Insurers shall indemnify the Insured for the amount of loss as hereinafter defined resulting from such interruption or interference provided that the liability of the Insurers in no case exceeds the sum insured or such other sum as may hereinafter be substituted therefor by Endorsement signed by or on behalf of the Insurers.

SPECIAL EXCLUSIONS TO SECTION II

- 1 This Policy does not cover any loss resulting from interruption of or interference with the business directly or indirectly attributable to
 - 1.1. any restrictions on reconstruction or operation imposed by any public authority
 - 1.2. the Insured's lack of sufficient capital for timely restoration or replacement of property lost, destroyed or damaged

- 1.3. loss of business due to causes such as suspension, lapse or cancellation of a lease licence or order etc. which occurs after the date when the items lost destroyed or damaged are again in operating condition and the business could have been resumed, if said lease license or order etc. had not lapsed or had not been suspended or cancelled.
2. This Policy does not cover the deductible stated in the Schedule to be borne by the Insured.

Basis of Insurance

The cover provided under this Section shall be limited to loss of Gross Profit due to (a) Reduction in Turnover and (b) Increase in Cost of Working and the amount payable as indemnity hereunder shall be

- (a) in respect of Reduction in Turnover : the sum produced by applying the Rate of Gross Profit to the amount by which the Turnover during the Indemnity Period shall fall short of the Standard Turnover in consequence of the loss destruction or damage
- (b) in respect of Increase in Cost of Working : the additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the Reduction in Turnover which but for that expenditure would have taken place during the Indemnity Period in consequence of loss destruction or damage, but not exceeding the sum produced by applying the Rate of Gross Profit to the amount of the reduction thereby avoided

less any sum saved during the Indemnity Period in respect of such of the charges and expenses of the business payable out of Gross Profit as may cease or be reduced in consequence of loss destruction or damage

provided that if the sum insured by this item be less than the sum produced by applying the Rate of Gross Profit to the Annual Turnover (or to a proportionately increased multiple thereof where the Maximum Indemnity Period exceeds twelve months) the amount payable shall be proportionately reduced.

Definitions

1. Gross Profit

The amount by which

- the sum of the amount of the Turnover and the amounts of the closing stock and work in progress shall exceed
- the sum of the amount of the opening stock and work in progress and the amount of the Uninsured Working Expenses.

Note : The amounts of the opening and closing stocks and work in progress shall be arrived at in accordance with the Insured's normal accountancy methods, due provision being

made for depreciation.

2. Uninsured Working Expenses

The variable expenses of the business which are not insured by this policy :

2.1 turnover and purchases taxes

2.2 purchases (less discount received)

2.3 carriage , packing and freight

3. Turnover

The money (less discount allowed) paid or payable to the Insured for goods sold and delivered and for services rendered in the courses of the business at the Premises.

4. Indemnity Period

The period beginning with the occurrence of loss destruction or damage and ending not later than the Maximum Indemnity Period thereafter during which the results of the Business shall be affected in consequence thereof.

5. Rate of Gross Profit:

The Rate of Gross Profit earned on the turnover during the financial year immediately before the date of loss destruction or damage

Annual Turnover:

The Turnover during the twelve months immediately before the date of loss destruction or damage

Standard Turnover:

The Turnover during that period in the twelve months immediately before the date of loss destruction or damage which corresponds with the Indemnity Period appropriately adjusted where the Indemnity Period exceeds twelve months

to which such adjustments shall be made as may necessary to provide for the trend of the business and for variations in or other circumstances affecting the Business either before or after loss destruction or damage or which would have affected the Business had the loss destruction or damage not occurred, so that the figures thus adjusted shall represent as nearly as may be reasonably practicable the result which but for the loss destruction or damage would have been obtained during the relative period after the loss destruction or damage.

Provisions

Memo 1 - Benefits from Other Premises

If during the indemnity period goods are sold or services are rendered else where than at the Premises for the benefit of the Business either by the Insured or by others acting on his behalf, the money paid or payable in respect of such sales or services shall be taken into account in arriving at the Turnover during the Indemnity Period.

Memo 2 - Return of Premium

If the Insured declares at the latest six months after the expiry of any policy year that the Gross Profit earned during the accounting period of twelve months most nearly concurrent with any period of insurance, as certified by the Insured's auditors, was less than the sum insured thereon, a pro rata return of premium not exceeding one third of the premium paid on such sum insured for such period of insurance shall be made in respect of the difference.

If any loss destruction or damage has occurred giving rise to a claim under this policy, such return shall be made in respect only of so much of said difference as is not due to such loss destruction or damage.