

Wordings for MCE & ALOP Add On Covers & Clauses

Erection All Risk Add On Covers/Clauses:

- 1. Third Party liability with Cross Liability cover:** The Company will indemnify the Insured against -

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

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

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

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

all cost and expenses of litigation recovered by any claimant from the Insured, and

all costs and expenses incurred with the written consent of the Company.

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

EXCLUSIONS TO SECTION II -

The Company will not indemnify the Insured in respect of -

The Excess stated in the Schedule to be borne by the Insured in any one occurrence related to property damage

Expenditure incurred in doing or redoing or making good or repairing or replacing anything covered or coverable under Section I of this Policy;

Liability consequent upon -

bodily injury to or illness of employees or workmen of the Contractor(s) or the Principal(s) or any other firm connected with the project which or part of which is insured under Section I, or members of their families;

loss of or damage to property belonging to or held in care, custody or control of the Contractor(s), the Principal(s) or any other firm connected with the project which or part of which is insured under Section I, or an employee or workman of one of the aforesaid;

any accident caused by vehicles licensed for general road use or by waterborne vessels or aircraft;

any agreement by the Insured to pay any sum by way of indemnity or otherwise unless such liability would have attached also in the absence of such agreement.

CONDITIONS APPLYING TO SECTION II -

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

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

2. **Continuity of cover:** It is agreed and understood that otherwise subject to the terms, exclusions, provisions and conditions contained in the Policy or endorsed thereon and subject to the Insured having paid the agreed extra premium, the insurance shall be extended to cover - Continuity of coverage as per policy coverage for portion of project / contract package that are complete before the Commercial Operation Date and are either handed over to principals and/or Contractors but not tested integrally and / or put to commercial operation and / or await testing with the other packages till the Commercial Operation Date of the project and thus the coverage shall continue for entire project components / packages till Commercial Operation Date of the project.
3. **Owners Surrounding Property Cover with FLEXA Risks:** Loss or damage to property located on or adjacent to the site and belonging to or held in care, custody or control of the Principal(s) or the Contractor (s) shall only be covered if occurring directly due to the erection, construction or testing of the items insured under Section I and happening during the period of cover, and provided that a separate Sum therefore has been entered in the Schedule under Section I, Item 5 for Principal's specified surrounding property. This cover does not apply to construction/erection machinery, plants and equipment.
4. **Offsite Storage Cover:** This policy extends to cover property (Machineries / Equipment and Stocks) of the insured temporarily stored in unspecified locations

outside the insured premises up to a limit of Rs. 50 crores at any one location each and every loss subject to these properties being part of the declared Sum Insured

5. **Debris Removal including Foreign Debris:** The insurer shall indemnify the insured up to the sum insured specified in the schedule in respect of the costs and expenses necessarily incurred to remove and dispose of debris, to dismantle, demolish, shore or prop up property insured in any circumstances giving rise to indemnifiable loss or damage under this section.
6. **Waiver of Subrogation Cover:** It is hereby agreed and understood that otherwise subject to the terms exclusions, provisions and conditions contained in the Policy or endorsed thereon, the Insurers shall waive all their rights of subrogation or action which they may have or acquire against the assured and any person, firm or corporation having an association or affiliation at the time of loss with the assured through ownership or management subject to having been insured under this Policy.
7. **Escalation costs:** In consideration of the payment of an additional premium, it is hereby declared and agreed that the Company shall provide for escalation in Sum Insured under items of Section I of the schedule attached to the policy up to ____ of the Original Site value, the basis of claim settlement shall be the original Site value of effected equipment plus increase in cost of replacement, if any, provided that the increase in the value of such equipment does not exceed 50% of the original site value.
It is also hereby declared and agreed that in the event of a claim the insured would be considered as fully insured upto the Sum Insured inclusive of 50% increase as per selected escalation and under-insurance would apply only in the event of the cost of replacement of the effected equipment exceeding the original value of selected 50% towards escalation.
It is however understood and agreed that the premium collected against price escalation herein above shall not be subject to refund the premium adjustment as per the proviso No.____ of the policy.
It is further understood and agreed that in case of additional premium chargeable during final adjustment, additional escalation premium will be charged to the insured but in case of any premium refundable during final adjustment no refund shall be allowed against the escalation premium already charged to the insured'
8. **Extended Maintenance Cover:** It is agreed and understood that otherwise subject to the terms, exclusions, provisions and conditions contained in the Policy or endorsed thereon and Insured having paid the agreed extra premium this insurance shall be extended for the maintenance period specified hereunder to cover loss of or damage to the contract works.
 - a. Caused by the insured contractor(s) in the course of the operations carried out for the purpose of complying with the obligations under the maintenance provisions of the contract.
 - b. Occurring during the maintenance period, provided such loss or damage was caused on the site during the erection period before the certificate of completion for the lost or damaged section was issued.

