

CONTRACT WORKS INSURANCE POLICY

Whereas the Insured named in the Schedule hereto has made to the

(hereinafter called "the Insurers") 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 witnesses that in consideration of the Insured having paid to the Insurers the premium mentioned in the Schedule the Insurers will indemnify the Insured in the manner and to the extent hereinafter provided.

Provided always that the due observance and fulfillment of the terms, conditions and exceptions 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 proposal(s) shall be conditions precedent to the right of the Insured to recover hereunder.

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.

SCHEDULE

Policy No.....

Insured	
Section I Building and Civil Engineering Works	Sum Insured
1 10 Contract Works (Permanent and Temporary Works, including all Materials to be incorporated therein)	
11 Materials or items supplied by the Principal	
2 Construction Equipment	
3 Construction Machinery and stationary plant	
4 Clearance of Debris (Limit of Indemnity)	
5 Architects', Surveyors' and Consulting Engineers' fees necessarily incurred by the insured with the consent of the Insurers in the reinstatement or replacement of the property insured by Items 1, 2 or 3 destroyed or damaged by any of the perils hereby insured against	
Total Sum Insured	
Excesses	
1 Contract works, Construction Equipment in respect of each and every occurrence for loss or damage arising out of	the first
10 earthquake, storm, hurricane, cyclone, subsidence, landslide, collapse, any water damage	
11 any other cause	the first
2 Construction Machinery in respect of each and every occurrence for loss or damage arising out of	the first
20 earthquake, storm, hurricane, cyclone, subsidence, landslide, collapse, any water damage	
21 any other cause	the first
Section II Machinery Erection	Sums Insured
1 Property to be erected, including Freight, Customs Duties and Dues, and Costs of Erection	
2 Erection Machinery and Tools	
3 Clearance of Debris	
Total Sum Insured	
Excesses	
1 property to be erected : in respect of each and every occurrence	the first
10 during erection	
11 during testing	the first
2 Erection Machinery and Tools : in respect of each and every occurrence for loss or damage arising out of any cause	the first
Section III Third Party Liability	
1 Limit of indemnity in respect of any one accident or series of accidents arising out of one event	
10 for bodily injury	
11 for property damage	
2 Total limit of indemnity under this Policy	
Excesses	
In respect of each and occurrence for	
10 bodily injury/death	the first
11 loss of or damage to property	the first
Period of Insurance	
Section I	plus
.....month/s maintenance	
Section II	plus
.....month/s maintenance	

Section IIIplus		
.....month/s maintenance			
Premium			
Section I	Tax	Stamp	DutyTotal
.....			
Section II	Tax	Stamp	DutyTotal
.....			
Section III	Tax	Stamp	DutyTotal
.....			

In Witness whereof the Undersigned being duly authorised by the Insurers and on behalf of the Insurers has / have here unto his / their hand (s).

Thisday of 19

Managing Director

Director

Manager

GENERAL CONDITIONS

1. The insured at his own expense shall take all reasonable precautions to prevent loss, damage or liability and to comply with sound engineering practice, statutory requirements and manufacturers' recommendations designed to ensure the safe working of plant and equipment. The Insured shall also maintain in efficient condition all contract works, construction plant, equipment and construction or erection machinery insured by this Policy.
2. The Insured shall immediately notify the Insurers in writing of any material change in the risk insured hereunder in such case continuance of the insurance shall be subject to terms and conditions to be agreed.
3. Representatives of the Insurers shall at any reasonable time have access to the site or premises and to all pertinent data, documents, drawings, etc. and shall have the right to inspect any property insured.
4. In the event of any occurrence which might give rise to a claim under the Policy, the Insured shall :
 - 40 immediately notify the Insurers by telephone or telegram as well as in writing and supply all such particulars and proofs of claim as may be required by the Insurers;
 - 41 take all steps within his power to minimize the extent of the loss or damage;
 - 42 preserve the damaged property and make it available for inspection by a representative or surveyor of the Insurers;
 - 43 inform the policy authorities in case of loss or damage due to theft or burglary;
 - 44 send to the Insurers immediately on receipt any writ, summons or other proceedings which may be commenced against the Insured.

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 the repairs or replacement of 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. Nothing herein shall prevent the Insured from taking such steps as are absolutely necessary for the security and continuation of the contract work.

The Insured shall not be entitled to abandon any property to the Insurers whether taken possession of by the Insurers or not.
5. 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 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 Insurers.
6. All differences arising out of this Policy 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 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.
7. In the event of
 - 70 material change in the risk;
 - 71 the termination of the Contract by the Principal,

72 withdrawal from the Contract by any main Contractor;

73 Stoppage of work occasioned by any other cause, except seasonal interruption, for a period exceeding one calendar month;

this policy shall be avoided unless its continuance be admitted by endorsement signed by and on behalf of the Insurers.

