

## SECTION A – MATERIAL DAMAGE & THIRD PARTY LIABILITY

### PART 1 - MATERIAL DAMAGE

THE COMPANY HEREBY AGREES WITH THE INSURED that if at any time during the period of cover the items or any part thereof entered in the Certificate shall suffer any unforeseen and sudden physical loss or damage from any cause, other than those specifically excluded, in a manner necessitating repair or replacement, the Company will indemnify the Insured in respect of such loss or damage as hereinafter provided by payment in cash, replacement or repair (at their own option) **up to an amount not exceeding in respect of each of the items specified in the Certificate the Sum Insured set opposite thereto and not exceeding in any one event the Sum Insured per event (where applicable) and not exceeding in all the total Sum Insured indicated in the Certificate.**

The Company will also reimburse the Insured for the cost of clearance of debris following upon any event giving rise to a claim under this Policy Section **provided a separate Sum Insured therefor has been indicated in the Certificate or in the Special Conditions.**

### EXCLUSIONS

The Company shall not be liable for:

1. the Excess(es) stated in the Special Conditions;
2. consequential loss of any kind or description whatsoever including penalties, losses due to delay, lack of performance, loss of contract
3. loss or damage due to faulty design;
4. the cost of replacement, repair or rectification of defective material and /or workmanship, but this exclusion shall be limited to the items immediately affected and shall not be deemed to exclude loss of or damage to correctly executed items resulting from an accident due to such defective material and /or workmanship;
5. wear and tear, corrosion, oxidation, deterioration due to lack of use and normal atmospheric conditions;
6. mechanical and/or electrical breakdown or derangement of construction plant, equipment and construction machinery;
7. loss of or damage to vehicles licensed for general road use or water borne vessels or aircraft;
8. loss of or damage to files, drawings, accounts, bills, currency, stamps, deeds, evidences of debt, notes, securities, cheques;
9. loss or damage discovered only at the time of taking an inventory;
10. loss of or damage to materials &/or plant stored below ground level.

### PROVISIONS

#### 1. Sums Insured

The Sums Insured stated in the Certificate shall not be less than:

For "contract works": the full contract price at the completion of the construction, plus the value of all materials, wages, freight, customs duties, dues and materials or items supplied by the Principal;

For "construction plant, equipment and machinery" : the replacement value of construction plant,

equipment and construction machinery; which shall mean the cost of replacement of the insured items by new items of the same kind and same capacity;

and the Insured undertakes to increase or decrease the Sums Insured in the event of any material fluctuation in wages or prices provided always that such increase or decrease shall take effect only after the same has been recorded on the Certificate by the Company.

Notwithstanding General Condition No.13, if, in the event of loss or damage, it is found that the Sums Insured are less than the amounts required to be insured, then the amount recoverable by the Insured under this Policy Section shall be reduced in such proportion as the Sums Insured bear to the amounts required to be insured. Every object and cost item is subject to this condition separately.

## 2. Basis of Loss Settlement

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

- (i) in the case of damage which can be repaired - the cost of repairs necessary to restore the items to their condition immediately before the occurrence of the damage less salvage, or
- (ii) in the case of a total loss - the actual value of the items immediately before the occurrence of the loss less salvage, however, only to the extent the cost claimed had to be borne by the Insured and to the extent they are included in the Sums Insured and provided always that the provisions and conditions have been complied with.

The Company 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 items immediately before the occurrence of the damage, the settlement shall be made on the basis provided for in (ii) above. The cost of any provisional repairs will be borne by the Company if such repairs constitute part of the final repairs and do not increase the total repair expenses. The cost of any alterations, additions and/or improvements shall not be recoverable under this Policy.

## 3. Extension of Cover

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

## 4. Reinstatement

All payments made under this Section of the Policy shall reduce the Sum or Sums Insured unless such Sum or Sums Insured shall be reinstated by the payment of such additional premium as may be required which additional premium shall be disregarded for the purpose of any adjustment of premium under the Special Conditions.

## PART 2 - THIRD PARTY LIABILITY

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

- (a) accidental bodily injury to or illness of third parties (whether fatal or not)
- (b) accidental loss of or damage to property belonging to third parties occurring in direct connection with the erection or construction of the items insured under PART 1 and happening on or in the immediate vicinity of the site during the Period of Cover.