Maintenance Period - 24 months.

- 9. Design Defect (DE 3):** This policy excludes loss of or damage to and the cost necessary to replace repair or rectify (a) Property Insured which is in a defective conditions due to defect in design plan specification materials or workmanship of such Property Insured or any part thereof (b) Property Insured lost or damaged to enable the replacement repair rectification of Property Insured excluded by (a) above Exclusion (a) above shall not apply to other Property Insured which is free of the defective condition but is damaged in consequence thereof. For the purpose of the Policy and not merely this Exclusion the Property Insured shall not be regarded as lost or damaged solely by virtue of the existence of any defect in design plan specification material or workmanship in the Property Insured or any part thereof.

Design Defect (DE 4): This policy excludes loss of or damage to and the cost necessary to replace, rectify or repair:

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

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

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

- 10. Contractor's Plant & Machinery:** Loss of or damage to Construction Plant and Machinery excludes loss or damage directly caused by its own explosion or its own mechanical or electrical breakdown or derangement.

- 11. Fire Fighting Expenses:** It is agreed that in the event of a fire or a series of fire arising directly or indirectly from the same occurrence including fire threatening to involve the property insured under this section of the policy, the insured shall be entitled to recover up to a Limit of Rs. 5 crores AOA and in the aggregate for the policy period;

- i. the actual cost of material used and/or damaged in extinguishing or controlling or attempting to extinguish or control any such fire;
- ii. the cost of all clothing and/ or personal effects damaged and / or lost as a result of such fire and / or fight, extinguish or controlling or attempting to fight extinguish or control such fire unless more specifically insured elsewhere;
- iii. all other actual expense (including wages and the like paid for fire fighting, extinguishing or controlling or attempting to fight extinguish or control such fire and / or localizing such fire.
- iv. All claims for personal injury are excluded.
- v. The expenses incurred to recharge/refill any fire protection devices.

12. Professional Fees: The insurance by the policy shall include an amount in respect of Architects' surveyors' and consulting engineers and Legal and other fees necessarily incurred in the reinstatement of the property insured consequent upon its destruction or damage but not for preparing any claim

13. Loss of Drawings, Plans and Documents: The coverage herein shall be extended to cover loss of data, data media and records including plans & documents as well as its regeneration up to a limit of Rs. 1 crore any one loss, subject to:

- i. the loss of data, data media and records having been caused by a damage covered under sections All Risk.
- ii. data/ software back-up being kept in fire proof safe.
- iii. The following special exclusions shall apply:
 - a. Loss or damage for which the repair company or maintenance company is contractually liable.
 - b. Any costs for standard adjustment, rectifying functional failures and maintenance of insured object unless necessary in connection with the repair of an insured loss.
 - c. Normal wear and tear of media
 - d. Erroneous programming, perforating, loading or printing.

14. Public Authorities Clause: This section of the policy includes such additional cost of reinstatement of the destroyed or damaged sections of the property caused by a contingency insured against as may be incurred solely by reason of the necessity to comply with any Regulations. Bye - laws or statutory provisions relating to the reinstatement of property provided that;

- i. the amount recoverable under the extension shall not include;
 - a. the cost of complying with any such regulations, bye-laws or statutory provisions where destruction or damage occurs prior to inception of this policy, or is not insured by this policy, or where notice to comply has been served upon the insured prior to the occurrence of any destruction or damage or in respect of any undamaged sections of the property.
 - b. Any increased rates, taxes, duties, charges, levies or assessment as a result of complying with such regulations, bye-laws or statutory provisions;
- ii. The work of reinstatement must be commenced within 12 months of the date of occurrence of any loss or damage unless permitted by the insurer within the said 12 months and may be carried out wholly or partially upon another site, provided that the liability of the insurer is not increased thereby.