- 8 This insurance is not to be called upon in contribution and is only to pay any loss hereon if and so far as not recoverable under any other insurance.

GENERAL EXCLUSIONS

The Insurers will not indemnify the Insured in respect of

- 1 The excesses stated in the Schedule to be borne by the Insured;
- 2 Consequential loss of any kind or liquidated damages or penalties for delay or detention or in connection with guarantees of performance or efficiency,
- 3 Willful act or willful negligence of any director, manager or responsible site official of the Insured,
- 4 Loss or destruction of or damage to any property whatsoever or any loss or expense whatsoever resulting or arising therefrom or any consequential loss or any legal liability of whatsoever nature directly or indirectly caused by or contributed to by or arising from ionising 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,
- 5 Any loss, destruction, damage or legal liability directly or indirectly caused by or contributed to by or arising from nuclear weapons material,
- 6 Loss, damage or liability directly or indirectly caused by or arising out of 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 or in connection with any political organisation, 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.

In any action, suit or other proceeding where the Insurers allege that by reason of the provisions of Exclusion (6) 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.

section I

BUILDING AND CIVIL ENGINEERING WORKS

If at any time during the period of insurance stated in the Schedule the property described in the Schedule shall suffer any unforeseen or accidental loss or damage from any cause, other than those specifically excluded, necessitating repair or replacement, the Insurers will indemnify the Insured in respect of 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, except so far as reinstatement may be made as follows:

Payments in respect of claims under this Section of the policy shall not reduce the Sum Insured but the Insured shall pay to the Insurers an additional premium at an agreed rate on the amount of the payment pro rata from the date of loss to the expiry of the Policy. Such additional premium shall be disregarded for the purpose of any adjustment of premium.

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 but not exceeding in all the sum set opposite thereto in the Schedule.

EXCLUSIONS

The Insurers shall not be liable for:

- 1 loss or damage due to faulty design;
- 2 normal making good;
- 3 cost of replacement or rectification of defective material and/or workmanship, but this exclusion shall be limited to the part or parts immediately affected and shall not be deemed to exclude loss or damage resulting from an accident due to such defective material and/or workmanship;
- 4 wear and tear, corrosion, oxidation, deterioration due to lack of use and normal atmospheric conditions;
- 5 mechanical and/or electrical breakdown or derangement of construction plant and construction machinery;
- 6 loss of or damage to vehicles licensed for general road use or waterborne vessels or aircraft;
- 7 loss of or damage to files, drawings, accounts, bills, currency, stamps, deeds, evidences of debt, notes, securities or cheques;
- 8 loss discovered only at the time of taking an inventory.

PERIOD OF INSURANCE

Construction Period

The liability of the Insurers shall commence, notwithstanding any date to the contrary specified in the Schedule, after 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 any part of the insured contract works taken over or taken into use (whichever shall be earlier) by the Principal prior to the expiry date specified in the Schedule.

Maintenance Period

If a maintenance period is specified in the Schedule, the liability of the Insurers during this period shall be limited to any loss or damage occasioned by the Insured Contractor (s) in the course of operations carried out for the purpose of complying with the obligations under the Maintenance Clause of the contract.

SUM INSURED

It is a requirement of this insurance that the amounts of insurance stated in the Schedule shall represent:

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

for item 2: the current value at the time of concluding the insurance;

for item 3: the replacement value.

The Insured undertakes to notify the Insurers of any facts resulting in 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 Insurers, before the occurrence of any claim hereunder.

LOSS SETTLEMENT

Items, 1, 2 and 3

The Insured shall satisfy the Insurers by such reasonable evidence as may be required that the loss or damage in respect of which a claim is made has actually arisen from one of the risks insured against.

The Insurers will make payments on the basis of valid bills and documents after repairs have been effected or replacement has taken place, as the case may be. The cost of any provisional repairs will be borne by the Insurers 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 which may be undertaken as a result of any loss or damage shall not be recoverable hereunder.

In addition for **Item 3**, the following conditions are applicable:

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

- 1 in the case of any damage which can be repaired-the cost of repairs necessary to restore the property to its condition immediately before the occurrence of the damage less salvage, or
- 2 in the case of a total loss-the actual value of the property immediately before the occurrence of the loss less salvage.

All damage which can be repaired shall be repaired, but if the cost of repairing any damage equals or exceeds the value of the property immediately before the occurrence of the damage, the settlement shall be made on the basis provided for in (2) above.

If, in the event of loss or damage, it is found that the sum insured is less than the amount required to be insured, than the amount recoverable by the Insured under this Policy shall be reduced in such proportion as the sum insured bears to the amount required to be insured.