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

- (a) all costs and expenses of litigation recovered by any claimant from the Insured, and
- (b) all costs and expenses incurred with the written consent of the Company, provided always that the liability of the Company shall not exceed the limits of indemnity stated in the Certificate.

## EXCLUSIONS

The Company will not be liable for

1. the Excess(es) stated in the Special Conditions;
2. expenditure incurred in doing or redoing or making good or repairing anything covered or coverable under PART 1 of this Section of the Policy;
3. damage to any property or land or building caused by vibration or by the removal or weakening of support or injury or damage to any person or property occasioned by or resulting from any such damage (unless especially agreed upon the Special Conditions).
4. liability consequent upon
  - (a) bodily injury to or illness of employees or workmen of the Contractor(s) or the Principal(s) or any other firm connected with the project which or part of which is insured under PART 1, or members of their families;
  - (b) loss of or damage to property belonging to or held in care, custody or control of the Contractor(s), the Principal(s), or any other firm connected with the project which or part of which is insured under PART 1, or an employee or workman of one of the aforesaid;
  - (c) any accident caused by vehicles licensed for general road use or by waterborne vessels or aircraft;
  - (d) any agreement by the Insured to pay any sum by way of indemnity or otherwise unless such liability would have attached also in the absence of such agreement.

## PROVISION

Notwithstanding General Condition No 7, the Company may so far as any accident is concerned pay to the Insured the limit of indemnity for any one accident (but deducting therefrom in such case any sum or sums already paid as compensation in respect thereof) or any lesser sum for which the claim or claims arising from such accident can be settled and the Company shall thereafter be under no further liability in respect of such accident under PART 2 of this Section of the Policy.

## OTHER EXCLUSIONS

Applicable to PARTS 1 and 2

The Company will not indemnify the Insured in respect of loss, damage or liability directly or indirectly caused by or arising out of or aggravated by

- (a) riot, strike, lock-out;
- (b) conspiracy, confiscation, commandeering, requisition or destruction or damage by order of any government de jure or de facto or by any public authority;
- (c) wilful act or wilful negligence of the Insured or of his representatives;
- (d) cessation of work whether total or partial.

## OTHER CONDITIONS

Applicable to PARTS 1 and 2

### 1. Period of Cover

The liability of the Company shall commence notwithstanding any date to the contrary specified in the Certificate, directly upon commencement of work or after the unloading of the items entered in the Certificate at the site. The Company's liability expires for parts of the insured contract works taken over or put into service. At the latest the insurance shall expire on the date specified in the Certificate. Any extensions of the Period of Insurance are subject to the prior written consent of the Company.

### 2. Duty of the Insured

- (a) The Insured shall at his own expense take all reasonable precautions and comply with all reasonable recommendations of the Company to prevent loss, damage or liability and comply with statutory requirements and manufacturers' recommendations.
- (b) (i) Representatives of the Company shall at any reasonable time have the right to inspect and examine the risk and the Insured shall provide the representatives of the Company with all details and information necessary for the assessment of the risk.
  - (ii) The Insured shall immediately notify the Company by telephone and in writing of any material change in his risk and cause at his own expense such additional precautions to be taken as circumstances may require, and the scope of cover and or premium shall, if necessary, be adjusted accordingly. No material alteration shall be made or admitted by the Insured whereby the risk is increased, unless the continuance of the insurance be confirmed in writing by the Company.

### 3. Claims Procedure

- 1 In the event of any occurrence which might give rise to a claim under this Policy the Insured shall, in addition to complying with General Condition 7 of this Policy Cover, preserve the parts affected and make them available for inspection by a representative or surveyor of the Company.
- 2 Upon notification being given to the Company in accordance with General Condition 7 of this Policy, the Insured may carry out the repairs or replacement of any minor damage; in all other cases a representative of the Company shall have the opportunity of inspecting the loss or damage before any repairs or alterations are effected. If a representative of the Company 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.

The liability of the Company under this Policy Section in respect of any item sustaining damage shall cease if such item is not repaired properly without delay.