15. Expediting cost including Air Freight and Express Freight – Up to Rs. 5 Crs: In the event of loss hereunder the insurer shall also pay, in addition to the indemnity otherwise provided, the reasonable extra cost of safeguarding, preserving, temporary repair and of expediting the repair of such damaged property, including overtime and extra cost of express and other rapid means of transportation.

16. Claim preparation cost: This Policy shall pay expenses incurred by the Insured or by the Insured's Representatives including Auditors, Accountants including forensic accountants, Appraisers, Umpires, Lawyers, Consultants, Architects, Engineers or other such professionals in order to arrive at the loss payable under this policy in the event of a claim. The policy extends to cover the cost necessarily and reasonably incurred for acquiring the reports from original equipment manufacturers or from any

other agencies at the request of the surveyor/insurer to substantiate a claim. This provision does not insure expenses incurred for services of any public adjuster.

- 17. Breakage of Glass Items:** It is understood and agreed that the Insurance under this section extends to cover the Breakage of all fixed glass, solar, panels, floodlight, double glazed units and/or mirrors, including neon and other illuminated signs, fixed glass in furniture, glass table tops and fixed glass shelves. This extension is deemed to include the cost of boarding up if necessary, the cost of lettering, sign writing or decorating in order to reinstate glass containing such decoration and including damage to display cabinets, display windows, window frames and doors.
- 18. Expenses to Loss Minimization / Loss Prevention:** Subject otherwise to the terms , exclusions, provisions and conditions contained in the policy, in the event of physical loss or damage identifiable under this policy or in the event of any occurrence which could give rise to imminent physical loss or damage, such indemnity will include all costs and expenses reasonably incurred to protect the insured property so affected or to limit further loss of or damage to the Insured property, but not exceeding the amounts that would otherwise have been payable under the terms and conditions of this policy had such costs and expenses not been incurred.
- 19. Additional Custom Duty:** The insured shall be indemnified during the currency of this policy, towards Additional Customs Duty of Rs..... which may be incurred by the insured over and above, subject to the condition that the customs duty amount have been taken into account in arriving at the sum insured of the affected item.
- 20. Free Automatic Reinstatement up to 10%:** Notwithstanding anything contained herein to the contrary it is hereby agreed and understood that the amounts insured are always to remain at risk and shall not be reduced following loss or damage insured hereunder so long as the aggregate of the sums paid and/or payable does not exceed 10% of the completely erected value.
- 21. All Temporary works such as Building, Shed, Shuttering, Scaffolding and Temporary Access Roads:** Irrespective of the period of insurance specified in the policy, the Insurer will indemnify the Insured only for unforeseen accidental loss or damage to temporary access road and temporary works like shuttering, scaffolding etc. insured under the policy if such loss or damage occurs prior to such roads being completed or taken into use for their purpose by the contractors, whichever takes place first
- 22. Leased Equipment Rental Costs:** Subject otherwise to the terms, exclusions, provisions and conditions contained in the Policy and in consideration of the payment of additional premium, it is hereby declared and agreed the Insurer shall cover the Insured for their necessary continuing rental charges on leased equipment damaged by an Insured event. Company will pay the actual rental charges which are the responsibility of the Insured as stipulated in the rental contract or lease agreement. The cover provided by this endorsement shall not exceed the sub limit stated in the Policy Schedule. Coverage under this extension will start on the date of loss and will end on the date the Property is actually repaired, rebuilt or replaced with due diligence.