Section II

MACHINERY ERECTION

If at any time during the period of insurance stated in the Schedule, the property described in the Schedule shall suffer any unforeseen or accidental loss or damage from any cause, other than those specifically excluded, necessitating repair or placement, the Insurers will indemnify the Insured in respect of 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, except so far as reinstatement may be made as follows :

Payments in respect of claims made under this Section of the Policy shall not reduce the sum insured but the Insured shall pay to the Insurers an additional premium at an agreed rate on the amount of the payment pro rata from the date of loss to the expiry of the Policy. Such additional premium shall be disregarded for the purpose of any adjustment of premium.

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 but not exceeding in all the sum set opposite thereto in the Schedule.

EXCLUSIONS

The Insurers shall not be liable for:

- 1 loss or damage due to faulty design, defective material or casting, bad workmanship other than faults in erection;
- 2 normal making good;
- 3 wear and tear, corrosion, oxidation, deterioration due to lack of use and normal atmospheric conditions;
- 4 mechanical and/or electrical breakdown or derangement of erection machinery and erection equipment;
- 5 loss of or damage to vehicles licensed for general road use or waterborne vessels or aircraft;
- 6 loss of or damage to files, drawings, accounts, bills, currency, stamps, deeds, evidences of debt, notes, securities, cheques, packing materials such as cases, boxes and crates;
- 7 loss discovered only at the time of taking an inventory.

PERIOD OF INSURANCE

The liability of the Insurers shall commence, notwithstanding any date to the contrary specified in the Schedule, directly after unloading of the property specified in the Schedule at the site. It shall continue until immediately after taking over or after the testing operations are completed, but not beyond four weeks from the date of commencement of the test unless otherwise specified in the Schedule. If for part of a plant testing has been completed and/or that part is put into operation, the cover for such part ceases notwithstanding the expiry date stated in the Schedule.

For second-hand property the insurance hereunder ceases immediately testing commences.

SUM INSURED

It is a requirement of this insurance that the amounts of insurance stated in the Schedule shall represent:

for item 1: the full value of the property at the completion of erection, inclusive of freight, customs duties, dues and erection cost.

for item 2: replacement value of erection machinery and tools.

The Insured undertakes to notify the Insurers of any facts resulting in 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 Insurers, before the occurrence of any claim hereunder.

LOSS SETTLEMENT

The Insured shall satisfy the Insurers by such reasonable evidence as may be required that the loss or damage in respect of which a claim is made has actually arisen from one of the risks insured against.

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

- 1 in the case of any damage which can be repaired-the cost of repairs necessary to restore the property to its condition immediately before the occurrence of the damage less salvage, or
- 2 in the case of a total loss-the actual value of the property immediately before the occurrence of the loss less salvage.

The Insurers will 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 property immediately before the occurrence of the damage, settlement shall be made on the basis provided for in (2) above.

The cost of any provisional repairs will be borne by the Insurers 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 improvement which may be undertaken as a result of any loss or damage shall not be recoverable 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 this Policy shall be reduced in such proportion as the sum insured bears to the amount required to be insured.

Section III

THIRD PARTY LIABILITY

The Insurers will indemnify the Insured against all sums which the Insured shall become legally liable to pay as compensation for

- 1 accidental bodily injury or illness to any person
- 2 accidental loss of or damage to property

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 Insurers will in addition indemnify the Insured against

- 1 all costs and expenses of litigation recovered by any claimant from the Insured, and
- 2 all costs and expenses of litigation incurred with the written consent of the Insurers in resisting any claim.

The Liability of the Insurers under this section shall not exceed the limits or indemnity stated in the Schedule.

EXCLUSIONS

The Insurers will not indemnify the Insured in respect of

- 1 expenditure incurred in repairing or replacing any work or property covered or coverable under Section I and/or II of this Policy;
- 2 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.
- 3 Liability arising out of
 - 30 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;
 - 31 loss of or damage to 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 one of the aforesaid;
 - 32 any accident caused by vehicles licensed for general road use or by waterborne vessels or aircraft;
 - 33 any contract or agreement unless such liability would have attached in the absence of such contract or agreement;
 - 34 technical or professional advice given by the Insured or by any person acting on behalf of the Insured.

SPECIAL CONDITIONS

The Insured shall not negotiate, pay, settle, admit or repudiate any claim under the Policy without the 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. The Insurers may in respect of any claim or claims pay to the Insured the amount of their maximum liability as stated in the Schedule or such lesser sum for which the claim or claims can be

settled (subject in either case to deduction of any sum or sums already paid on account or such claim or claims) and thereafter the Insurers shall be under no further liability in respect of such claim or claims except for payment of costs and expenses incurred prior to the date of such payment and for which the Insurers may be liable hereunder.