23. Temporary Repairs: It is agreed that in case of loss the Insured, if they so elect, may immediately begin repairs or reconstruction but such work shall at all times be open to supervision by the Insurer or their representatives and in case of dispute as to the cost of repair and/or reconstruction the loss shall be settled in accordance with the terms of this policy, the sole object of this condition being not to deprive the Insured from the use of operating properties which may be necessary to their business. Evidence of loss to be photographed and if any damaged items are replaced the same is to be preserved for inspection by the surveyors.

It is further noted and agreed that in the event of physical loss or damage to the property insured hereunder the Insured, at their sole discretion, shall have the option to accept repair or replacement terms as offered by the Original Equipment Manufacturer (OEM) regardless of any other terms offered from other suppliers, manufacturers or fabricators. Provided always that the difference between the OEM quote and the lowest quote does not exceed 25% of the lowest quote and the quotes are based on the same technological specifications.

24. Deliberate Damage: Subject to the terms and conditions of this policy, this insurance covers physical loss of property insured or expenses incurred by the insured, directly caused by any act or order of any governmental authority acting under the powers vested in them to prevent or mitigate the damage or imminent damage or threat thereof, resulting directly from damage to the property insured, provided such act of governmental authority has not resulted from lack of due diligence by the insured to prevent or mitigate such hazard or threat, thereof and to any other physical damage. Consequential losses are however excluded.

25. Non-Invalidation Clause: This insurance shall not be invalidated by any act or omission mis-description of occupancy or by any alteration where the risk of destruction or damage is increased unknown to or beyond the control of the Insured.

26. Put to Use Clause: It is agreed and understood that otherwise subject to the terms, exclusions, provisions and conditions contained in the Policy or endorsed thereon and subject to the Insured having paid the agreed extra premium, the insurance shall be extended to cover – loss of or damage to parts of the insured contract works taken over or put into service if such loss or damage emanates from the construction of the items insured under Section 1 and happens during the period of cover.

27. Cessation of Works Clause: It is hereby understood and agreed that otherwise subject to terms, exclusions, provisions and conditions contained in the Policy or endorsed thereon, and subject to the Insured having paid the additional premium, exclusion (d) under General Exclusions to the Policy shall be replaced by the following wordings: “d) any partial or total cessation of work exceeding 90 days/Months, as mentioned in the Policy Schedule, of which the Company has not been notified” The indemnity provided herein shall be subject to the limit of liability and deductible as specified in the Schedule. In the event of partial or total cessation of work, the Insured shall use his diligence and do all things reasonably practicable to protect the insured property.

28. Waiver of contribution clause: Notwithstanding the general conditions of the policy, the insurers hereby agree that the insurance of this policy will be primary without the right of contribution to any other insurance carried by or on behalf of the named Insureds with respect to their respective interests in the insured property.

29. On Account Payment clause: All liabilities being accepted and agreement reached as to the Loss adjuster's report, the insurer will make interim payment of the claim amount as approved by the loss adjuster within 15 days of agreement to the Loss Adjuster's Report and/or Addendum report/clarification issued therein and also subject to reinsurers' approval.

30. 72 hrs. clause: For the purpose of operation of this clause, the word "Loss occurrence" shall mean all individual losses arising out of and directly occasioned by a catastrophe as listed here below:

a-Flood

Each Loss Occurrence by flood and all losses from this peril within a 72-hour period shall be deemed to be one loss in so far as the Total Sum Insured and deductible provisions of this policy are concerned. The Insurer shall not be liable for any loss caused by any flood occurring before the effective date and time of this policy; however, the insurer will be liable for any losses occurring for a period of upto seventy-two (72) hours after the expiration of this policy, provided that the first flood damage occurs prior to the date and time of the expiration of this policy.

b-Wind and/or Rainstorm

Each Loss Occurrence by wind and/or rainstorm shall constitute a single claim hereunder provided, if more than one windstorm and/or rainstorm caused by the same atmospheric disturbance shall occur within any period of seventy-two (72) hours during the term of this Policy, such windstorm and /or rainstorm shall be deemed to be a single windstorm and/or rainstorm within the meaning thereof.

c-Earthquake

Each Loss Occurrence caused by earthquake shall constitute a single claim hereunder provided that more than one earthquake shock occurring within any seventy-two (72) hours during the term of this policy shall be deemed a single earthquake within the meaning hereof.

31. 50: 50 Clause: In respect of the subject matter insured hereunder consigned from outside India. The Insured hereby undertakes to inspect each item of the subject matter insured upon arrival at the contract site for possible damage sustained during transit.

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

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

Where it is not possible to clearly establish whether the damage to an item was caused before or after arrival of the contract site it is hereby agreed that the cost of such damage shall be shared equally between the Marine Insurers and the EAR Insurers

32. Agreed Bank Clause:

It is hereby declared and agreed: -

i) That upon any monies becoming payable under this policy the same shall be paid by the Company to the Bank and such part of any monies so paid as may relate to the interests of other parties insured hereunder shall be received by the Bank as Agents for such other parties.

ii) That the receipts of the Bank shall be complete discharge of the Company therefor and shall be binding on all the parties insured hereunder.

N.B: The Bank shall mean the first named Financial Institution/ Bank named in the policy.

iii) That if and whenever any notice shall be required to be given or other communication shall be required to be made by the Company to the insured or any of them in

any manner arising under or in connection with this policy such notice or other communication shall be deemed to have been sufficiently given or made if given or made

to the Bank.

iv) That any adjustment, settlement, compromise or reference to arbitration in connection with any dispute between the Company and the insured or any of them arising

under or in connection with this policy if made by the Bank shall be valid and binding on all parties insured hereunder but not so as to impair rights of the Bank to recover the full amount of any claim it may have on other parties insured hereunder.

v) That this insurance so far only as it relates to the interest of the Bank therein shall not cease to attach to any of the insured property by reason of operation of condition 3 of the Policy except where a breach of the condition has been committed by the Bank or its duly authorised agents or servants and this insurance shall not be invalidated by any act or omission on the part of any other party insured hereunder whereby the risk is increased or by anything being done to upon or any building hereby insured or any building in which the goods insured under the policy are stored without the knowledge of the Bank provided always that the Bank shall notify the Company of any change of ownership or alterations or increase of hazards not permitted by this insurance as soon as the same shall come to its knowledge and shall on

demand pay to the Company necessary additional premium from the time when such increase of risks first took place and

vi) It is further agreed that whenever the Company shall pay the Bank any sum in respect of loss or damage under this policy and shall claim that as to the Mortgagor or owner no liability therefore existed, the Company shall become legally subrogated to all the rights of the Bank to the extent of such payments but not so as to impair the right of the Bank to recover the full amount of any claim it may have on such Mortgagor or Owner or any other party or parties insured hereunder or from any securities or funds available.

N.B: In cases where the name of any Central Government or State Government owned and / or sponsored Industrial Financing or Rehabilitation Financing Corporations

and /or Unit Trust of India or General Insurance Corporation of India and/or its subsidiaries or LIC of India/ any Financial Institution is included in the title of the Fire

Policy as mortgagees, the above Agreed Bank Clause may be incorporated in the Policy substituting the name of such institution in place of the word 'Bank' in the said clause.

33. Loss Payee Clause: In event of claims being made under this policy, a form of discharge signed by an authorized representative of Owner/Principal security trustee shall be accepted as a valid discharge on behalf of all other parties interested in the insurance by this policy. All amounts agreed in the settlement of such claims shall be payable solely in favour of or to the order of Owner/Principal as security trustee who agree to hold the insurers harmless of such payment.

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

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

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

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

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

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

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

35. Nominated Adjuster Clause: It is hereby noted and agreed that in the event of a loss, reported under the policy, surveyors/loss adjusters to be engaged individually or

jointly by the insurer from the panel of surveyors/loss adjuster, mutually agreed between the insured and insurer, subject to the concurrence of Reinsurer.

36. Free issues of Erection Materials/Equipment's: It is hereby agreed and understood that insured property shall include any materials that are supplied free of charge and for which the Insured is liable for loss or damage provided that the Insured shall declare the value of such materials for premium adjustment purposes.

37. Non-Vitiation Clause: Notwithstanding anything to the contrary contained in this Policy, as the various parties comprising the insured operate as separate and distinct entities the rights of each of the parties in all respect shall (notwithstanding anything contained or implied herein to the contrary) be treated as though each of the parties had separate policies for their respective rights and interests and the rights and indemnities of any of the parties who are not guilty of any fraud, mis-representation, non- disclosure or breach of condition or warranty shall not be prejudiced or affected by any fraud, misrepresentation, non- disclosure or breach of condition or warranty by any of the other parties comprising the Insured. Nothing contained in this endorsement shall be deemed to increase the Sum(s) Insured or limit of indemnity stated in the Policy Schedule. Subject otherwise to terms, conditions and exceptions of the policy.

38. No-Control Clause: This Policy shall not be affected by failure of the Insured to comply with any provisions of this Policy (including the warranties or Conditions endorsed hereon) in any portion of the premises over which the Insured has no control.

39. Foreign Expert Visit Expenses: The insurance by the policy shall include an amount in respect of expenses for Foreign / Indian Expert visit necessarily incurred in the reinstatement of the property insured consequent upon its destruction or damage but not for preparing any claim.

40. Cover for Leak Search Costs: The Insurer shall indemnify the insured in respect of reasonable leak search costs.

The costs for leak search shall include the costs incurred for:

(a) hydrostatic testing, including the cost of all materials used including but not limited to leasing special apparatus and the cost of the operation and transport of such apparatus,

(b) earthwork in trenches necessary in the search for and repair of leaks, e.g. excavation, uncovering of the pipeline, backfilling.

However, such costs will be payable only following an identifiable loss.

41. Destruction of Sound Property: It is hereby understood and agreed, subject otherwise to the terms, conditions and exclusions of the policy and endorsed hereon, that the insurance by this policy extends to cover the cost of destruction and subsequent replacement of undamaged property or undamaged portions of the property, if such destruction is solely necessary in order to carry out repairs or

reinstatement of the property insured by this policy and for which the company has admitted liability.

Provided that this shall not include any work necessary to undamaged property to comply with any act, regulation or by-law of any local or public authority.

For the purpose of this clause, "undamaged" shall mean not damaged physically and directly by any event or perils not otherwise excluded by this policy.

The indemnity provided herein shall be subject to the limit of indemnity as specified in the policy schedule.

42. Continuing Standing Charges: Insurers will indemnify the Insured for costs and expenses necessarily and reasonably incurred by the Insured which arise out of the inability to utilise labour and/or materials and/or construction plant and equipment following an indemnifiable claim under this policy.

43. Incompatibility of Undamaged machinery: It is hereby understood and agreed that subject otherwise to the terms, exclusions, provisions and conditions contained herein the Policy or endorsed thereon and subject to the Insured having paid the additional premium the Insurance under Section I is extended to cover the cost of 1. modification of an equipment already erected and/or to be erected under project as per insured contract(s) provisions or 2. the replacement restoration or recompilation of an equipment already erected and/or to be erected under project as per insured contract(s) provisions whichever is the lesser cost to achieve compatibility in the event that the indemnifiable loss of or damage to any equipment under Section I has resulted in undamaged equipment being unavoidably incompatible with replacement equipment. Provided that the liability of the Company shall not exceed the Limit of Liability under Section I stated in the Schedule for each individual item replaced restored recompiled or modified or limit of indemnity whichever is less.

44. Property held in Trust, Care, Custody and Control: Certain items of the property may be subject of hire purchase, lease or other agreements and the interest of the other parties to these agreements is noted in this insurance, the nature and extent of such interest including other insurance to be disclosed in the event of loss, destruction or damage.

These may also include all real and personal property of every kind and description belonging to the Insured or to others (including but not limited to goods under consignment, held in trust or on lease or paid for awaiting delivery) for which the Insured may be held liable for loss or damage while in their care, custody or control.

45. Technological Improvement: Permission is granted to replace damaged equipment with a technologically superior replacement, if such replacement is capable of performing the same function as the damaged equipment. However the Insurer shall not be liable for more than the replacement cost/sum insured.

46. Involuntary Betterment: Notwithstanding Condition of Reinstatement, In the event that new Property Insured of like kind and quality is not obtainable Property Insured which is as similar as possible to that which has sustained Damage and which is

capable of performing the same function shall be deemed to be new Property Insured of like kind and quality and in no event shall this be considered as a betterment to the Insured. In the event of replacement with new Property Insured the Insurer will pay the cost of purchasing and installing technologically current Property Insured which is necessitated by incompatibility between new Property Insured installed to replace Property Insured which has sustained Damage and existing Property Insured which has not incurred Damage at the same or an interdependent location.

Provided always that:

1. Damage was directly caused to the Property Insured
2. The Insurer shall be liable only for the amount sufficient to enable the Insured to resume operations in substantially the same manner as before the Damage
3. The Insurer shall be liable for only the difference between
 - 3.1. the highest sales value of the existing Property Insured which has not incurred Damage at the same or interdependent location and
 - 3.2. The installed cost of the technologically current Property Insured

The liability of the Insurer shall not exceed the Limit of Liability stated in your Policy Schedule / Certificate of Insurance.

- 47. Obsolete Parts/Equipment:** The value of Insured Property shall be determined as the cost of repairs or replacement with new, like kind and of similar quality at the time and place of loss. However, should the property be technologically obsolete or unavailable because it is no longer in production, and should the property be actually replaced, then the Insurer shall be liable for the replacement cost as new of equipment which will at least perform substantially the same functions as the original equipment.

The Insurer shall not deduct towards accessories and peripherals (other than salvage value if any) rendered redundant although not damaged by the insured perils arising out of replacement by new property/ system. The liability of the Insurer shall not be reduced by any amount of betterment inherent in the design of such functionally equivalent equipment. The indemnification will not exceed the value as new for the equipment replaced".

Advance Loss of Profit Add On Covers/Clauses:

1. **Professional Accountants Clause:** Any particulars or details contained in the Insured's books of account or other business books or documents which may be required by the insurers under the conditions of this Policy for the purpose of investigating or verifying any claim hereunder may be produced by professional accountants if at the time they are regularly acting as such for the Insured and their report shall be prima facie evidence of the particulars and details to which such report relates.

The insurer will pay to the insured the reasonable charges payable by the Insured to their professional accountants for producing such particulars or details or any other proofs, information or evidence as may be required by the Insurer under the terms of this Policy and reporting that such particulars or details are in accordance with the Insured's books of account or other business books or documents

2. **Supplier's Premises Extension:** This section is extended to cover the insured's loss resulting from damage due to
- a. Fire, Lightning, Explosion and Aircraft Damage (FLEXA) and Act Of God (AOG) perils for direct & named onshore Indian suppliers: Limit 20% of BI sum insured eel and in aggregate
 - b. FLEXA perils for direct & named onshore foreign suppliers: Limit 20% of BI sum insured eel and in aggregate
 - c. FLEXA perils for direct & unnamed onshore Indian suppliers: Limit 10% of BI sum insured eel and in aggregate

There is no cover for unnamed foreign suppliers & customers as well as offshore suppliers & customers of any kind

3. **Denial of Access:** In consideration of the payment of the additional premium shown in the policy/the Endorsement, it is hereby agreed and declared that, subject to the conditions of the Policy, Coverage under this section shall extend to include loss or reduction resulting from cessation, interruption, interference or inhabitation to the business as consequence of: -
- i. Physical destruction of or damage to property belonging to the Insured or property within a radius as shown in Policy Schedule from the insured premises (inland only & excluding port blockage) which prevents or hinders the use of or access to the premises;
- The total liability under this Clause is limited to maximum of 4 weeks over and above the policy Business Interruption deductible, unless specifically agreed otherwise and mentioned in the Policy Schedule.
4. **Delay in Repair:** The insurer shall, within the agreed maximum indemnity period, be liable for a period not exceeding four weeks for any loss of interest insured resulting from a delay in repair or replacement of lost or damaged property insured of foreign make, where such delay results from import or export restrictions, customs regulations, currency restrictions or any other regulations imposed by any government or public authority.